

THIS IS A PRELIMINARY PROSPECTUS AND IS SUBJECT TO FURTHER AMENDMENTS AND COMPLETION IN THE PROSPECTUS TO BE REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE (THE "MAS"), THE COLLECTIVE INVESTMENT SCHEME AND THE BUSINESS TRUST OFFERED IN THIS PRELIMINARY PROSPECTUS HAVE APPLIED FOR AUTHORISATION UNDER THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA") AND REGISTRATION UNDER THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE (THE "BTA"). THE MAS ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PRELIMINARY PROSPECTUS. LODGEMENT WITH, OR REGISTRATION BY, THE MAS DOES NOT IMPLY THAT THE SECURITIES AND FUTURES ACT, OR ANY OTHER LEGAL OR REGULATORY REQUIREMENTS HAVE BEEN COMPLIED WITH, A PERSON TO WHOM A COPY OF THIS PRELIMINARY PROSPECTUS HAS BEEN ISSUED SHALL NOT CIRCULATE IT TO ANY OTHER PERSON, NO OFFER OR INVITATION SHALL BE MADE OR RECEIVED, AND NO AGREEMENT SHALL BE MADE OR RECEIVED ON THE BASIS OF THIS PRELIMINARY PROSPECTUS, TO PURCHASE OR SUBSCRIBE FOR ANY STAPLED SECURITIES IN FAR EAST H-TRUST. NO RELIANCE MAY BE PLACED FOR ANY PURPOSE WHATSOEVER ON THE INFORMATION CONTAINED IN THIS PRELIMINARY PROSPECTUS OR ON ITS COMPLETENESS.

PRELIMINARY PROSPECTUS DATED 3 AUGUST 2012 (Lodged with the Monetary Authority of Singapore on 3 August 2012)

This document is important. If you are in any doubt as to the action that you should take, you should consult your legal, financial, tax or other professional adviser.



## FAR EAST HOSPITALITY TRUST

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.

## OFFERING OF 329,366,000 STAPLED SECURITIES

(SUBJECT TO THE OVER-ALLOTMENT OPTION (AS DEFINED HEREIN))

OFFERING PRICE RANGE: S\$0.86 TO S\$0.93 PER STAPLED SECURITY

FEO Hospitality Asset Management Pte. Ltd., as manager (the "REIT Manager") of Far East Hospitality Real Estate Investment Trust ("Far East H-REIT") and FEO Hospitality Trust Management Pte. Ltd., as trustee-manager (the "Trustee-Manager") of Far East Hospitality Business Trust ("Far East H-BT") are making an offering (the "Offering") of 329,366,000 stapled securities in Far East Hospitality Trust ("Far East H-Trust", and the stapled securities in Far East H-Trust, the "Stapled Securities"), which is a hospitality stapled group comprising Far East H-REIT and Far East H-BT. Each Stapled Security comprises a unit in Far East H-REIT ("Far East H-REIT Unit") and a unit in Far East H-BT ("Far East H-BT Unit"). The Offering consists of (i) an international placement of 264,066,000 Stapled Securities to investors, including institutional and other investors in Singapore (the "Placement Tranche"), and (ii) an offering of 65,300,000 Stapled Securities to the public in Singapore (the "Public Offer") of which 15,300,000 Stapled Securities will be reserved for subscription by the directors, management and employees of the Sponsor (as defined herein) and the REIT Manager (the "Reserved Stapled Securities").

It is currently expected that the issue price of each Stapled Security under the Offering (the "Offering Price") will be between S\$0.86 per Stapled Security (the "Minimum Offering Price") and S\$0.93 per Stapled Security (the "Maximum Offering Price", and the range between the Minimum Offering Price and Maximum Offering Price, the "Offering Price Range"). The Offering Price of between S\$0.86 and S\$0.93 per Stapled Security will be determined following a book-building process by agreement between the Joint Bookrunners (as defined herein) and the REIT Manager and the Trustee-Manager (collectively, the "Managers") on a date currently expected to be [●] 2012 (the "Price Determination Date"), which is subject to change. The joint financial advisers, global coordinators and issue managers for the Offering are DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (collectively, the "Joint Financial Advisers, Global Coordinators and Issue Managers") or the "Joint Global Coordinators". The Offering is fully underwritten at the Offering Price by DBS Bank Ltd., Goldman Sachs (Singapore) Pte., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited (collectively, the "Joint Bookrunners and Underwriters" or the "Joint Bookrunners") on the terms and subject to the conditions of the Underwriting Agreement (as defined herein).

The total number of Stapled Securities in issue as at the date of this Prospectus is one Stapled Security (the "Sponsor Initial Stapled Security"). The total number of outstanding Stapled Securities immediately after the completion of the Offering will be 1,603,888,000 Stapled Securities.

Concurrently with, but separate from the Offering, certain Vendors (as defined herein), being members of the Far East Organization group of companies comprising the Vendors and the companies which directly or indirectly hold the pipeline of hospitality properties that fall or may potentially fall within the Far East Orchard ROFR and the Other ROFRs (each as defined herein), namely (i) Far East Organization Centre Pte. Ltd. ("FEOC"), (ii) Far East Organisation Pte. Ltd. ("FEOPL"), (iii) Golden Development Private Limited, (iv) Glory Realty Co. Private Ltd., (v) F. E. Holdings Pte. Ltd., (vi) Boo Han Holdings Pte. Ltd., (vii) Lucky Realty Company Pte Ltd, (viii) Orchard Landmark Pte. Ltd., and their respective subsidiaries, including (a) Far East Orchard Limited (formerly known as Orchard Parade Holdings Limited) ("Far East Orchard"), a subsidiary of FEOPL, (b) First Choice Properties Pte Ltd, a subsidiary of Far East Orchard, (c) OPH Riverside Pte Ltd, a subsidiary of Far East Orchard, (d) Serene Land Pte Ltd, a subsidiary of Golden Development Private Limited, (e) Oxley Hill Properties Pte Ltd, a subsidiary of Golden Development Private Limited, (f) Far East SOHO Pte. Ltd., a subsidiary of Golden Development Private Limited, (g) Transurban Properties Pte. Ltd., a subsidiary of Glory Realty Co. Private Ltd., (h) Orchard Parksites Pte Ltd, a subsidiary of Glory Realty Co. Private Ltd., (i) Golden Landmark Pte Ltd, a subsidiary of F. E. Holdings Pte. Ltd., (j) Riverland Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd. (which is in turn a subsidiary of F. E. Holdings Pte. Ltd.), (k) Victory Realty Co. Private Ltd., a subsidiary of F. E. Holdings Pte. Ltd., (l) China Classic Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd. and (m) Dollar Land Singapore Private Limited, a subsidiary of Lucky Realty Company Pte Ltd (the "Sponsor"), will receive an aggregate of 898,177,999 Stapled Securities (together with the Sponsor Initial Stapled Security, the "Sponsor Stapled Securities") on the Listing Date (as defined herein) in part satisfaction of the purchase consideration for these Properties.

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors (as defined herein) has entered into a subscription agreement to subscribe for an aggregate of 376,344,000 Stapled Securities (the "Cornerstone Stapled Securities") at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date (as defined herein).

Prior to the Offering, there has been no market for the Stapled Securities. The offer of Stapled Securities under this Prospectus will be by way of an initial public offering in Singapore. An application has been made to Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to list on the Main Board of the SGX-ST (i) all the Stapled Securities comprised in the Offering, (ii) the Sponsor Stapled Securities, (iii) the Cornerstone Stapled Securities and (iv) all the Stapled Securities which may be issued to the REIT Manager or the Trustee-Manager from time to time in full or in part payment of fees payable to the REIT Manager or the Trustee-Manager. Such permission will be granted when Far East H-Trust has been admitted to the Official List of the SGX-ST (the "Listing Date"). Acceptance of applications for the Stapled Securities will be conditional upon issue of the Stapled Securities and upon permission being granted to list the Stapled Securities. In the event that such permission is not granted or if the Offering is not completed for any other reason, application monies will be returned in full, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against any of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, DBS Trustee Limited, as trustee of Far East H-REIT (the "REIT Trustee"), the Trustee-Manager, the Sponsor, the Joint Global Coordinators or the Joint Bookrunners.

Far East H-Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of (i) up to 1,785,413,350 Stapled Securities and (ii) the Stapled Securities to be issued to the REIT Manager or the Trustee-Manager from time to time in full or part payment of fees payable to the REIT Manager or the Trustee-Manager. Far East H-Trust's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners or the Stapled Securities. The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager or the Stapled Securities.

Far East H-REIT is a scheme pending authorisation under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Far East H-BT is a registered business trust under the Business Trusts Act, Chapter 31A of Singapore (the "BTA"). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority" or "MAS") on 3 August 2012 and [●] respectively. The MAS assumes no responsibility for the contents of this Prospectus. Lodgement with, or registration by, the MAS of this Prospectus does not imply that the SFA, the BTA or any other legal or regulatory requirement has been complied with. The MAS has not, in any way, considered the investment merits of the Far East H-REIT Units, the Far East H-BT Units and the Stapled Securities, being offered for investment. This Prospectus will expire on [●] (12 months after the date of the registration of this Prospectus).

No Stapled Security shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the MAS.

See "Risk Factors" commencing on page 73 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Stapled Securities. None of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators or the Joint Bookrunners guarantee the performance of Far East H-Trust, the repayment of capital or the payment of a particular return on the Stapled Securities.

Investors applying for the Stapled Securities by way of Application Forms or Electronic Applications (both as referred to in Appendix F, "Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore") will pay the Offering Price per Stapled Security on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom), where (i) an application is rejected or accepted in part only, or (ii) the Offering does not proceed for any reason.

In connection with the Offering, the Joint Bookrunners have been granted an over-allotment option (the "Over-Allotment Option") by Golden Development Private Limited (the "Unit Lender"), a company incorporated in Singapore that is a member of the Sponsor, exercisable by DBS Bank Ltd. (the "Stabilising Manager") (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), in consultation with the other Joint Bookrunners, in full or in part, on one or more occasions, from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 65,873,000 Stapled Securities, representing 20.0% of the total number of Stapled Securities in the Offering, to undertake stabilising actions. The exercise of the Over-Allotment Option will not increase the total number of Stapled Securities outstanding. In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Bookrunners and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Stapled Securities at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations.

Nothing in this Prospectus constitutes an offer for securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Stapled Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States (as defined in Regulation S under the Securities Act ("Regulation S")). The Stapled Securities are being offered and sold outside the United States in reliance on Regulation S.

Joint Financial Advisers, Global Coordinators and Issue Managers



Joint Bookrunners and Underwriters





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## NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation in connection with the Offering not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators or the Joint Bookrunners. If anyone provides you with different or inconsistent information, you should not rely on it. Neither the delivery of this Prospectus nor any offer, subscription, placement, purchase, sale or transfer made hereunder shall under any circumstances imply that the information contained herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the business, affairs, conditions and prospects of the Stapled Securities, Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager or the Sponsor since the date on the cover of this Prospectus. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the REIT Manager and/or the Trustee-Manager will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this Prospectus or a supplementary document or replacement document pursuant to Section 282C, Section 282D, Section 296 or Section 298 of the SFA and take immediate steps to comply with these sections. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes.

None of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers are making any representation or undertaking to any prospective purchaser or subscriber of the Stapled Securities regarding the legality of an investment by such purchaser or subscriber of the Stapled Securities under appropriate legal, investment or similar laws.

In addition, this Prospectus is issued solely for the purpose of the Offering and prospective investors in the Stapled Securities should not construe the contents of this Prospectus as legal, business, financial or tax advice. In making an investment decision, prospective investors must rely upon their own examination of Far East H-Trust, Far East H-REIT and Far East H-BT and the terms of this Prospectus, including the risks involved. Prospective investors should be aware that they are required to bear the financial risks and other risks of an investment in the Stapled Securities, and may be required to do so for an indefinite period of time. Prospective investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Stapled Securities.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours, from:

<b>DBS Bank Ltd.</b>	<b>Goldman Sachs (Singapore) Pte.</b>	<b>The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch</b>	<b>Oversea-Chinese Banking Corporation Limited</b>
12 Marina Boulevard #46-02, 03 DBS Asia Central @ MBFC Tower 3 Singapore 018982	One Raffles Link #07-01 South Lobby Singapore 039393	21 Collyer Quay #09-02 HSBC Building Singapore 049320	65 Chulia Street OCBC Centre Singapore 049513

and, where applicable, from certain members of the Association of Banks in Singapore, members of the SGX-ST as well as merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: <http://www.sgx.com>.

The Stapled Securities have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Stapled Securities are being offered and sold in offshore transactions as defined and in reliance on Regulation S.

The distribution of this Prospectus and the offering, subscription, placement, purchase, sale or transfer of the Stapled Securities in certain jurisdictions may be restricted by law. Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators and the Joint Bookrunners require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to any of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators and the Joint Bookrunners. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Stapled Securities in any jurisdiction in which such offer or invitation would be unlawful. Prospective investors are authorised to use this Prospectus solely for the purpose of considering the subscription for the Stapled Securities in the Offering. For a description of certain restrictions on the offer, transfer and sale of the Stapled Securities, see “Plan of Distribution — Distribution and Selling Restrictions”. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur. No one has taken any action that would permit a public offering to occur in any jurisdiction other than Singapore.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the Joint Bookrunners, over-allot or effect transactions which stabilise or maintain the market price of the Stapled Securities at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence from the Listing

Date, and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 65,873,000 Stapled Securities, representing 20.0% of the total number of Stapled Securities in the Offering, to undertake stabilising actions. The exercise of the Over-Allotment Option will not increase the total number of Stapled Securities outstanding.

## FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute forward-looking statements. Statements that are not historical facts, including statements about beliefs and expectations, are forward-looking statements and can generally be identified by the use of forward-looking terminology such as the words “believe”, “expect”, “anticipate”, “plan”, “intend”, “estimate”, “project” and similar words. This Prospectus also contains forward-looking financial information in “Profit Forecast and Profit Projection” and other sections. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager and/or the Trustee-Manager and/or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding present and future business strategies of the REIT Manager and/or the Trustee-Manager and the environment in which Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager and/or the Trustee-Manager will operate in the future. As these statements and financial information reflect current views of the REIT Manager and/or the Trustee-Manager concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any reliance on these forward-looking statements and financial information.

Among the important factors that could cause the actual results, performance or achievements of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the Trustee-Manager or the Sponsor to differ materially from those in the forward-looking statements and financial information are the conditions of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as political, economic and social conditions, changes in government laws and regulations affecting Far East H-Trust, competition in the hospitality markets in which Far East H-Trust may operate or invest, industry, interest rates, inflation, relations with service providers, relations with lenders, hostilities (including future terrorist attacks), the performance and reputation of Far East H-Trust’s properties and/or acquisitions, difficulties in identifying future acquisitions, difficulty in completing and integrating acquisitions, changes in the Managers’ directors and executive officers, risks related to natural disasters, general volatility of the capital markets, general risks relating to the hospitality markets in which Far East H-Trust may invest and the market price of the Stapled Securities as well as other matters not yet known to the Managers or not currently considered material by the Managers. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Profit Forecast and Profit Projection” and “Business and Properties”. These forward-looking statements and financial information speak only as at the date of this Prospectus. The Managers expressly disclaim any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement and financial information contained herein to reflect any change in the expectations of the Managers or the Sponsor with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.



## CERTAIN DEFINED TERMS AND CONVENTIONS

Far East H-Trust, Far East H-REIT and Far East H-BT will publish their financial statements in Singapore dollars. In this Prospectus, references to “S\$”, “\$”, “Singapore dollars” and “cents” are to the lawful currency of the Republic of Singapore. Certain monetary amounts set out in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in tables may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise defined, capitalised terms used in this Prospectus shall have the meanings set out in the Glossary.

The forecast and projected yields and yield growth are calculated based on the Minimum Offering Price and the Maximum Offering Price and the assumption that the Listing Date is 1 August 2012. Such yields and yield growth will vary accordingly if the Listing Date is not 1 August 2012, or for investors who purchase the Stapled Securities in the secondary market at a market price different from the Minimum Offering Price and the Maximum Offering Price.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Save in the case of figures in square feet (“**sq ft**”) and S\$ which are rounded to the nearest thousand and percentages which are rounded to one decimal place, where applicable, figures are rounded off to the nearest whole number, including all figures on RevPAR, RevPAU and ADR. Measurements in square metres (“**sq m**”) are converted to sq ft and *vice versa* based on the conversion rate of 1.0 sq m = 10.7639 sq ft. References to “Appendix” or “Appendices” are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

Unless otherwise specified, all information relating to the Properties in this Prospectus are as at 31 March 2012. See “Business and Properties” for details regarding the Properties.

For the purposes of this Prospectus, real estate used for “**hospitality**” purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term “**serviced residences**” means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore (the “**Housing Developers (Control and Licensing) Act**”); and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residences.



## MARKET AND INDUSTRY INFORMATION

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. The Managers have commissioned CBRE Pte. Ltd. (the “**Independent Market Research Consultant**”, “**CBRE**” or “**CBRE Hotels**”) to prepare the “Independent Hospitality Industry Report”. (See Appendix D, “Independent Hospitality Industry Report” for further details.) While the Managers have taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Managers have not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein. Consequently, none of Far East H-Trust, Far East H-REIT, Far East H-BT, the Managers, the REIT Trustee, the Sponsor, the Joint Global Coordinators or the Joint Bookrunners make any representation as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same.

Both the REIT Trustee and the Trustee-Manager have appointed Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“**Colliers**”) and Knight Frank Pte Ltd (“**Knight Frank**”) as the valuers of the Properties (the “**Independent Valuers**”) respectively. (See Appendix C, “Independent Property Valuation Summary Reports” for further details.)

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## OVERVIEW

*The following overview is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus. The meanings of terms not defined in this overview can be found in the Glossary, the Stapling Deed, the Far East H-REIT Trust Deed or the Far East H-BT Trust Deed (each as defined herein). A copy of the Stapling Deed and the Far East H-REIT Trust Deed can be inspected at the registered office of the REIT Manager, which is located at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213, while a copy of the Stapling Deed and the Far East H-BT Trust Deed can be inspected at the registered office of the Trustee-Manager, which is located at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213.*

*Statements contained in this section that are not historical facts may be forward-looking statements or are historical statements reconstituted on a pro forma basis. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions which could cause actual results of Far East H-Trust to differ materially from those forecast or projected (see “Forward-looking Statements” for further details). Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by Far East H-Trust, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners or any other person or that these results will be achieved or are likely to be achieved. Investing in the Stapled Securities involves risks. Prospective investors are advised not to rely solely on this section, but to read this Prospectus in its entirety and, in particular, the sections from which the information in this section is extracted and “Risk Factors” to better understand the Offering and Far East H-Trust’s businesses and risks.*

## INTRODUCTION TO FAR EAST H-TRUST

### Far East H-Trust

Far East H-Trust is a hospitality stapled group comprising Far East H-REIT and Far East H-BT.

Far East H-REIT is a Singapore-based real estate investment trust (“**REIT**”) 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 in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

For the purposes of this Prospectus, real estate used for “**hospitality**” purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term “**serviced residences**” means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act; and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residences.

The REIT Manager is 67.0% owned by FEO Asset Management Pte Ltd (“**FAMPL**”), which is a wholly-owned subsidiary of FEOC, and 33.0% owned by Far East Orchard, which as at the date of this Prospectus is 59.8% owned by FEOPL. FEOC, FEOPL and Far East Orchard are all members of the Sponsor.

Far East H-BT is a Singapore-based business trust which will be dormant as at the Listing Date. The Trustee-Manager is 67.0% owned by FAMPL, which is a wholly-owned subsidiary of FEOC, and 33.0% owned by Far East Orchard, which as at the date of this Prospectus is 59.8% owned by FEOPL. FEOC, FEOPL and Far East Orchard are all members of the Sponsor.

(See “Structure of Far East H-Trust” for further details.)

## Objectives

The Managers’ principal objectives are to deliver regular and stable distributions to the holders of the Stapled Securities (the “**Stapled Securityholders**”) and to achieve long-term growth in distributions per Stapled Security (“**DPS**”) and in the net asset value (“**NAV**”) per Stapled Security, while maintaining an appropriate capital structure.

## Initial Portfolio

The initial portfolio of Far East H-Trust (the “**Initial Portfolio**”) will, on the Listing Date, comprise 11 properties consisting of seven hotels (the “**Hotels**”) and four serviced residences (the “**Serviced Residences**”, and together with the Hotels, the “**Properties**”) located in Singapore, namely:

### Hotels

Name of Hotel	Market segment	Number of hotel rooms
Albert Court Village Hotel (“ <b>ACVH</b> ”)	Mid-tier	210
Changi Village Hotel (“ <b>CVH</b> ”)	Mid-tier	380
The Elizabeth Hotel (“ <b>TEH</b> ”)	Mid-tier	256
Landmark Village Hotel (“ <b>LVH</b> ”)	Mid-tier	393
Oasia Hotel (“ <b>OH</b> ”)	Mid-tier / Upscale	428
Orchard Parade Hotel (“ <b>OPH</b> ”)	Mid-tier / Upscale	388
The Quincy Hotel (“ <b>TQH</b> ”)	Upscale	108
<b>TOTAL</b>		<b>2,163</b>

### Serviced Residences

Name of Serviced Residence	Market segment	Number of serviced residence units <sup>(1)</sup>
Central Square Village Residences (“ <b>CSV</b> ”)	Mid-tier	128
Hougang Village Residences (“ <b>HVR</b> ”)	Mid-tier	78
Regency House (“ <b>RH</b> ”)	Upscale	90
Riverside Village Residences (“ <b>RVR</b> ”)	Mid-tier	72
<b>TOTAL</b>		<b>368</b>

**Note:**

(1) Includes serviced residence units designated for house use.

## KEY INVESTMENT HIGHLIGHTS OF FAR EAST H-TRUST

The Managers believe that an investment in Far East H-Trust offers the following attractions to Stapled Securityholders:

- Exposure to the first and only Singapore-focused hotel and serviced residence stapled group
  - Largest diversified hospitality portfolio comprising hotels and serviced residences in Singapore by asset value
  - Balanced and resilient portfolio
  - Well-located and high-quality assets providing easy access to business, shopping and cultural districts as well as healthcare facilities and enjoying MRT connectivity through major transport links
- Committed and reputable Sponsor
  - The Sponsor is part of Far East Organization (as defined herein), which is Singapore's largest private property developer and both owner and operator of hospitality properties
  - Strong track record in hospitality asset enhancements and operations
  - Leading developer in mixed-use property developments
  - Alignment of interest between the Sponsor and Stapled Securityholders
- Positioned to benefit from Singapore's economic and tourism growth
  - Rising repute as a key regional financial centre and global MICE destination
  - Growth in medical tourism
  - Continued development as a premier tourist destination
- Well-positioned to capitalise on growth opportunities
  - Embedded organic growth through the improvement of RevPAR and RevPAU (each as defined herein)
  - Opportunities for growth through active asset management and asset enhancement of the Properties
  - Acquisition pipeline through the Sponsor ROFR Properties (as defined herein) and other third party properties
- Experienced board and management team with proven track record
- Downside protection through the Master Lease Agreements<sup>1</sup> with expected rental growth

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<sup>1</sup> "Master Lease Agreements" means the lease agreements entered into by the REIT Manager, the REIT Trustee and the relevant Master Lessees in relation to the Properties (excluding the Excluded Commercial Premises (as defined herein)), on the Listing Date.

**1. Exposure to the first and only Singapore-focused hotel and serviced residence stapled group**

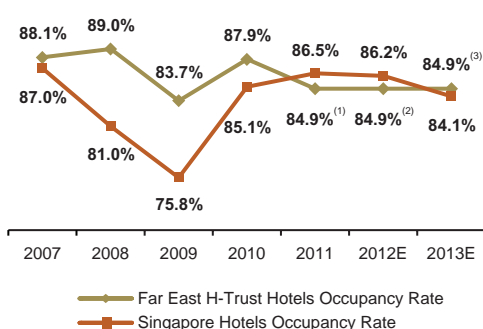
***Largest diversified hospitality portfolio comprising hotels and serviced residences in Singapore by asset value***

Far East H-Trust will provide investors with an opportunity to invest in a Singapore-focused hospitality portfolio comprising both hotels and serviced residences to take advantage of the buoyant hospitality sector in Singapore. The Singapore hospitality sector is expected to benefit from the strong growth of the Singapore economy and increasing tourist arrivals, with incoming tourism receipts expected to grow at up to a rate of 8.1% from 2011 to 2012 according to CBRE. (See Appendix D, “Independent Hospitality Industry Report” for further details.) Far East H-Trust has 2,163 hotel rooms and 368 serviced residence units in its portfolio, offering investors an opportunity to invest in one of the largest portfolios of hospitality assets in Singapore by asset value.

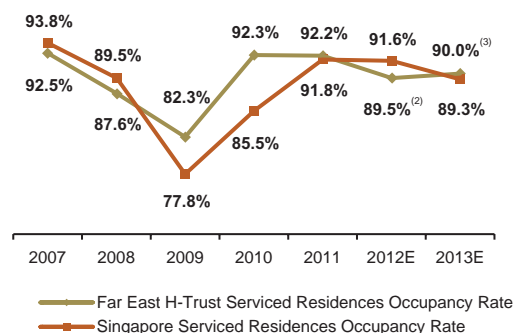
The Initial Portfolio provides an attractive opportunity for investors to benefit from a balanced portfolio of hospitality assets targeting both short-term stays in relation to the Hotels and longer-term stays in relation to the Serviced Residences. The Serviced Residences provide more income stability from corporate customers seeking longer-term accommodation. With a balanced portfolio of hotels and serviced residences, Far East H-Trust would enjoy the potential benefits from both the cyclical nature of the Hotels in a market upswing and the stability of earnings from the Serviced Residences.

The charts below show the occupancy rate trends of the Hotels and the Serviced Residences separately against the overall hospitality market occupancy rate trends in Singapore from the financial year ended 31 December (“FY”) 2007 to the end of the financial year ending 31 December 2013 (estimated) (“FY2013E”):

**Occupancy Rate Trends  
for the Hotels  
from FY2007 to FY2013E**



**Occupancy Rate Trends  
for the Serviced Residences  
from FY2007 to FY2013E**



**Notes:**

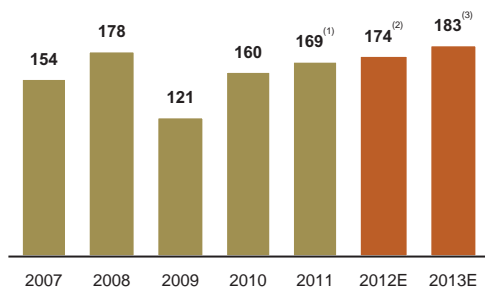
- (1) Excludes Oasia Hotel, which commenced operations only in April 2011 and became fully operational only in October 2011.
- (2) Occupancy rate forecast for the period from 1 August 2012 to 31 December 2012 (“Forecast Period 2012”).
- (3) Occupancy rate forecast for the financial year ending 31 December 2013 (“Projection Year 2013”).

The Hotels experienced a faster recovery than the market average in 2010 after the global financial crisis, with growth in average daily rates (“**ADR**”)<sup>1</sup> of 26.0% as compared to the overall market growth of 14.5%<sup>2</sup>, as well as higher occupancy rates of 83.7% as compared to the overall market occupancy rate of 75.8%<sup>2</sup> in 2009. This in turn delivered a growth of 32.3% in revenue per available hotel room (excluding permanent house use hotel rooms) (“**Available Hotel Rooms**”) (“**RevPAR**”)<sup>3</sup> as compared to the market average of 28.5%<sup>2</sup> from 2009 to 2010.

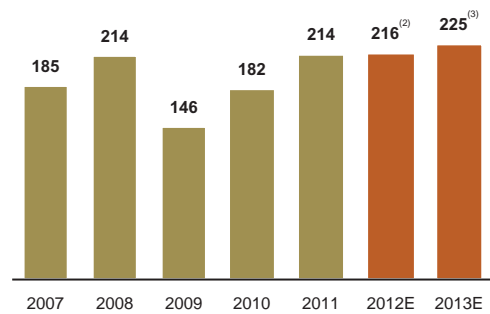
The performance of the Serviced Residences has improved significantly, with ADR recovering close to the peak rates achieved in 2008. From 2009 to 2010, the Serviced Residences had an ADR growth of 10.8%, which outperformed the overall market average of 3.1%. The Serviced Residences also had a higher occupancy rate of 82.3% versus the overall market occupancy rate of 77.8% in 2009. Revenue per available serviced residence unit (excluding house use serviced residence units) (“**Available Serviced Residence Units**”) (“**RevPAU**”)<sup>3</sup> of the Serviced Residences increased at a higher rate of 24.3% from 2009 to 2010 as compared to the market average of 13.4%.

The charts below show the RevPAR and RevPAU trends of the Hotels and Serviced Residences respectively from FY2007 to FY2013E:

**RevPAR Trends of the Hotels from FY2007 to FY2013E**



**RevPAU Trends of the Serviced Residences from FY2007 to FY2013E**



**Notes:**

- (1) Excludes Oasia Hotel, which commenced operations only in April 2011 and became fully operational only in October 2011.
- (2) RevPAR/RevPAU forecast for the Forecast Period 2012.
- (3) RevPAR/RevPAU forecast for the Projection Year 2013.

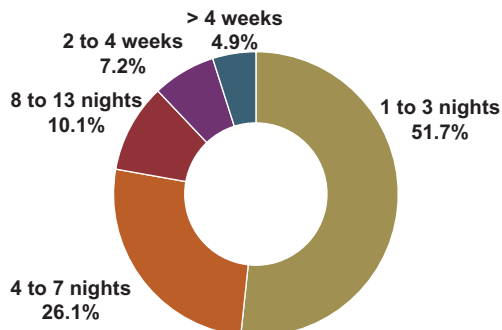
The average length of stay at the Serviced Residences for FY2011 was 29.0 days, while the average length of stay at the Hotels was 2.7 days. Of the total revenue generated by the Serviced Residences, leases with terms longer than three months contributed 54.3% of the total revenue generated for FY2011. This provides a relatively stable and visible income stream, which is further supported by the Master Lease Agreements to provide investors with additional income stability.

1 “**ADR**” is defined as total room revenue divided by the total number of paid occupied hotel rooms (in relation to the Hotels) or, as the case may be, total serviced residence unit rental revenue divided by the total paid occupied nights of serviced residence units (in relation to the Serviced Residences).  
 2 Source: CBRE Hotels.  
 3 Calculated based on the product of ADR and the Average Occupancy Rate (as defined herein).

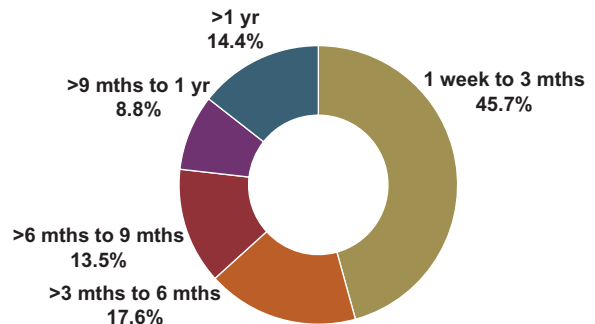


The breakdown of the length of stay for the Properties by hotel room or serviced residence unit nights sold is set out in the charts below:

**Length of Stay for the Hotels (FY2011)**



**Length of Stay for the Serviced Residences (FY2011)**



### ***Balanced and resilient portfolio***

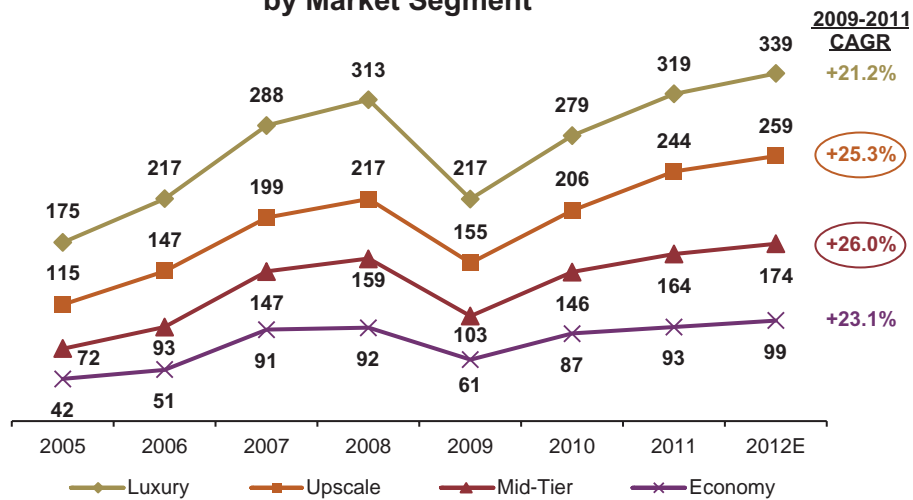
- *Mid-tier and upscale segments targeted*

The Properties are marketed by the operator of the Properties (the “**Hotel and Serviced Residence Operator**”) as primarily mid-tier and upscale hospitality properties and are therefore positioned to capture what the REIT Manager believes to be the fastest-growing, most profitable and scalable hospitality market segments. According to CBRE, the mid-tier and upscale hotel market segments contributed a combined 75.0% of the total existing supply of hotel rooms in Singapore and also enjoyed higher occupancy rates *vis-à-vis* the luxury and economy market segments in 2011. Both segments have historically been supported by strong ADR growth as well as a large customer base due to the higher value proposition of these segments compared to the luxury segment. The mid-tier market segment is able to cater to customers seeking affordable yet well-appointed accommodation. Upscale and mid-tier hospitality properties are more resilient during an economic downturn as corporate customers generally have stricter expense guidelines during such periods. Hospitality properties in both segments also have the flexibility to raise rates and revise marketing strategies to target higher-end tourists during economic upswings and are poised to capitalise on the growing outbound travel markets in Asia given that the demand for mid-tier and upscale hospitality properties from travellers within Asia is strongest.

According to CBRE, the mid-tier and upscale hotel market segments have enjoyed the fastest RevPAR growth over the last three years. Given that RevPAR has only recovered to around pre-crisis levels in 2011, the REIT Manager believes that there is further potential for growth going forward, with the Hotels expected to maintain their growth profile in line with the rest of the market for the next three years. Far East H-Trust is well-positioned to further benefit from the strong growth given its focus on the mid-tier and upscale market segments.

The chart below sets out the RevPAR trends for the four market segments in the Singapore hotel industry from 2005 to 2012 (estimated) (“2012E”):

### Singapore Hospitality RevPAR Trends (\$\$ per night) by Market Segment



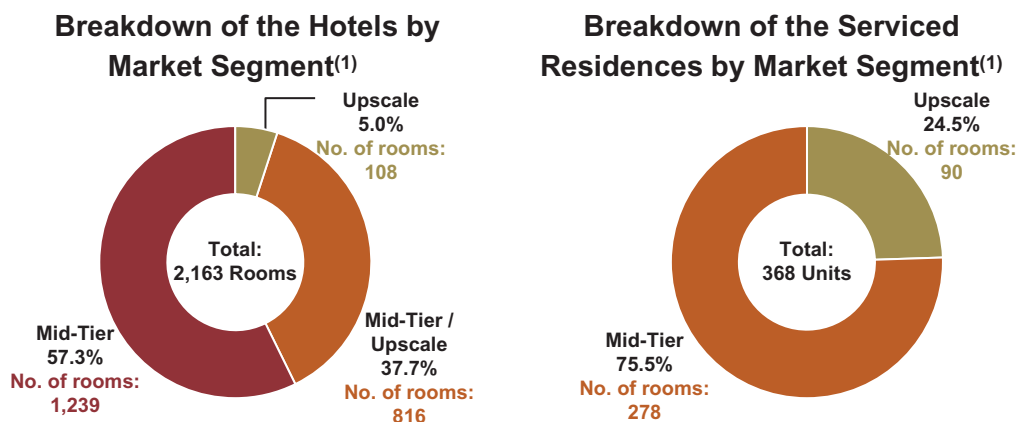
Source: CBRE Hotels.

In addition, the Properties enjoy the benefits of greater economies of scale through shared services.

(See “Certain Agreements relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Shared Services Agreements” for further details on the shared services.)

57.3% of the hotel rooms owned by Far East H-Trust currently belong to the mid-tier segment, 37.7% belong to the mid-tier / upscale segment, and the remaining 5.0% are marketed by the Hotel and Serviced Residence Operator as upscale accommodation. Similarly, 75.5% of the serviced residence units owned by Far East H-Trust currently belong to the mid-tier segment, while the remaining 24.5% are marketed by the Hotel and Serviced Residence Operator as upscale serviced residence accommodation.

The following graphs illustrate the breakdown of the Properties by market segment:



**Note:**

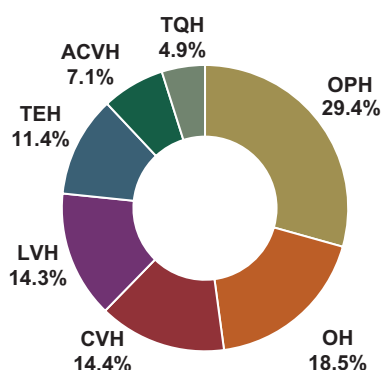
(1) Calculated based on the total number of hotel rooms or, as the case may be, serviced residence units as at Listing Date.

- *Minimal concentration risk*

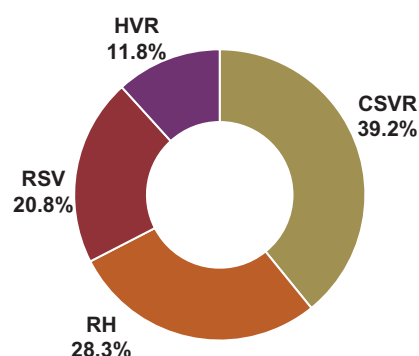
No single Hotel is expected to contribute more than 29.4% of the total Gross Revenue<sup>1</sup> of the Hotels for the period from 1 August 2012 to the end of the financial year ending 31 December 2012 (“**Forecast Period 2012**” or “**FP2012E**”) and no single Serviced Residence is expected to contribute more than 39.2% of the Gross Revenue of the Serviced Residences for FP2012E.

The charts below show separately the breakdown by contribution to the expected Gross Revenue of the Hotels and the Serviced Residences for FP2012E:

**Breakdown by Contribution to Gross Revenue of the Hotels (FP2012E)**



**Breakdown by Contribution to Gross Revenue of the Serviced Residences (FP2012E)**



- *Large and diversified customer base*

The scale and nature of the Initial Portfolio allows Far East H-Trust to capture a larger and more diversified customer profile ranging from leisure to corporate customers for both short-term and long-term stays. The diversification of Far East H-Trust’s customer profile provides additional stability to the revenue of the Properties by limiting reliance on any one particular category of customers.

For FY2011, at least 43.6% of hotel customers were corporate customers<sup>2</sup>. Far East H-Trust thus benefits from both the leisure market segment, which provides a steady flow of customers to maintain or grow ADR and occupancy rates given the strong influx of tourists coming to Singapore, and the corporate market segment, with corporate customers typically committing to higher ADR given their preference and propensity to pay for executive-style hotel rooms which command higher room rates. The REIT Manager believes that there is significant room to increase corporate contribution to the revenue of the Hotels and grow the amount of revenue Far East H-Trust derives from the corporate segment given Singapore’s positioning as a key financial centre and business hub in the region. This is supported by Singapore having more than 14,000

1 “**Gross Revenue**” comprises Fixed Rent and Variable Rent from the Properties under the Master Lease Agreements, and commercial rental income from the Excluded Commercial Premises.

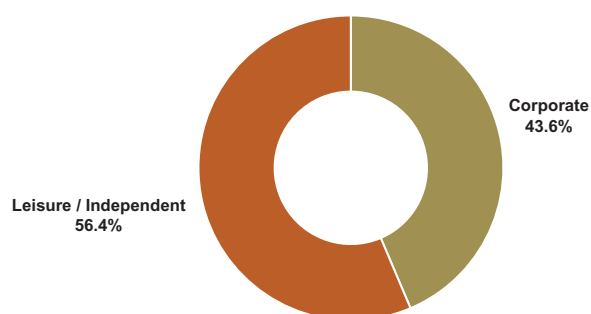
2 Corporate customers refers to customers who made bookings through corporate accounts.

multinational corporations (“MNCs”), 60% of which had established their headquarters in Singapore as at 31 December 2011<sup>1</sup>.

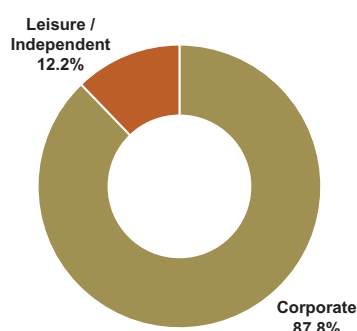
In relation to the Serviced Residences, 87.8% of serviced residence customers are corporate customers. Of these customers, no single industry accounted for more than 27.3% of total serviced residence unit revenue for FY2011 which ensures sufficient diversification across customers and less reliance on the performance of any single industry. Banking and finance represent the largest industry by total serviced residence unit revenue contribution, which positions the Serviced Residences well to capitalise on increasing demand from the growing financial services sector in Singapore, which according to CBRE, grew by 9.1% in 2011.

The charts below show the customer profile for the Hotels and Serviced Residences and a breakdown of the corporate customer profile by industry for the Serviced Residences for FY2011:

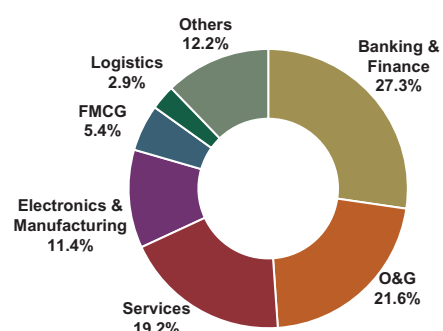
**Customer Profile for the Hotels (FY2011)<sup>(1)</sup>**



**Customer Profile for the Serviced Residences (FY2011)<sup>(1)</sup>**



**Corporate Customer Profile by Industry for the Serviced Residences (FY2011)<sup>(2)</sup>**



**Notes:**

- (1) “Corporate” comprises corporate, consortia independent, airline and MICE customers, while “Leisure/ Independent” comprises leisure, internet customers and others.
- (2) “Services” include businesses involved in real estate, education and automotive, “FMCG” includes businesses involved in fast moving consumer goods, “O&G” includes businesses involved in the oil and gas industry, and “Others” include trading companies.

<sup>1</sup> Source: CBRE Hotels.

**Well-located and high-quality assets providing easy access to business, shopping and cultural districts as well as healthcare facilities and enjoying MRT connectivity through major transport links**

The location of the Properties can be categorised into the following categories, as defined by the Urban Redevelopment Authority (“URA”)<sup>1</sup>:

- **Core Central Region:** comprises the Downtown Core, Orchard, Marina East, Marina South, Museum, Newton, Outram, River Valley, Rochor, Singapore River and Straits View planning areas (“**Core Central Region**”)
- **Central Region:** comprises the Core Central Region, as well as other planning areas including Bukit Merah, Bukit Timah, Queenstown, Kallang, Bishan, Marine Parade, Geylang, Toa Payoh, Tanglin, Novena and the Southern Islands (“**Central Region**”)
- **Outside Central Region:** comprises the North, North-East, East and West Regions (“**Outside Central Region**”)

The Properties are primarily located in the Core Central Region, being within the Orchard Road Shopping Belt, the Marina Bay and Singapore River as well as the Civic and Cultural Districts. This enables the Properties to cater to a wide variety of business and leisure customers. A location map of the Properties is set out below:



Source: CBRE Hotels.

1 Source: URA, Master Plan 2008. URA has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the report published by URA is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

- *Well-located for corporate customers*

The Properties, by virtue of their location, are able to capture their active target markets as well as benefit from ongoing developments and activities taking place in their respective areas.

The location of most of the Properties in the Core Central Region makes them particularly suited for corporate customers, providing convenient access to areas where most of the business and tourist activities occur in Singapore, particularly the Central Business District (“**CBD**”) and the Orchard Road area, which is Singapore’s main shopping district. As the Properties are primarily located in the CBD and Orchard Road area, Far East H-Trust has a competitive edge as it provides a range of hospitality choices for customers. In addition, corporate customers will have convenient access to two main facilities for meetings, incentives, conventions and exhibitions (“**MICE**”), namely Suntec Singapore International Convention & Exhibition Centre and Marina Bay Sands Expo and Convention Center.

The Properties which are located in the Outside Central Region, namely Changi Village Hotel and Hougang Village Residences, also cater largely to corporate customers due to their proximity to the back-office operations of many large institutions.

Hougang Village Residences caters particularly to the aerospace-related businesses in Seletar Aerospace Park and the electronics manufacturing hub in Ang Mo Kio. Changi Village Hotel is located within close proximity to the Singapore Expo, Changi Business Park, Changi International LogisPark and Loyang Industrial Park, with 58.6% of Changi Village Hotel’s room revenue from corporate customers in 2011 coming from contracted corporate clients located in the vicinity of these areas. With the increasing promotion of Singapore as a MICE hub, Changi Village Hotel stands to benefit from the influx of MICE traffic to the Singapore Expo and the continued development of Changi Business Park, Changi International LogisPark and Loyang Industrial Park.

- *Well-located for leisure customers*

The Properties are also well-located for leisure customers. The Properties which are located in the Core Central Region are in close proximity to the Orchard Road area, the Marina Bay Sands Casino and other key tourist attractions.

- *Close proximity to healthcare facilities*

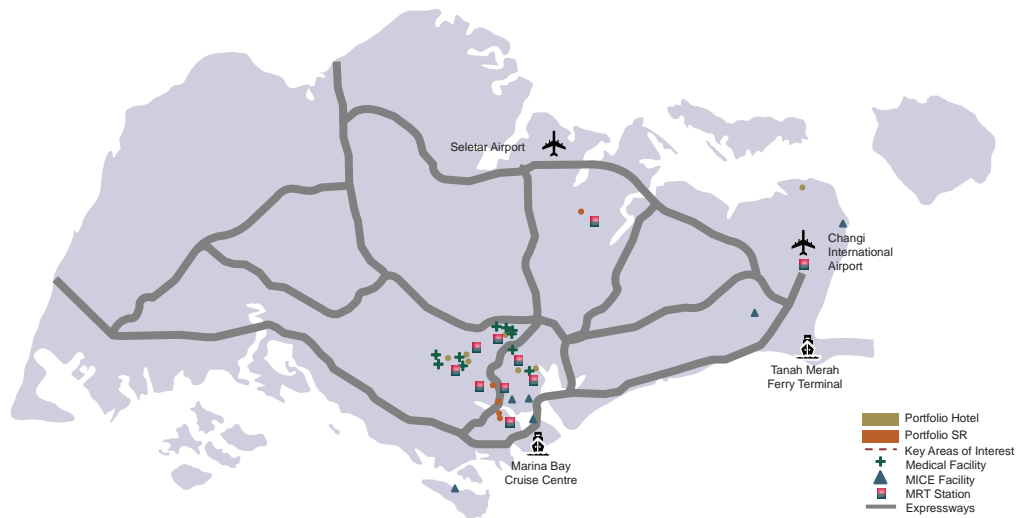
Five of the Hotels, namely The Elizabeth Hotel, Landmark Village Hotel, Oasia Hotel, Orchard Parade Hotel and The Quincy Hotel, are situated within walking distance of major medical centres and hospitals popular among medical tourists. Oasia Hotel, in particular, is situated in the heart of the Novena area, which has one of the highest concentrations of hospital beds in Singapore.

- *Accessibility to key transportation links*

All of the Properties also offer convenient access to key transportation links, such as major expressways and Mass Rapid Transit (“**MRT**”) stations. All of the Properties located in the Central Region are within walking distance from MRT stations.



The map below shows the Properties' connectivity and access to major MICE facilities, selected leading hospitals catering to medical tourists and key transportation links:



Source: CBRE Hotels.

- **High-quality hospitality assets**

The Properties offer high quality design and services to their customers, providing innovative and stylish accommodation with quality specifications and a wide range of facilities. An example is The Quincy Hotel, which was the winner of the TripAdvisor® Travelers' Choice® awards in 2011 and 2012, and was also the winner of the HA+D Award for Hotel Architecture and the SIA Architectural Design Award in 2011. Another example is Oasia Hotel, which is partly designed in collaboration with internationally-renowned interior design firm Super Potato, which is known for its cutting-edge designs and use of natural elements.

(See "Business and Properties" for further details.)

## 2. Committed and reputable Sponsor

***The Sponsor is part of Far East Organization, which is Singapore's largest private property developer and both owner and operator of hospitality properties***

The Sponsor is part of the Far East Organization group of companies ("**Far East Organization**" or "**FEO**"), which, since its establishment in 1960, has grown to become the largest private property developer in Singapore and has been a key contributor to the transformation of Singapore's urban landscape through its pioneering of innovative real estate products and solutions in Singapore. As at 31 December 2011, Far East Organization has developed a full spectrum of real estate products in the residential, hospitality, commercial, medical and industrial sectors, selling over 42,000 residential units or one in six private homes in Singapore. For 2011, Far East Organization sold 2,718 homes in Singapore, the highest ever residential sales number ever achieved by a property developer, approximately double that of its nearest competitor, which sold





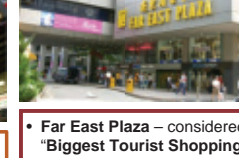

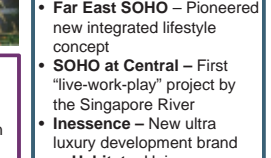
1,434 homes<sup>1</sup>. Far East Organization is also a leader in introducing Singapore to many of the industry's "firsts" such as:

- Far East Shopping Centre — the first multi-storey retail mall along Orchard Road;
- Far East Plaza — one of the first mixed-use developments with retail, office and residential components; and
- Far East SOHO — a new integrated lifestyle concept.



Far East Organization is the pioneer of innovative real estate products and solutions in Singapore



 <ul style="list-style-type: none"> <li>• Singapore's first homes with turfed rooftop garden – <b>Katong Seaview Palace</b></li> <li>• Transformation of Bukit Timah area with major development project of 2.3m sq ft – <b>Watten Estate</b></li> </ul>	 <ul style="list-style-type: none"> <li>• Introduced Singapore's first high-rise retail / office development in Orchard Road – <b>Far East Shopping Centre</b></li> <li>• <b>Lucky Plaza</b> – first multi-storey retail mall in Orchard Road with observatory lift with airconditioning</li> </ul>	 <ul style="list-style-type: none"> <li>• <b>Far East Plaza</b> – considered "<b>Biggest Tourist Shopping Centre in Southeast Asia</b>" then, also first residential development offering services</li> <li>• <b>Orchard Plaza</b> – built on the first Government land sales site on Orchard Road</li> </ul>	 <ul style="list-style-type: none"> <li>• <b>Bayshore</b> – first development to receive multiple awards including BCA Best Buildable Design and FIABCI Prix d-Excellence (Residential)</li> <li>• <b>Far East Square</b> – unique conservation development that won the FIABCI Prix d-Excellence award (Specialised)</li> </ul>	 <ul style="list-style-type: none"> <li>• <b>ICON</b> – First inner-city living project</li> <li>• <b>Novena Medical Center</b> – First foray into healthcare services</li> <li>• <b>Far East SOHO</b> – Pioneered new integrated lifestyle concept</li> <li>• <b>SOHO at Central</b> – First "live-work-play" project by the Singapore River</li> <li>• <b>Inessence</b> – New ultra luxury development brand</li> <li>• <b>euHabitat</b> – Unique development comprising four exceptional habitats (SOHO-concept homes, suites, condominiums and townhouses)</li> </ul>
1960s	1970s	1980s	1990s	2000s and Beyond

In addition, it has more than 10.0 million sq ft of net lettable area ("NLA") across its recurring income portfolio of investment properties. Far East Organization's market share of homes sold in the primary market in Singapore for 2011 was approximately 24.0%. Since the start of 2010, Far East Organization has bid for and won more than 20 land sites including property acquisitions, totalling more than 7.0 million sq ft of gross floor area ("GFA"), valued at more than S\$4.0 billion<sup>2</sup>.

Far East Organization's investment portfolio includes Far East Orchard, a hospitality and property investment company listed on the SGX-ST. As of 31 December 2011, Far East Organization also holds an effective interest of 60.4% in Yeo Hiap Seng Limited, a public-listed industry pioneer with over 100 years' history in the manufacturing and distribution of food and beverage products.

1 URA, DTZ Research. URA and DTZ Research have not provided their consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the reports published by URA and DTZ Research are reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such reports or verified the accuracy of the contents of the relevant information.

2 Including bids entered into through joint ventures.

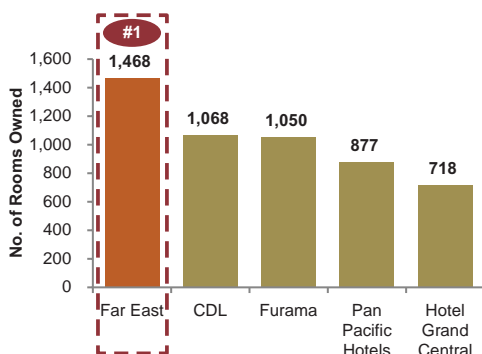
Winner of the “Best Developer in South East Asia and Singapore” award at the South East Asia Property Awards 2011, Far East Organization is also a multiple winner of the prestigious FIABCI Prix d’Excellence Awards, underscoring its unique achievements in the international and regional real estate arena. To date, Far East Organization is the only developer in the world to have won seven FIABCI Prix d’Excellence Awards.

Being both an owner and operator of hospitality properties, Far East Organization is also able to take a longer-term view with regards to its hospitality assets, having control over capital expenditure and asset enhancement initiatives going forward to keep revenue growth from these assets sustainable over the long-term.

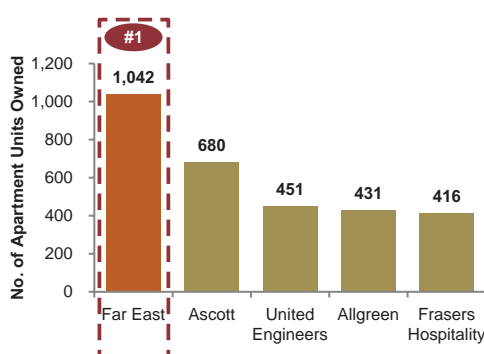
Far East Organization has the largest number of hotel rooms in the mid-tier market segment and the largest number of serviced residence units in Singapore, with a market share of approximately 12.2% and 20.9% respectively.

The following graphs set out the number of mid-tier hotel rooms and serviced residence units Far East Organization owns versus its peers for FY2011:

**12.2% Market Share for Mid-Tier Hotels in Singapore<sup>(1)(2)</sup> by Ownership (FY2011)**



**20.9% Market Share for Serviced Residences in Singapore<sup>(1)(3)</sup> by Ownership (FY2011)**



Source: CBRE Hotels.

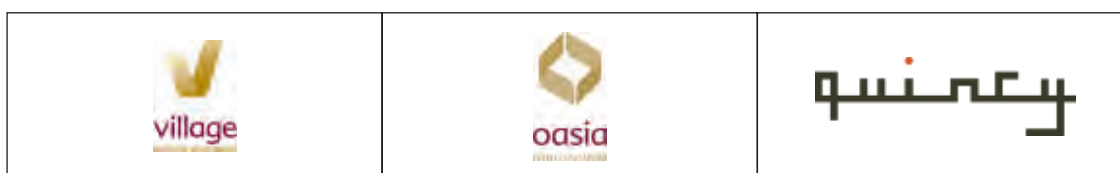
**Notes:**

- (1) Calculated by the number of hotel rooms or, as the case may be, serviced residence units.
- (2) Total number of mid-tier hotel rooms in Singapore for FY2011 was 12,033 rooms.
- (3) Total number of serviced residence units in Singapore for FY2011 was 4,982 units.

(See Appendix D, “Independent Hospitality Industry Report” for further details.)

### **Strong track record in hospitality asset enhancements and operations**

Far East Organization has invested in hospitality properties since the 1980s and established a dedicated hospitality business division in the mid-2000s to focus on the acquisition, development, management and operation of hospitality properties. Far East Organization's total hospitality portfolio (including the Initial Portfolio) of 18 properties is valued at more than S\$3.0 billion as at 31 December 2011. More recently, the hospitality operations also established 3 in-house brands, namely, the Village, Oasia and Quincy brands.



A list of the hospitality properties that Far East Organization has acquired, developed and/or re-developed over the last 25 years is set out below:

	Timeframe		
	1980's	1990's	2000's and Beyond
<b>Far East H-Trust Properties</b>	Orchard Parade Hotel Landmark Village Hotel Changi Village Hotel	The Elizabeth Hotel Albert Court Village Hotel Riverside Village Residences Central Square Village Residences	Hougang Village Residences Regency House The Quincy Hotel Oasia Hotel
<b>Sponsor ROFR Properties</b>		West Coast Village Residences Orchard Parksuites	Orchard Scotts Residences
<b>Others</b>	Far East Plaza <sup>(1)</sup>	Leonie View Residences <sup>(2)</sup>	Sri Tiara Residences <sup>(3)</sup> East Village Hotel <sup>(4)</sup>

**Notes:**

- (1) Far East Plaza is a strata title mixed development. In the Sponsor's view, consent from the subsidiary proprietors of Far East Plaza is unlikely to be obtained for the acquisition of common property to upgrade Far East Plaza Residences as full-service serviced residences.
- (2) The Sponsor intends to redevelop Leonie View into residential units for sale.
- (3) Sri Tiara Residences is located in Malaysia and does not fall within Far East H-Trust's investment mandate.
- (4) FEOPL acquired Paramount Hotel (now known as East Village Hotel) as well as certain adjoining land parcels. The intention is for the Sponsor to operate the hotel for the medium term. Thereafter, the Sponsor will explore redevelopment plans for the entire site.

Far East Organization's track record in planning and rejuvenating hospitality properties is best demonstrated through its capabilities in optimising available hotel room or serviced residence unit space in each of the Properties and strategic upgrading of hotel rooms or, as the case may be, serviced residence units through refurbishments to command higher ADR. In addition, Far East Organization has also demonstrated strong capabilities in optimising returns from repositioning and redeveloping old

establishments. Examples of successful asset enhancement works are illustrated below:

- *Conversion and capital works*

Far East Organization undertook the successful conversion of an old residential block into the existing The Quincy Hotel, which opened in 2009. A total of 108 new hotel rooms were added. The Quincy Hotel is a testament to Far East Organization's ability to transform an underperforming asset into an award winning hotel as shown below:

**Conversion from Residential Block to The Quincy Hotel**

**Before**



**After**



- *Asset enhancement and repositioning*

In 2002, Far East Organization assumed management over the then-Le Meridien Changi and undertook asset enhancement initiatives to reposition the property as Changi Village Hotel, an "urban resort hotel", which opened in 2004. Significant upgrades included the addition of a new wing, increasing hotel room count from 280 to 380, and increasing NLA by approximately 1.6 times from 9,941 sq m to 15,765 sq m. A complete makeover of the facade of the building was also undertaken, as shown below:

**Transformation of Le Meridien Changi to Changi Village Hotel**

**Before**



**After**



Between 2003 and 2004, Far East Organization also undertook asset enhancement initiatives at Albert Court Village Hotel which included the conversion of retail space into additional hotel rooms, adding an additional 74 hotel rooms to make it into a 210-room hotel.

- *Room upgrading*

Far East Organization completed refurbishments for 100 executive rooms in The Elizabeth Hotel (out of a total inventory of 256 hotel rooms) in the second half of 2011 (“2H2011”) with a view to reposition and rebrand the executive wing of the Hotel as an attractive choice for higher-yield corporate customers, so as to optimise the Property’s value in being located in the prime Orchard/Mount Elizabeth district.

The full benefits of the refurbishments are expected to be realised from 2012 onwards, and especially during the strong corporate months between May and November. This growth is largely attributable to the ability of the Hotel to command higher room rates post-refurbishment.

Given Far East Organization’s experience in ownership and management of hospitality assets coupled with its in-depth knowledge and understanding of the Initial Portfolio, Far East H-Trust can leverage on Far East Organization’s knowledge and expertise in various support functions, in addition to tapping into Far East Organization’s broader hospitality network.

The key support functions from Far East Organization include:

- The Hotel and Serviced Residence Operator
  - In addition to the front-line staff at the Properties, the Hotel and Serviced Residence Operator (which is wholly-owned by Far East Organization as of the date of this Prospectus) has close to 100 employees providing centralised support functions such as sales and marketing, reservation, housekeeping, engineering and other services. Key decision makers of the Hotel and Serviced Residence Operator have on average more than 15 years of experience in the hospitality industry.
- The Far East Projects Team
  - The Far East Projects Team, which is a business division within Far East Organization, has 57 employees as at 31 March 2012. The Far East Projects Team sources and acquires properties and development projects for Far East Organization. The Far East Projects Team is also responsible for design and conceptualisation and overall project management. Key decision makers of the Far East Projects Team have on average between 15 and 25 years of experience in the real estate industry.

***Leading developer in mixed-use property developments***

Since the 1960s, Far East Organization has established a strong track record in acquiring land, building and developing premium quality residential, commercial, hospitality and mixed-use developments. Far East Organization’s key area of expertise is in its ability to create new innovative developments and experiences to capture key target markets. With a strong knowledge of the Singapore property market, Far East Organization has been able to successfully accumulate one of the largest landbanks in Singapore and has been a key contributor to the urban landscape of modern Singapore. A recent mixed-use development showcasing Far East Organization’s



experience in this area is Oasia Hotel, part of a mixed-use development that houses the Novena Specialist Center and Square 2 Mall. Far East Organization was the master planner and developer of the integrated development from land acquisition, conceptualisation and development to launch. Far East Organization had successfully bid for and acquired the land in January 2007, and Oasia Hotel was opened in April 2011 and became fully operational in October 2011. Far East Organization's expertise in mixed-use development is showcased by its success in integrating different concepts including hospitality, retail and healthcare facilities in the Novena district.

<p align="center"><b>Far East Organization's Footprint in the Novena District</b></p>	
	<p>Between 2002 and 2007, Far East Organization acquired the land required for the development of Square 2 Mall, Novena Medical Center, Novena Specialist Center and Oasia Hotel. Square 2 Mall and Novena Medical Center were opened in January 2007 and August 2007 respectively, while Oasia Hotel and Novena Specialist Center were opened in April 2011.</p>

Recent government land sales have been increasingly geared towards mixed-use developments, and Far East Organization has been actively involved in various bidding processes for such sites. Mixed-use developments generally have pre-determined allocations for commercial, retail, residential and/or hospitality components, with occasionally a “white” component (depending on the location of the site) which gives the developer full flexibility on the use of that land allocation. Far East Organization's successful track record in bidding for such sites will provide future pipeline projects for Far East H-Trust through the Sponsor ROFRs (as defined herein).

Mixed-use developments in the pipeline that are part of the ROFR Properties include:

- Oasia Downtown Hotel;
- Oasia West Residences; and
- The Outpost Hotel.

***Alignment of interest between the Sponsor and Stapled Securityholders***

The Sponsor is committed to supporting and growing Far East H-Trust over the long-term. The Sponsor will, immediately following the completion of the Offering, be the

largest Stapled Securityholder, investing in an aggregate of 56.0% of the total number of Stapled Securities expected to be in issue (assuming the Over-Allotment Option is not exercised) or 51.9% of the total number of Stapled Securities expected to be in issue (assuming the Over-Allotment Option is exercised in full), demonstrating alignment of its interest with those of the Stapled Securityholders.

FEOC, Golden Development Private Limited and F. E. Holdings Pte. Ltd. will each also enter into a lock-up arrangement during the period commencing from the Listing Date until the date falling 180 days after the Listing Date (both dates inclusive) (the “**Lock-up Period**”) in respect of their effective interest in the relevant Stapled Securities held by them on the Listing Date, directly (in the case of FEOC and Golden Development Private Limited) and/or indirectly ((i) in the case of Golden Development Private Limited, through Oxley Hill Properties Pte Ltd and (ii) in the case of F. E. Holdings Pte. Ltd., through Golden Landmark Pte Ltd and Riverland Pte Ltd) (collectively, the “**Lock-up Stapled Securities**”).

(See “Plan of Distribution — Lock-up Arrangements” for further details.)

### **3. Positioned to benefit from Singapore’s economic and tourism growth**

The Managers believe that an investment in Far East H-Trust offers Stapled Securityholders exposure to the growing economy and the buoyant hospitality sector in Singapore, being the first Singapore-focused hospitality stapled group to own a diversified portfolio of hotels and serviced residences.

In the view of the Managers, Far East H-Trust’s Singapore-focused strategy will benefit from the strength of Singapore’s economy. Singapore remains one of the world’s most vibrant business and tourism destinations, with multiple demand drivers and solid growth prospects. The Managers believe that the three main drivers of growth for the hospitality market in Singapore are:

- (i) Business travel, given Singapore’s rising repute as a key regional financial centre and its increased profile as a global MICE destination;
- (ii) The tourism industry, which experienced a growth of 58.4% in tourist arrivals and a growth of 126.5% in tourism receipts between 2004 and 2011, with 2011 being a record year for Singapore’s tourism and hospitality sector with 13.2 million visitors; and
- (iii) Medical tourism, which is one of the fastest-growing industries in Singapore and is expected to attract 1.0 million medical tourists by the end of 2012, a 37.9% growth from 2010.

(See Appendix D, “Independent Hospitality Industry Report” for further details.)

#### ***Rising repute as a key regional financial centre and global MICE destination***

The Properties are well-positioned to benefit from Singapore’s status as a leading financial centre and global MICE destination, and there is significant potential to grow its corporate customer segment to leverage on the growing demand from business travellers.



- *Growing number of MNCs*

Singapore's stature as a key financial centre in Asia and globally, as well as the presence of many regional offices of major global corporations in Singapore, ensure that there are a large number of business visitors to Singapore. According to CBRE, as of 31 December 2011, there are approximately 14,000 MNCs in Singapore, including 8,400 MNCs with their regional headquarters in Singapore. This number is expected to grow as Singapore continues to attract international companies and international talent.

- *Growth of business travellers and the MICE sector*

According to Business Monitor International, growth in the arrival of business travellers to Singapore increased by 19.0% in 2011, consistent with the Singapore government's initiatives to promote Singapore as a financial and high value-add services hub. Singapore is also a leading hub for the oil and gas and IT sectors, which are two industries that generate a significant amount of project-based work. The share of business travellers as a percentage of total visitors to Singapore increased rapidly from 28.5% in 2005 to 34.4% in 2011, and is expected to reach 40.1% by 2015<sup>1</sup>.

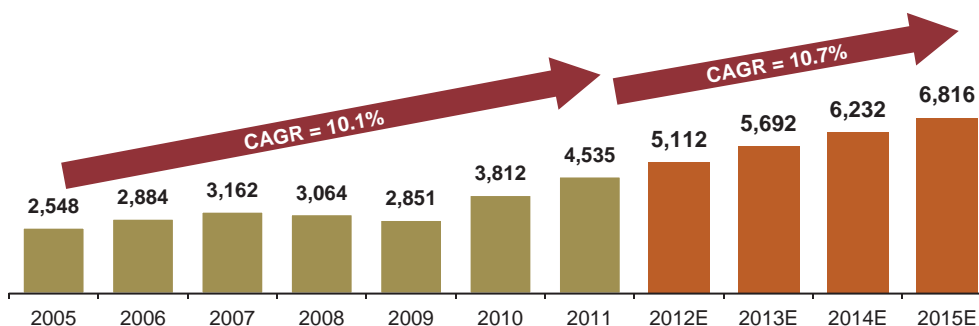
Singapore is a premier global convention destination and has received multiple awards in recent years, including Asia's Top Convention City for the past 10 years (ICCA Global Rankings 2011), Top International Meeting City for the fourth consecutive year and Asia's Top Country and City for Meetings for 28 consecutive years (Union of International Associations 2011). According to CBRE, hotels in Singapore with high room capacity would benefit from this increase in business traveller arrivals. (See Appendix D, "Independent Hospitality Industry Report" for further details.)

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1 Source: Business Monitor International. Business Monitor International has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the report published by Business Monitor International is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

The following diagram sets out the historical and forecast business traveller arrivals in Singapore for 2005 to 2015 (estimated) (“2015E”):

### Historical and Forecast Business Traveller Arrivals in Singapore (‘000)



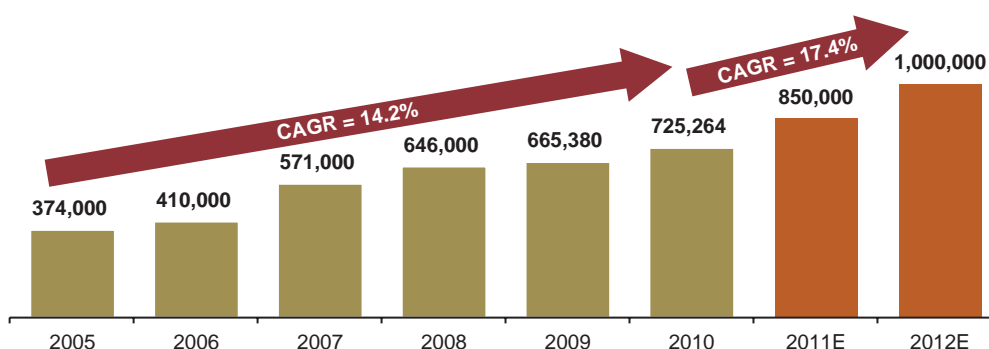
Source: Business Monitor International.<sup>1</sup>

### Growth in medical tourism

The Singapore government developed the Singapore Medicine Initiative in 2003 to promote Singapore as a destination for medical tourism, which is targeted at strengthening Singapore’s position as Asia’s leading medical hub, and promoting Singapore as a world-class destination for advanced patient care. Some of the Properties, being strategically located near various reputable private hospitals such as Mount Elizabeth Hospital, Gleneagles Hospital and Novena Medical Center, are expected to be able to greatly benefit from the growing number of medical tourists going forward. According to CBRE, Singapore aims to attract one million medical tourists by the end of 2012, representing a compound annual growth rate (“CAGR”) of 17.4% from 2010.

The following diagram sets out the historical and forecast foreign patient arrivals in Singapore for 2005 to 2012 (estimated) (“2012E”):

### Medical Tourist Arrivals in Singapore



Source: CBRE Hotels.

1 Business Monitor International has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the report published by Business Monitor International is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

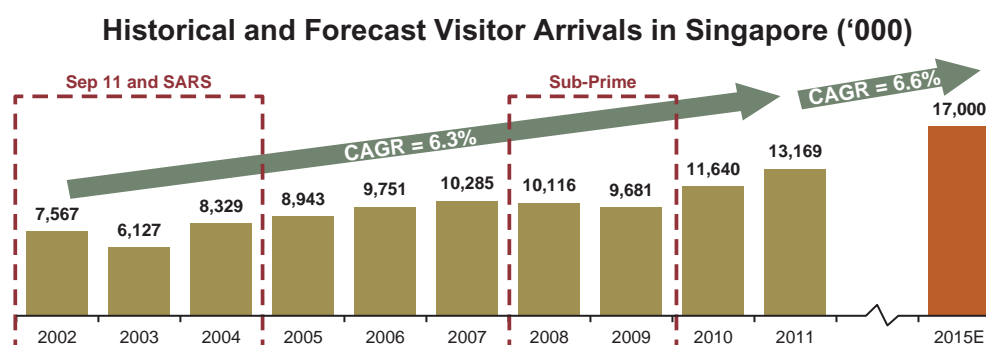
### **Continued development as a premier tourist destination**

According to STB, the Singapore government continues to actively enhance the business and tourism landscape of Singapore to meet STB's target of 17.0 million tourist arrivals and S\$30 billion in tourism revenue by 2015<sup>1</sup>.

STB reported that preliminary tourism receipts for 2011 were estimated at S\$22.3 billion, a 17.8% growth over 2010. International visitor arrivals for 2011 stood at 13.2 million, charting a new high and exceeding the year's forecast range of 12.0 to 13.0 million after achieving a 20.2% year-on-year increase in 2010<sup>1</sup>. All major components of tourism receipts posted double-digit growth in 2011. Accommodation, shopping, sightseeing and entertainment made up approximately 44.1% of tourism receipts for 2011.

In 2011, the top five countries by visitor arrivals, namely Indonesia, China, Malaysia, Australia and India, contributed to 54.2% of all international visitors arriving in Singapore. The strength of economies in the Asia-Pacific region has supported the growth in visitors from these countries, coupled with their enhanced ability to travel due to rising levels of affluence. In FY2011, 57.8% of Far East H-Trust's hotel customers originated from Asian countries<sup>2</sup>, with the majority electing to stay in mid-tier to upscale hospitality accommodation for their travels. The Managers believe that Far East H-Trust will be able to benefit from the growth in arrivals from these regions.

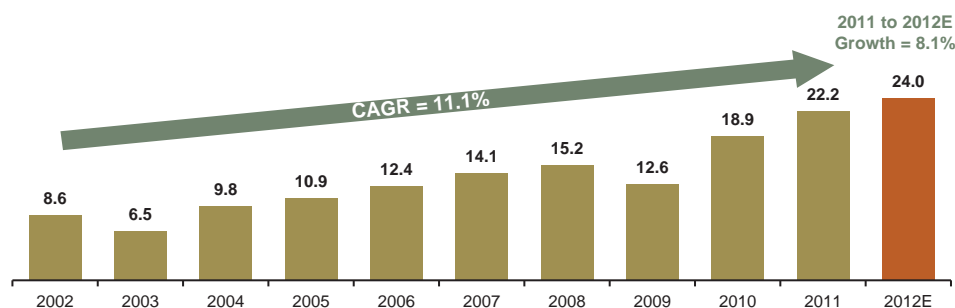
The following graphs show the growth of visitor arrivals for 2002 to 2015E and tourism receipts in Singapore for 2002 to 2012E:



Source: CBRE Hotels.

- 1 Source: STB, Tourism Performance Report — Quarter Four and Full Year 2011, Tourism Sector Performance for 2011. STB has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the report published by STB is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.
- 2 Comprising Indonesia, China, Malaysia, India, Singapore, Taiwan, Hong Kong, South Korea, Japan, Thailand and Vietnam.

### Historical Tourism Receipts (S\$ billion)

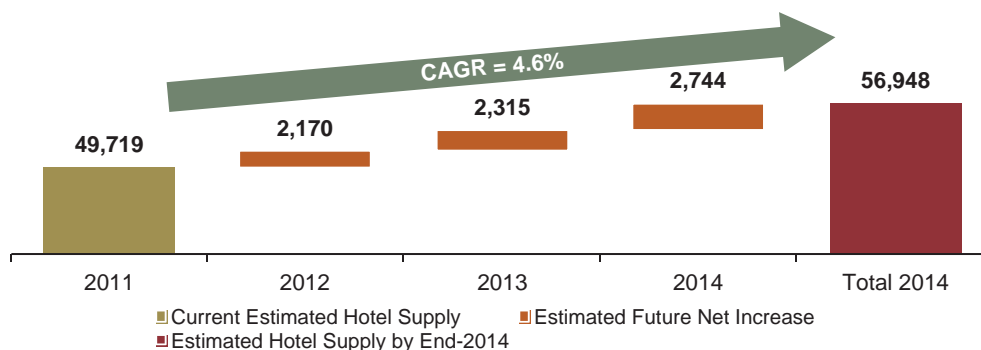


Source: CBRE Hotels.

The REIT Manager believes that the strong growth in projected tourism arrivals will be more than sufficient to meet the projected increase in the number of hotel rooms over the next three years.

The following graph shows the current and expected hotel room supply in Singapore for 2011 to 2014 (estimated) (“2014E”):

### Current and Expected Hotel Room Supply in Singapore



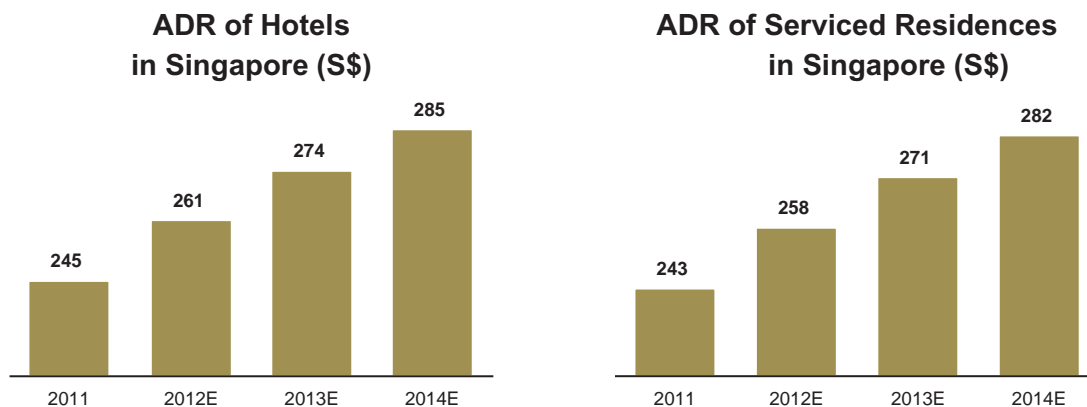
Source: CBRE Hotels.

#### 4. Well-positioned to capitalise on growth opportunities

##### ***Embedded organic growth through the improvement of RevPAR and RevPAU***

Far East H-Trust’s average RevPAR and RevPAU for the Hotels (excluding Oasia Hotel) and the Serviced Residences respectively in FY2011 are S\$169 and S\$214 per night respectively. According to CBRE, ADR for Singapore hotels are expected to grow from 2011 to 2014 for both hotels and serviced residences at a CAGR of more than 5.0%. The REIT Manager believes that the Initial Portfolio’s performance will grow in line with that of the market.

The following charts show the industry average forecast ADR for hotels and serviced residences in Singapore from 2011 to 2014E:



Source: CBRE Hotels.

The REIT Manager has also identified below certain key drivers of growth for the following Hotels and Serviced Residences.

- *Oasia Hotel*
  - o Oasia Hotel opened in April 2011 and became fully operational only in October 2011. Performance of Oasia Hotel is expected to fully benefit from (i) the stabilisation of operations for Mount Elizabeth Novena Hospital in 2013; (ii) ramping up of occupancy levels or sales at Novena Specialist Center and (iii) active brand marketing to create awareness for the “Oasia” Brand.
- *Landmark Village Hotel*
  - o Landmark Village Hotel is expected to be one of the key beneficiaries of the increased level of MICE activities given its close proximity to the Marina Bay Sands Expo and Suntec Singapore. Future developments within the vicinity such as the South Beach development and the M+S Pte Ltd projects in Marina South and Ophir-Rochor district (a joint venture project between the Singapore and Malaysia governments) are also expected to contribute to business activity in the area. In addition, the planned room refurbishments in 2013 are expected to enable the hotel to command higher ADR post-refurbishment.
- *Orchard Parade Hotel*
  - o Orchard Parade Hotel is located in the prime Orchard Road belt. Given the limited supply of new hospitality assets in the area, the hotel is expected to benefit from the expected increase in tourist arrivals. There are also planned refurbishments which include upgrading of guest rooms, the swimming pool, as well as meeting facilities. The REIT Manager also plans to actively increase focus on capturing the more lucrative corporate customers segment.

- *Regency House*
  - o Regency House is in a prime location within close proximity to Orchard Road. It has historically had a strong corporate following given its prime location and service quality. There are potential opportunities to optimise the use of commercial space which currently accounts for approximately 40.0% of the property's GFA.

***Opportunities for growth through active asset management and asset enhancement of the Properties***

The Managers will adopt a dedicated strategy to actively manage and enhance the Initial Portfolio. The Managers' strategy for organic growth will be to actively manage the Properties and the Managers intend to work with the Hotel and Serviced Residence Operator, which as at the Listing Date is Jelco Properties Pte Ltd ("**Jelco**"), a wholly-owned subsidiary of Far East Orchard, through the master lessees of the Properties<sup>1</sup> (the "**Master Lessees**") to conduct refurbishment programmes on selected Properties which will be aimed at improving the image and attractiveness of the Properties to increase patronage as well as the Properties' RevPAR and RevPAU.

The Sponsor has commenced refurbishment works in May 2012 to upgrade Landmark Village Hotel in phases, with 213 superior and deluxe hotel rooms to be upgraded, and the refurbishment works are expected to be completed in March 2013. The Sponsor also plans to carry out major refurbishment works to upgrade Orchard Parade Hotel over two phases, with 40 hotel rooms being upgraded between August 2012 and September 2012, and another 61 hotel rooms being upgraded between December 2012 and February 2013. After the refurbishment, the ADR of the refurbished hotel room categories is expected to improve.

Minor refurbishment works for two of the Serviced Residences, namely Central Square Village Residences and Riverside Village Residences, are ongoing and expected to be completed in 2H2012. The upgrading exercise involves 127 serviced residence units in Central Square Village Residences and 71 serviced residence units in Riverside Village Residences.

The refurbishment works mentioned above for Landmark Village Hotel, Orchard Parade Hotel, Central Square Village Residences and Riverside Village Residences will be fully funded by the respective Vendors. Going forward, the cost of any acquisition and replacement of the furniture, fixtures and equipment ("**FF&E**") for each of the Properties will be borne by the respective Master Lessee under the terms of the relevant Master Lease Agreements, while other capital improvement expenditure (such as improvement works on the physical structures of the Properties) will be borne by Far East H-Trust.

The REIT Manager believes that there is potential within the Initial Portfolio to further identify development works to optimise the use of the commercial spaces. This may be done by improving tenant mix and by repositioning the commercial spaces for alternative uses for other income-generating opportunities, so as to potentially improve returns to Stapled Securityholders.

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<sup>1</sup> Excluding the specific commercial areas in the relevant Properties (the "**Excluded Commercial Premises**").

## Acquisition pipeline through the Sponsor ROFR Properties and other third party properties

Each of the following members of the Sponsor, namely (i) FEOC, (ii) FEOPL, (iii) Golden Development Private Limited, (iv) Glory Realty Co. Private Ltd., (v) F. E. Holdings Pte. Ltd., (vi) Boo Han Holdings Pte. Ltd., (vii) Lucky Realty Company Pte Ltd and (viii) Orchard Landmark Pte. Ltd., has granted a right of first refusal to the REIT Trustee and the Trustee-Manager (the “**Other ROFRs**”), subject to certain conditions. Far East Orchard has separately granted a right of first refusal to Far East H-Trust, subject to certain conditions (the “**Far East Orchard ROFR**”, and together with the Other ROFRs, the “**Sponsor ROFRs**”). Collectively, the Sponsor ROFRs will provide Far East H-Trust with access to future acquisition opportunities of income-producing properties located in Singapore which are primarily used for hospitality and/or hospitality-related purposes.

As at 31 December 2011, the Sponsor has identified seven<sup>1</sup> Sponsor ROFR Properties which could potentially be offered to Far East H-Trust as hotels or, as the case may be, serviced residences, under the Sponsor ROFRs. For the purposes of this Prospectus, properties which fall or may potentially fall within the Sponsor ROFRs are referred to as the “**Sponsor ROFR Properties**”.

The following location map sets out the location of these seven Sponsor ROFR Properties:



### Notes:

- To be converted from the existing Far East Square.
- This picture is an artist's impression of the property and may differ from the actual view of the property.

1 Excluding Leonie View, which the Sponsor intends to redevelop into residential units for sale, and excluding Far East Plaza Residences which, in the Sponsor's view, consent from the subsidiary proprietors of Far East Plaza is unlikely to be obtained for the acquisition of common property to upgrade Far East Plaza Residences as full-service serviced residences.



Selected details of the seven Sponsor ROFR Properties identified as at 31 December 2011, which could potentially be offered to Far East H-Trust as hotels or, as the case may be, serviced residences, under the Sponsor ROFRs are set out in the table below:

Name of Sponsor ROFR Property	Market segment	Hospitality segment	Expected completion date <sup>(1)</sup>	Estimated number of hotel rooms / serviced residence units
<b>Completed</b>				
Orchard Parksuites	Upscale	Serviced Residence	Completed	225
Orchard Scotts Residences	Upscale	Serviced Residence	Completed	207
West Coast Village Residences	Mid-tier	Serviced Residence	Completed	51
<b>Completed Total</b>				<b>483</b>
<b>Under development</b>				
The Amoy Hotel	Boutique Upscale	Hotel	1H2013 <sup>(2)</sup>	37
Oasia Downtown Hotel	Mid-tier / Upscale	Hotel	2H2015 <sup>(3)</sup>	314
Oasia West Residences	Mid-tier / Upscale	Serviced Residence	2H2015 <sup>(3)</sup>	116
The Outpost Hotel	Mid-tier / Upscale	Hotel	1H2016 <sup>(4)</sup>	292
<b>Under Development Total</b>				<b>759</b>
<b>Total estimated number of hotel rooms</b>				<b>643</b>
<b>Total estimated number of serviced residence units</b>				<b>599</b>
<b>Total estimated number of hotel rooms and serviced residence units</b>				<b>1,242</b>

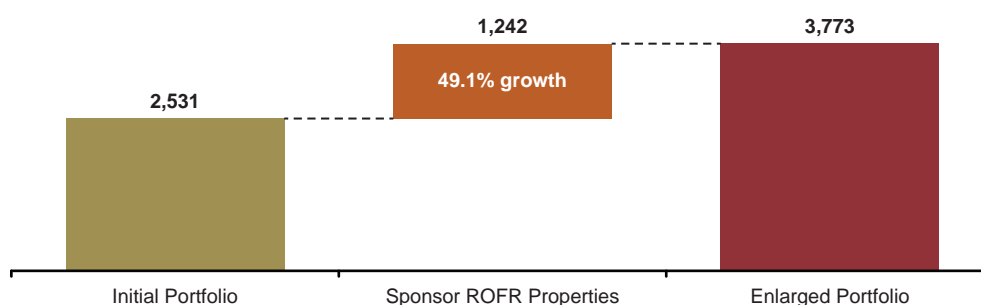
**Notes:**

- (1) Subject to change, pending the finalisation of development plans at the discretion of the Sponsor.
- (2) "1H2013" means the first half of 2013.
- (3) "2H2015" means the second half of 2015.
- (4) "1H2016" means the first half of 2016.

Far East H-Trust is expected to benefit from the large identified pipeline of Sponsor ROFR Properties which could potentially be acquired from the Sponsor if the Sponsor chooses to divest them at the appropriate time.

The following graph illustrates the potential for growth of Far East H-Trust's portfolio based on the seven Sponsor ROFR Properties:

**Potential for 49.1% Increase in Portfolio Size  
(by Number of Hotel Rooms / Serviced Residence Units)**



The seven Sponsor ROFR Properties, totalling approximately 643 hotel rooms and 599 serviced residence units, provide a visible pipeline for Far East H-Trust, offering potential acquisition opportunities for portfolio growth. Assuming Far East H-Trust proceeds with the acquisition of the seven Sponsor ROFR Properties, the total number of hotel rooms and serviced residence units owned by Far East H-Trust will increase by 29.7% and 162.8% respectively, resulting in a total portfolio size increase of approximately 49.1%. In addition, Far East H-Trust is also expected to benefit from the pipeline arising from future land sites the Sponsor is successful in bidding for.

The Managers will therefore be able to leverage on and benefit from the Sponsor's network for a future pipeline of assets that Far East H-Trust could potentially acquire, where these assets meet Far East H-Trust's investment criteria. This will in turn further enhance Far East H-Trust's strong position in the Singapore hospitality market.

**5. Experienced board and management team with proven track record**

The REIT Manager believes that Stapled Securityholders will benefit from the experience of key executive officers of Far East H-REIT in the Singapore hospitality property market, as well as the vast experience of Far East H-REIT's directors in the real estate, corporate management, accountancy, investment and hospitality-related sectors. The REIT Manager has employed experienced professionals who have a prior track record in property development, investment, management, marketing and leasing and finance, complemented by their familiarity with the dynamics of the Singapore hospitality market.

(See "Management and Corporate Governance — The REIT Manager Board — Experience and Expertise of the Boards of the Managers" and "Management and Corporate Governance — Executive Officers of the REIT Manager" for further details.)

**6. Downside protection through the Master Lease Agreements with expected rental growth**

One of the primary objectives of Far East H-Trust is to provide Stapled Securityholders with regular, stable and growing distributions on a quarterly basis. Far East H-Trust's policy is to distribute 100.0% of its income chargeable to tax under the Income Tax Act,

Chapter 134 of Singapore (the “**Income Tax Act**”) after deduction of allowable expenses and applicable tax allowances (but excluding gains on sale of real properties which are determined to be trading gains) (“**Taxable Income**”) for the Forecast Period 2012 and the Projection Year 2013 and at least 90.0% of its Taxable Income thereafter.

The Properties<sup>1</sup> will be leased to the Master Lessees pursuant to the Master Lease Agreements. The initial terms of each of the Master Lease Agreements is 20 years from the Listing Date, with an option exercisable by the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions, save for amendments required due to any change in law. The long tenure of the Master Lease Agreements is expected to provide Far East H-Trust with a long-term stream of quality rental income.

The rental payments pursuant to the Master Lease Agreements comprise a Fixed Rent and a Variable Rent (each as defined herein). The Fixed Rent component provides downside protection to Far East H-Trust as it provides for a minimum rental payment regardless of the performance of the Master Lessee. This mitigates any risk on income caused by uncertainty and volatility of global economic conditions.

The actual proportion of Taxable Income distributed to Stapled Securityholders may be greater than 90.0% to the extent that the Managers believe it to be appropriate, having considered Far East H-Trust’s funding requirements, other capital management considerations and the overall stability of distributions. The actual level of distribution will be determined at the Managers’ discretion.

The table below set out the Managers’ forecast and projected distribution yields for the Forecast Period 2012 and the Projection Year 2013:

	Distribution Yield (%)	
	Based on Maximum Offering Price	Based on Minimum Offering Price
<b>Forecast Period 2012</b>	6.0% (annualised)	6.5% (annualised)
<b>Projection Year 2013</b>	6.3%	6.8%
<b>Growth</b>	4.6%	4.6%

(See “Profit Forecast and Profit Projection” for further details.)

Such yields will vary accordingly if the Listing Date is not 1 August 2012, or for investors who purchase the Stapled Securities in the secondary market at a market price different from the Minimum Offering Price or the Maximum Offering Price. The forecast and projected results for Forecast Period 2012 and Projection Year 2013 (the “**Profit Forecast and Profit Projection**”) from which this information is extracted are based on the various assumptions set out in the section titled “Profit Forecast and Profit Projection”. There can be no assurance that the Profit Forecast and Profit

<sup>1</sup> Excluding the Excluded Commercial Premises.

Projection will be met and the actual yields per Stapled Security may be materially different from the forecast and projected amounts.

(See “Risk Factors — Risks Relating to an Investment in the Stapled Securities — The actual performance of Far East H-Trust and the Properties could differ materially from the forward-looking statements in this Prospectus” for further details.)

## KEY STRATEGIES

### Far East H-REIT’s Strategies

The REIT Manager plans to achieve its objectives through the following key strategies:

- **Acquisition Growth Strategy Supported by Acquisition Opportunities in respect of the Sponsor ROFR Properties and Other Third Party Properties** — The REIT Manager will source for and pursue asset acquisition opportunities which provide attractive cash flows and yields and which satisfy the REIT Manager’s investment mandate for Far East H-REIT to enhance the returns to Stapled Securityholders and improve potential opportunities for future income and capital growth.
- **Active Asset Management and Enhancement Strategy** — The REIT Manager will implement pro-active measures to enhance the Properties and to improve their operational performance, so as to optimise the cash flow and value of the Properties. Through such active management, the REIT Manager seeks to enhance the efficiency of the Properties to improve occupancy rates and average RevPAR and RevPAU, as well as to create a better lodging experience for its clientele.
- **Capital and Risk Management Strategy** — The REIT Manager will endeavour to maintain a strong balance sheet, employ an appropriate mix of debt and equity in financing acquisitions of properties, secure diversified funding sources to access both financial institutions and capital markets, optimise its cost of debt financing and utilise interest rate hedging strategies, where appropriate, in order to reduce exposure to market volatility.

(See “Strategy” for further details.)

## CERTAIN INFORMATION ON THE PROPERTIES

The table below sets out certain information with respect to each of the Hotels as at 31 March 2012:

	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel	Orchard Parade Hotel	The Quincy Hotel	Total
<b>Location</b>	180 Albert Street, Singapore 189971	1 Netheravon Road, Singapore 508502	24 Mount Elizabeth, Singapore 228518	390 Victoria Street, Singapore 188061	8 Sinaran Drive, Singapore 307470	1 Tanglin Road, Singapore 247905	22 Mount Elizabeth, Singapore 228517	<b>N.A.</b>
<b>Completion Date</b>	3 October 1994	30 January 1990 <sup>(2)</sup>	3 May 1993	19 October 1988	2 June 2011 <sup>(1)</sup>	20 June 1987 <sup>(2)</sup>	27 November 2008	<b>N.A.</b>
<b>Market Segment</b>	Mid-tier	Mid-tier	Mid-tier	Mid-tier	Mid-tier / Upscale	Mid-tier / Upscale	Upscale	<b>N.A.</b>
<b>Leasehold Tenure<sup>(3)</sup></b>	Leasehold of 75 years commencing from Listing Date	Leasehold of 65 years commencing from Listing Date	Leasehold of 75 years commencing from Listing Date	Leasehold of 66 years commencing from Listing Date	Leasehold of 92 years commencing from Listing Date	Leasehold of 50 years commencing from Listing Date	Leasehold of 75 years commencing from Listing Date	<b>N.A.</b>
<b>Approximate GFA / Strata Area<sup>(4)</sup> (sq m)</b>	11,426	22,826	11,723	21,676 <sup>(5)</sup>	22,457 <sup>(6)</sup>	34,072	4,810	<b>128,990<sup>(5)(6)</sup></b>
<b>Retail and Office NLA (sq m)</b>	Retail: 1,002	Retail: 778	Retail: 595	Retail: 1,164	N.A.	Retail: 3,694 Office: 2,509	N.A.	<b>Retail: 7,233 Office: 2,509</b>
<b>Number of Available Rooms</b>	210	380	256	393	428	388	108	<b>2,163</b>
<b>Carpark Lots</b>	65	107	97 <sup>(7)</sup>	217 <sup>(7)</sup>	148 <sup>(7)</sup>	176	N.A. <sup>(8)</sup>	<b>810</b>
<b>RevPAR (FY2011) (S\$)</b>	142	153	167	148	117 <sup>(9)</sup>	203	229	<b>150<sup>(10)</sup></b>
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	126.0	257.0	193.0	227.0	322.0	419.0	84.0	<b>1,628.0</b>
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	107.3	228.0	186.6	217.0	324.9	409.0	83.4	<b>1,556.2</b>
<b>Purchase Price (based on Minimum Offering Price) (S\$m)</b>	110.0	222.1	173.9	203.3	296.3	412.0	76.7	<b>1,494.3</b>
<b>Purchase Price (based on Maximum Offering Price) (S\$m)</b>	120.7	238.5	186.7	218.4	318.2	412.5	82.3	<b>1,577.3</b>

	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel	Orchard Parade Hotel	The Quincy Hotel	Total
<b>Fixed Rent (per annum) (S\$m)</b>	3.5	7.5	5.5	7.0	8.0 <sup>(11)</sup>	10.0	2.5	<b>44.0</b>
<b>Variable Rent (per annum)</b>	33% of Gross Operating Revenue and 25% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 24% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 34% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 29% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 28% of Gross Operating Profit less Fixed Rent	33% of Gross Operating Revenue and 37% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 23% of Gross Operating Profit less the Fixed Rent	<b>N.A.</b>
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	2.3	5.3	4.1	5.3	1.7 <sup>(11)</sup>	9.8	2.1	<b>30.6</b>
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(12)</sup> (FY2011) (%)</b>	39.9	41.6	42.9	43.2	36.4 <sup>(11)</sup>	49.5	45.3	<b>44.0</b>
<b>Vendor and Master Lessee<sup>(13)(14)</sup></b>	First Choice Properties Pte Ltd	Far East Organization Centre Pte. Ltd.	Golden Development Private Limited	Golden Landmark Pte Ltd	Transurban Properties Pte. Ltd.	Far East Orchard Limited	Golden Development Private Limited	<b>N.A.</b>
<b>Term of Master Lease (years)</b>	20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)							

**Notes:**

- (1) The temporary occupation permit ("TOP") for the entire development comprising Oasia Hotel was issued on 2 June 2011. An earlier TOP for the said development, excluding water features and landscape planters at certain parts of the development, was issued on 7 March 2011.
- (2) Date of acquisition by Sponsor, as property is not developed by Sponsor.
- (3) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreements.
- (4) For Landmark Village Hotel and Oasia Hotel.
- (5) In addition, Landmark Village Hotel also includes accessory lots with an aggregate area of 85 sq m.
- (6) In addition, Oasia Hotel also includes an accessory lot with an area of 30 sq m.
- (7) These carpark lots belong to the MCST and will not be acquired by Far East H-REIT.
- (8) Guests at The Quincy Hotel may use the carpark lots at The Elizabeth Hotel.
- (9) Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011.
- (10) The weighted average RevPAR of the Hotels. The weighted average RevPAR of the Hotels excluding Oasia Hotel would be S\$169.
- (11) As Oasia Hotel's operations have yet to be stabilised, the total rental income of Oasia Hotel under the relevant Master Lease Agreement is subject to a minimum guarantee of S\$7.3 million and S\$18.2 million for Forecast Period 2012 and Projection Year 2013 respectively. As Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011, the pro-rated pro forma Fixed Rent for Oasia Hotel in FY2011 was assumed to be S\$3 million.
- (12) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.
- (13) The Properties being leased to the respective Master Lessees excludes the Excluded Commercial Premises.
- (14) The Vendors are members of the Sponsor.

The table below sets out certain information with respect to each of the Serviced Residences as at 31 March 2012:

	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences	Total
<b>Location</b>	20 Havelock Road, Singapore 059765	1 Hougang Street 91, Singapore 538692	121 Penang Road, Singapore 238464	30 Robertson Quay, Singapore 238251	<b>N.A.</b>
<b>Completion Date</b>	19 February 1998	30 December 1999	24 October 2000	12 July 1996	<b>N.A.</b>
<b>Market segment</b>	Mid-tier	Mid-tier	Upscale	Mid-tier	<b>N.A.</b>
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 80 years commencing from Listing Date	Leasehold of 81 years commencing from Listing Date	Leasehold of 81 years commencing from Listing Date	Leasehold of 78 years commencing from Listing Date	<b>N.A.</b>
<b>Approximate GFA / Strata Area<sup>(2)</sup> (sq m)</b>	17,858	14,635	10,723	10,570 <sup>(3)</sup>	<b>53,786<sup>(3)</sup></b>
<b>Retail and Office NLA (sq m)</b>	Retail: 2,213 Office: 1,474 Serviced Office: 696	N.A.	Retail: 539 Office: 2,322	Retail: 1,179	<b>Retail: 3,931 Office: 3,796 Serviced Office: 696</b>
<b>Number of Serviced Residence Units</b>	128	78	90	72	<b>368</b>
<b>Carpark Lots</b>	205	364	102	87	<b>758</b>
<b>RevPAU (FY2011) (S\$)</b>	208	191	223	240	<b>214<sup>(4)</sup></b>
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	208.0	66.0	170.0	117.0	<b>561.0</b>
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	187.6	65.5	168.3	113.1	<b>534.5</b>
<b>Purchase Price (based on Minimum Offering Price) (S\$m)</b>	180.0	60.2	154.9	105.4	<b>500.5</b>
<b>Purchase Price (based on Maximum Offering Price) (S\$m)</b>	183.3	64.7	166.4	113.2	<b>527.6</b>
<b>Fixed Rent (per annum) (S\$m)</b>	3.5	1.5	2.5	2.5	<b>10.0</b>
<b>Variable Rent (per annum)</b>	33% of Gross Operating Revenue and 41% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 38% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 40% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 40% of Gross Operating Profit less the Fixed Rent	<b>N.A.</b>



	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences	Total
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	2.8	1.6	2.1	1.4	<b>7.9</b>
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(5)</sup> (FY2011) (%)</b>	44.8	52.3	45.1	35.2	<b>44.1</b>
<b>Vendor and Master Lessee<sup>(6)(7)</sup></b>	OPH Riverside Pte Ltd	Serene Land Pte Ltd	Oxley Hill Properties Pte Ltd	Riverland Pte Ltd	<b>N.A.</b>
<b>Term of Master Lease</b>	20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)				

**Notes:**

- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreements.
- (2) For Hougang Village Residences and Riverside Village Residences.
- (3) In addition, Riverside Village Residences also includes an accessory lot with an area of 22 sq m.
- (4) The weighted average RevPAU of the Serviced Residences.
- (5) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.
- (6) The Properties being leased to the respective Master Lessees excludes the Excluded Commercial Premises.
- (7) The Vendors are members of the Sponsor.

## OPERATIONAL DATA OF THE PROPERTIES

The weighted average ADR, weighted average occupancy rate and weighted average RevPAR for the Hotels for FY2009, FY2010 and FY2011 are set out below:

Weighted Average	FY2009	FY2010	FY2011	
			Including Oasia Hotel <sup>(1)</sup>	Excluding Oasia Hotel <sup>(1)</sup>
ADR <sup>(2)</sup> (S\$)	144	182	198	199
Occupancy Rate <sup>(3)</sup> (%)	83.7	87.9	75.4	84.9
RevPAR <sup>(4)</sup> (S\$)	121	160	150	169

**Notes:**

- (1) Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011.
- (2) Weighted by the total number of hotel rooms sold at the Hotels for the relevant period.
- (3) Weighted by the total number of Available Hotel Rooms of the Hotels for the relevant period.
- (4) Computed based on total room revenue of the Hotels divided by the total number of Available Hotel Rooms of the Hotels for the relevant period.

The weighted average ADR, weighted average occupancy rate and weighted average RevPAU for the Serviced Residences for FY2009, FY2010 and FY2011 are set out below:

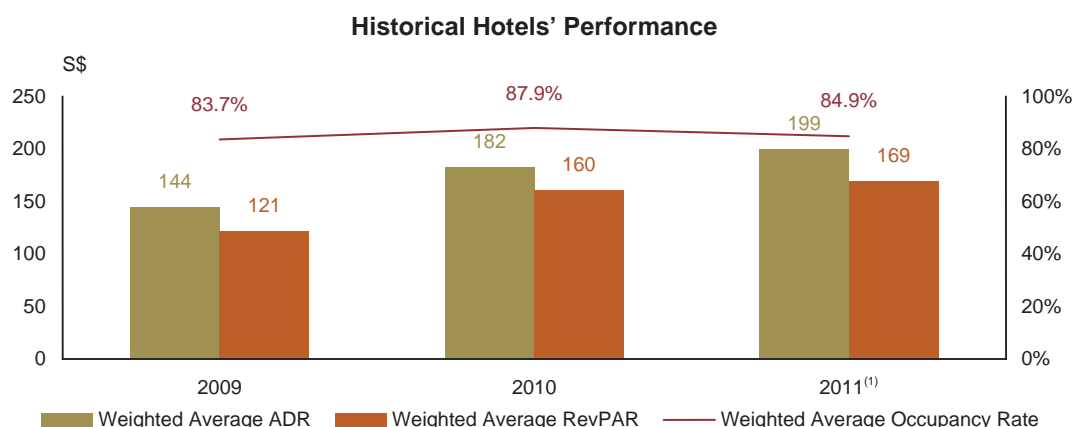
Weighted Average	FY2009	FY2010	FY2011
ADR <sup>(1)</sup> (S\$)	178	197	232
Occupancy Rate <sup>(2)</sup> (%)	82.3	92.3	92.2
RevPAU <sup>(3)</sup> (S\$)	146	182	214

**Notes:**

- (1) Weighted by the total number of serviced residence units sold at the Serviced Residences for the relevant period.
- (2) Weighted by the total number of Available Serviced Residence Units at the Serviced Residences for the relevant period.
- (3) Computed based on total rental revenue of the Serviced Residences divided by the total number of available serviced residence units for the relevant period.

## Operational Data of the Hotels

The graph below shows the weighted average ADR, weighted average occupancy rate and weighted average RevPAR of the Hotels for FY2009, FY2010 and FY2011:

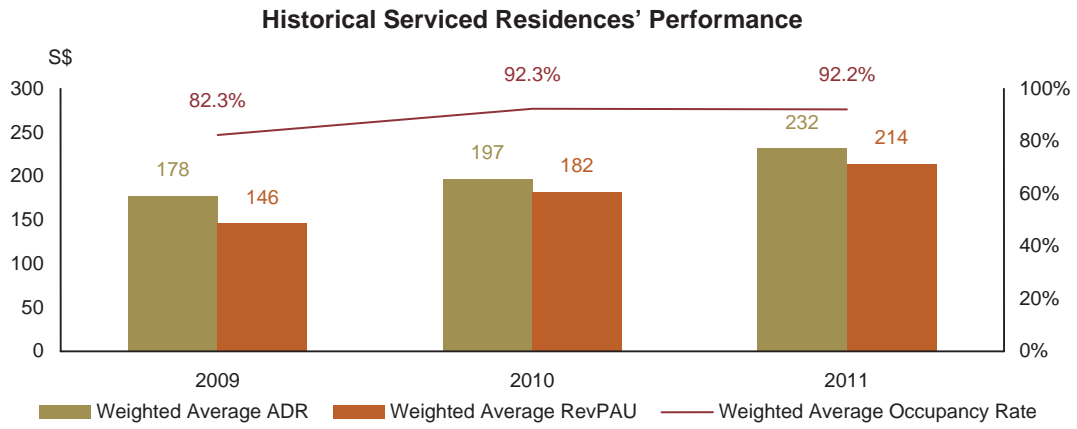


**Note:**

- (1) Excluding Oasia Hotel, which commenced operations only in April 2011 and became fully operational only in October 2011.

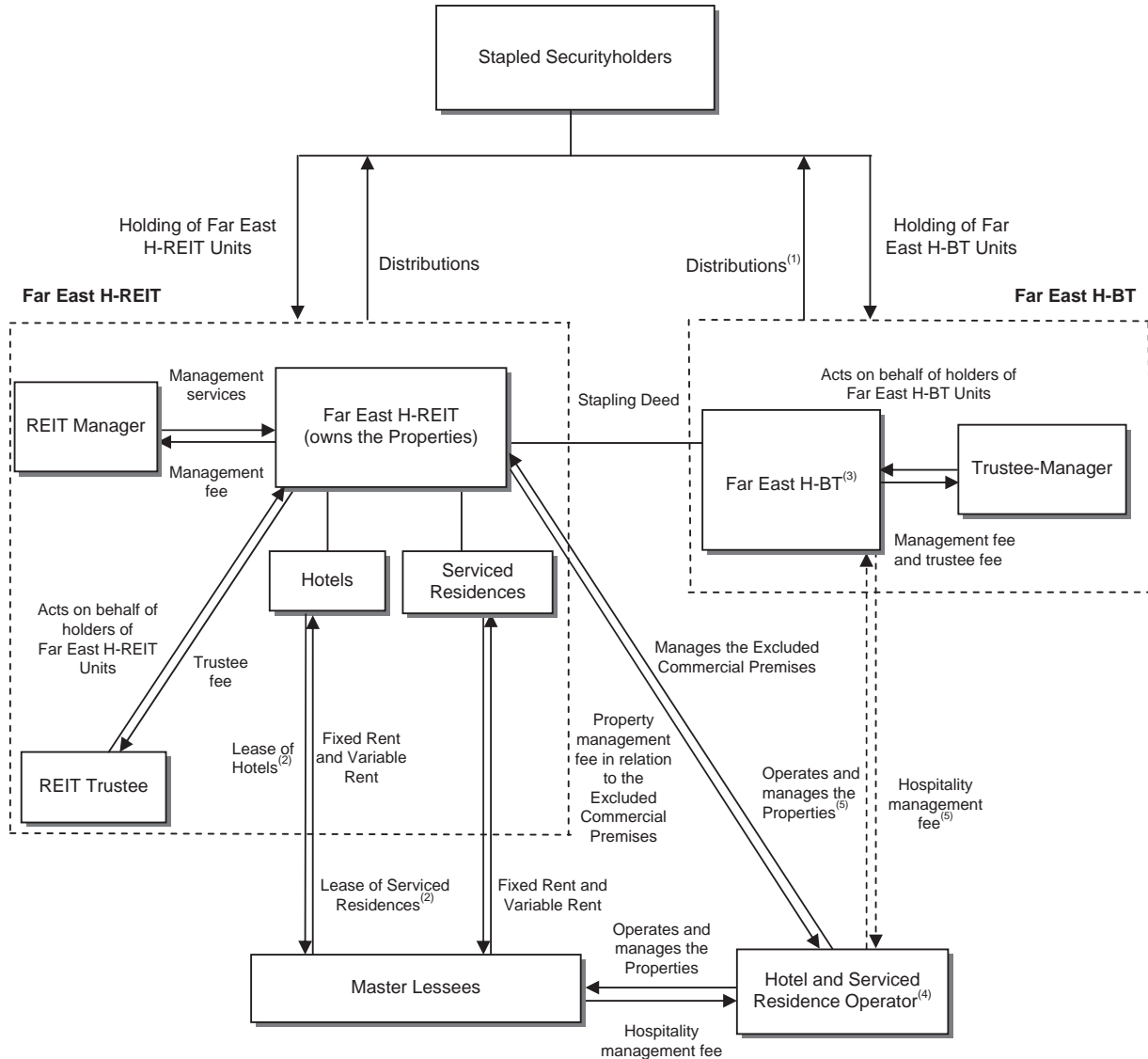
### Operational Data of the Serviced Residences

The graph below shows the weighted average ADR, weighted average occupancy rate and weighted average RevPAU of the Serviced Residences for FY2009, FY2010 and FY2011:



## STRUCTURE OF FAR EAST H-TRUST

The following diagram illustrates the relationship between, among others, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Master Lessees and Stapled Securityholders as at the Listing Date:



**Notes:**

- (1) Distributions (if any) to be made by Far East H-BT, when activated, will be determined by the board of directors of the Trustee-Manager (the “Trustee-Manager Board”) at its sole discretion.
- (2) Excludes the Excluded Commercial Premises. Far East H-REIT will receive income directly from the Excluded Commercial Premises.
- (3) Dormant as at the Listing Date. In the event that Far East H-BT is appointed as master lessee of any of the Properties, the Trustee-Manager intends to appoint the Hotel and Serviced Residence Operator to manage and operate the Property.
- (4) The Hotel and Serviced Residence Operator as at the Listing Date is Jelco, a wholly-owned subsidiary of Far East Orchard.
- (5) Only activated when Far East H-BT is appointed as master lessee.

**Far East H-Trust**

The Far East H-REIT Units and Far East H-BT Units are stapled together under the terms of the stapling deed dated 1 August 2012 entered into between the REIT Manager, the REIT

Trustee and the Trustee-Manager (the “**Stapling Deed**”) and cannot be traded separately. Far East H-Trust is regulated by the Stapling Deed, the Far East H-REIT Trust Deed and the Far East H-BT Trust Deed (collectively, the “**Deeds**”) as well as any legislation and regulations governing Far East H-Trust, Far East H-REIT and Far East H-BT.

### ***Far East H-REIT***

Far East H-REIT is constituted by a trust deed dated 1 August 2012 (the “**Far East H-REIT Trust Deed**”). It is principally regulated by the SFA, the Code on Collective Investment Schemes issued by the MAS (“**CIS Code**”), including Appendix 6 of the CIS Code (the “**Property Funds Appendix**”), other relevant regulations as well as the Stapling Deed and the Far East H-REIT Trust Deed.

### ***Far East H-BT***

Far East H-BT is constituted by a trust deed dated 1 August 2012 (the “**Far East H-BT Trust Deed**”). It is principally regulated by the BTA, the SFA, and other relevant legislation and regulations, as well as the Stapling Deed and the Far East H-BT Trust Deed.

As at the Listing Date, Far East H-BT will be dormant. It will, however, become active if any of the following occurs:

- it is appointed by Far East H-REIT, in the absence of any other master lessee(s) being appointed, as a master lessee of one of the Properties. Far East H-BT exists primarily as “a master lessee of last resort”;
- Far East H-REIT acquires hotels or serviced residences in the future, and, if there are no other suitable master lessees, Far East H-REIT will lease these acquired hotels or serviced residences to Far East H-BT. Far East H-BT will then become a master lessee for that hotel or serviced residence and will appoint a professional manager to manage that hotel or serviced residence; or
- it undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for Far East H-REIT, such as:
  - activities which Far East H-BT is required to carry out under any applicable law, regulation, rule or directive of any agency, regulatory or supervisory body;
  - the lending or use of the initial S\$30,000 working capital raised from the Offering; and
  - equity fund-raising activities and issue of Far East H-BT Units carried out in conjunction with Far East H-REIT which are solely for the purposes of funding Far East H-REIT’s business activities.

When Far East H-BT becomes active, the Trustee-Manager intends, where appropriate, to manage the exposure arising from adverse market movements in interest rates through appropriate hedging strategies. Far East H-REIT will not guarantee any debt of Far East H-BT, and *vice versa*. This will help to shield each entity from the other’s financial obligations because each entity’s creditors will not have recourse to the other.

## The Sponsor

The Sponsor is a group of companies under Far East Organization comprising the vendors from whom Far East H-REIT will acquire the Properties (the “**Vendors**”) and companies which directly or indirectly hold the pipeline of hospitality properties that fall or may potentially fall within the Sponsor ROFRs, namely:

- (i) FEOC, the Vendor of Changi Village Hotel and the owner of Far East Plaza Residences;
- (ii) FEOPL;
- (iii) Golden Development Private Limited, the Vendor of The Quincy Hotel and The Elizabeth Hotel and also holds Orchard Scotts Residences, a potential pipeline property under the Sponsor ROFRs;
- (iv) Glory Realty Co. Private Ltd.;
- (v) F. E. Holdings Pte. Ltd.;
- (vi) Boo Han Holdings Pte. Ltd., which holds Oasia West Residences, a potential pipeline property under the Sponsor ROFRs;
- (vii) Lucky Realty Company Pte Ltd; and
- (viii) Orchard Landmark Pte. Ltd., which holds Leonie View,

and their respective subsidiaries, including:

- (a) Far East Orchard, a subsidiary of FEOPL and the Vendor of Orchard Parade Hotel;
- (b) First Choice Properties Pte Ltd, a subsidiary of Far East Orchard and the Vendor of Albert Court Village Hotel;
- (c) OPH Riverside Pte Ltd, a subsidiary of Far East Orchard and the Vendor of Central Square Village Residences;
- (d) Serene Land Pte Ltd, a subsidiary of Golden Development Private Limited and the Vendor of Hougang Village Residences;
- (e) Oxley Hill Properties Pte Ltd, a subsidiary of Golden Development Private Limited and the Vendor of Regency House;
- (f) Far East SOHO Pte. Ltd., a subsidiary of Golden Development Private Limited, which holds Oasia Downtown Hotel, a potential pipeline property under the Sponsor ROFRs;
- (g) Transurban Properties Pte. Ltd., a subsidiary of Glory Realty Co. Private Ltd. and the Vendor of Oasia Hotel;
- (h) Orchard Parksuites Pte Ltd, a subsidiary of Glory Realty Co. Private Ltd., which holds Orchard Parksuites, a potential pipeline property under the Sponsor ROFRs;
- (i) Golden Landmark Pte Ltd, a subsidiary of F. E. Holdings Pte. Ltd. and the Vendor of Landmark Village Hotel;
- (j) Riverland Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd. (which is in turn a subsidiary of F. E. Holdings Pte. Ltd.) and the Vendor of Riverside Village Residences;
- (k) Victory Realty Co. Private Ltd., a subsidiary of F. E. Holdings Pte. Ltd.;



- (l) China Classic Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd., which holds The Amoy Hotel and The Outpost Hotel, two potential pipeline properties under the Sponsor ROFRs; and
- (m) Dollar Land Singapore Private Limited, a subsidiary of Lucky Realty Company Pte Ltd, which holds West Coast Village Residences, a potential pipeline property under the Sponsor ROFRs.

The Sponsor's hospitality assets in Singapore include seven hotels and nine serviced residences with a combined inventory of approximately 3,200 units, and are valued at more than S\$3.0 billion as at 31 December 2011.

The Sponsor includes Far East Orchard, a company listed on the SGX-ST with core businesses in hospitality, investment holding and property investment. As at 31 December 2011, the Sponsor has a total net asset value exceeding S\$2.0 billion.

Far East Organization is the largest private property developer in Singapore and both owner and operator of hospitality properties. Since its establishment in 1960, Far East Organization has developed a full spectrum of real estate products in the residential, hospitality, commercial, medical and industrial sectors, including over 42,000 or one in six private homes in Singapore.

Winner of the "Best Developer in South East Asia and Singapore" award at the South East Asia Property Awards 2011, Far East Organization is also a multiple winner of the prestigious FIABCI Prix d'Excellence Awards, underscoring its unique achievements in the international and regional real estate arena.

Recent government land sales have been increasingly geared towards mixed-use developments, and Far East Organization has been actively involved in various bidding processes for such mixed-use developments either alone or through joint ventures. Since the start of 2010, Far East Organization has bid for and won more than 20 land sites including property acquisitions, totalling more than 7.0 million sq ft of GFA, valued at more than S\$4.0 billion. Far East Organization's successful bidding track record has potential to provide future pipeline projects for Far East H-Trust.

Examples of hospitality properties within the mixed-use projects currently being developed by Far East Organization are:

- *Oasia Downtown Hotel*: Oasia Downtown Hotel is part of a mixed-use development comprising a 314-room hotel with approximately 100 commercial small offices / home offices ("**SOHOs**"). Oasia Downtown Hotel is designed by award-winning Singapore-based architecture practice, WOHA, and Spanish interior designer Patricia Urquiola. The expected date of obtaining TOP is 2H2015.
- *Oasia West Residences*: Oasia West Residences is slated to be part of a mixed-use residential and serviced residence development. Upon completion and subject to approval of URA, the development is expected to have more than 170 residential units comprising SOHO units, condominium units and townhouses, as well as 116 serviced residence units. The expected date of obtaining TOP is 2H2015.

(See "The Sponsor" for further details.)

### **The REIT Manager: FEO Hospitality Asset Management Pte. Ltd.**

The REIT Manager is incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) on 28 January 2011. As at 26 July 2012 (the “**Latest Practicable Date**”), it has an issued and paid-up capital of S\$2,110,000 and its registered office is located at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213. The REIT Manager is 67.0% owned by FAMPL, which is a wholly-owned subsidiary of FEOC, and 33.0% owned by Far East Orchard, which as at the date of this Prospectus is 59.8% owned by FEOPL. FEOC, FEOPL and Far East Orchard are all members of the Sponsor. Save as aforementioned, the REIT Manager is not, directly or indirectly, owned or controlled, whether severally or jointly, by any person or government.

The REIT Manager has been issued a capital markets services licence for REIT management (the “**CMS Licence**”) pursuant to the SFA on [●].

The REIT Manager has general powers of management over the assets of Far East H-REIT. The REIT Manager’s main responsibility is to manage Far East H-REIT’s assets and liabilities for the benefit of the holders of Far East H-REIT Units. The REIT Manager will set the strategic direction of Far East H-REIT and give recommendations to the REIT Trustee on the acquisition, divestment, development and/or enhancement of the assets of Far East H-REIT in accordance with its stated investment strategy.

(See “The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT” for further details.)

### **The REIT Trustee: DBS Trustee Limited**

The trustee of Far East H-REIT is DBS Trustee Limited. The REIT Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act 2005, Chapter 336 of Singapore (the “**Trust Companies Act**”). It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the date of this Prospectus, the REIT Trustee has a paid-up capital of S\$2.5 million. The REIT Trustee has its place of business in Singapore at 12 Marina Boulevard, #44-01 DBS Asia Central @ Marina Bay Financial Centre Tower 3, Singapore 018982.

The REIT Trustee acts as trustee of Far East H-REIT and, in such capacity, holds the assets of Far East H-REIT on trust for the benefit of the holders of Far East H-REIT Units, safeguards the rights and interests of the holders of Far East H-REIT Units and exercises all the powers of a trustee and the powers accompanying ownership of the properties in Far East H-REIT.

(See “The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT” for further details.)

### **The Trustee-Manager: FEO Hospitality Trust Management Pte. Ltd.**

The Trustee-Manager is incorporated in Singapore under the Companies Act on 30 April 2012. It has an issued and paid-up capital of S\$100 and its registered office is located at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213. The Trustee-Manager is 67.0% owned by FAMPL, which is a wholly-owned subsidiary of FEOC, and 33.0% owned by Far East Orchard, which as at the date of this Prospectus is 59.8% owned by FEOPL. FEOC,

FEOPL and Far East Orchard are all members of the Sponsor. Save as aforementioned, the Trustee-Manager is not, directly or indirectly, owned or controlled, whether severally or jointly, by any person or government.

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of Far East H-BT Units, 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 holders of Far East H-BT Units as a whole.

(See "The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT" for further details.)

### The Vendors and Master Lessees

The following entities are the Vendors of the Properties, and as at the Listing Date, will be Master Lessees of the Properties<sup>1</sup>:

<b>Hotel</b>	<b>Vendor / Master Lessee</b>
Albert Court Village Hotel	First Choice Properties Pte Ltd
Changi Village Hotel	Far East Organization Centre Pte. Ltd.
The Elizabeth Hotel	Golden Development Private Limited
Landmark Village Hotel	Golden Landmark Pte Ltd
Oasia Hotel	Transurban Properties Pte. Ltd.
Orchard Parade Hotel	Far East Orchard Limited
The Quincy Hotel	Golden Development Private Limited
<b>Serviced Residence</b>	<b>Vendor / Master Lessee</b>
Central Square Village Residences	OPH Riverside Pte Ltd
Hougang Village Residences	Serene Land Pte Ltd
Regency House	Oxley Hill Properties Pte Ltd
Riverside Village Residences	Riverland Pte Ltd

The leasehold interests in the Properties to be acquired by Far East H-REIT are in respect of a shorter leasehold period than the length of the leasehold titles or (as the case may be) freehold titles held by the Vendors (see "Certain Agreements relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Property Sale and Purchase Agreements" for further details on the reversionary interest in the Properties held by the Vendors).

Upon expiry of the leasehold interests to be held by Far East H-REIT, title to the Properties will revert back to the Vendors.

The REIT Trustee, as master lessor of the Properties (the "**Master Lessors**"), will receive rental payment for each Property from the relevant Master Lessee comprising (i) a Fixed Rent and (ii) a Variable Rent. For each Property, a Master Lease Agreement will be entered into between the REIT Trustee and the relevant Master Lessee on the Listing Date.

<sup>1</sup> Excluding the Excluded Commercial Premises.

Each of the Master Lease Agreements has an initial term of 20 years from the Listing Date with an option exercisable by the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions (save for amendments required due to any change in law).

(See “Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Master Lease Agreements” for further details on the Master Lease Agreements.)

### **The Hotel and Serviced Residence Operator**

As at the Listing Date, the Hotel and Serviced Residence Operator is Jelco. Jelco is a company incorporated in Singapore on 6 October 1989. Jelco will purchase the entire hospitality management business of Far East Hospitality Services Pte Ltd, the current operator of the hospitality assets in Far East Organization, and such purchase will be completed on the completion date of the acquisition of the Properties. The hospitality management business to be acquired by Jelco will include the transfer of employees employed by Far East Hospitality Services Pte Ltd in connection with the hospitality management business, the transfer of all hospitality management agreements to which Far East Hospitality Services Pte Ltd is a party as the operator of the 18 completed hospitality assets in Far East Organization (including the Properties to be owned by Far East H-REIT) and the transfer of licences for the use of certain information technology systems and computer software as well as certain intellectual property used and/or owned by Far East Hospitality Services Pte Ltd in connection with its hospitality management business. These include hospitality brands “Oasia”, “Village” and “Quincy”. In addition, the REIT Manager has engaged Jelco to be the property manager of the Excluded Commercial Premises, which will not be subject to any master lease arrangement upon acquisition by Far East H-REIT.

Jelco will run the day-to-day operations, management and marketing of the Properties. In addition, Jelco will also be responsible for identifying and capitalising on opportunities to enhance and improve the operating performance of the Properties, through active operational improvements and asset enhancements. Its registered address is 14 Scotts Road #06-01, Far East Plaza, Singapore 228213. As at 31 March 2012, Jelco has an issued and paid-up capital of approximately S\$396.1 million. Jelco is currently a wholly-owned subsidiary of Far East Orchard.

Jelco will be engaged by the Master Lessees under management contracts as the Hotel and Serviced Residence Operator for a period of 20 years from the Listing Date, with an option exercisable by Jelco to renew the contract for a further 20 years on the same terms and conditions (save for amendments required due to any change in law). It will provide, among others, the following services for the Properties<sup>1</sup>:

- hotel and serviced residence management services such as the daily running and managing of each Property and related activities (e.g. the management of hotel rooms or serviced residence units, banquet and function rooms, food and beverage (“**F&B**”) services, laundry services etc.);

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<sup>1</sup> Excluding the Excluded Commercial Premises.

- marketing services, including the planning, preparation and conduct of marketing, advertising, promotion, public relations, publicity and related activities for the purpose of promoting the business and enhancing the reputation of each Property;
- sales and distribution activities, including signing corporate accounts, running a central reservation system, managing a booking engine on the internet, contracting with online travel agents and wholesalers, and signing up with a global distribution system to make the hotel rooms available to agents worldwide;
- development of programmes and policies to maximise patronage of the facilities of each Property;
- collecting charges, rents and other amounts due from hotel guests, patrons and tenants;
- employing, supervising and training the hospitality employees and staff required to operate, manage, market and maintain the Properties in accordance with the annual budget agreed with each Master Lessee;
- establishing the details of the refurbishment plans for each Property, with the approval of each Master Lessee;
- purchasing all FF&E for the Properties in accordance with capital refurbishment programmes or the approved annual budget for the Properties;
- preparing the annual business plans of the Properties, including the annual budget and marketing strategy;
- negotiating new or renewed lease / licence agreements;
- establishing the cash management and banking arrangements for the Properties;
- establishing each Property's policy regarding its association with any credit card system; and
- allowing its existing brands to be used on the Properties.

Jelco will also be engaged by Far East H-REIT under management contracts as the property manager of the Excluded Commercial Premises for a period of 20 years from the Listing Date. Six months prior to expiry of the initial term of the management contracts, Jelco may request to extend its appointment for a further 20 years on the same terms and conditions, except for revision of all fees payable to Jelco to revised rates determined by the REIT Trustee on the recommendation of the REIT Manager, having regard to prevailing market rates. Jelco will provide property management services, lease management services, property tax services and marketing coordination services in relation to the Excluded Commercial Premises.

### CERTAIN FEES AND CHARGES

The following is a summary of the amounts of certain fees and charges payable by Stapled Securityholders in connection with their subscription for the Stapled Securities (so long as the Stapled Securities are listed):

	Payable by Stapled Securityholders directly	Amount payable
(a)	Subscription fee or preliminary charge	N.A. <sup>(1)</sup>
(b)	Realisation fee	N.A. <sup>(1)</sup>
(c)	Switching fee	N.A. <sup>(1)</sup>
(d)	Any other fee	Investors in the Placement Tranche may be required to pay brokerage of up to 1.0% of the Offering Price. For trading of the Stapled Securities, investors will pay prevailing brokerage commissions (if applicable) and CDP clearing fee for trading of the Stapled Securities on the SGX-ST at the rate of 0.04% of the transaction value, subject to a maximum of S\$600.00 per transaction and Goods and Services Tax (“GST”) chargeable thereon.

**Note:**

(1) As the Stapled Securities will be listed and traded on the SGX-ST, and Stapled Securityholders will have no right to request the REIT Manager or the Trustee-Manager to redeem their Stapled Securities (or, for that matter, any corresponding Far East H-REIT Units and Far East H-BT Units) while the Stapled Securities are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Stapled Securities.

The following is a summary of certain fees and charges payable by Far East H-REIT in connection with the establishment and ongoing management of the operations of Far East H-REIT (see “Management and Corporate Governance” for further details):

	Payable by Far East H-REIT	Amount payable
(a)	The REIT Manager’s management fees	<p><b>Base Fee</b></p> <p>0.3% per annum of the value of gross assets of Far East H-REIT, including all the Authorised Investments (as defined in the Far East H-REIT Trust Deed and the Stapling Deed) of Far East H-REIT for the time being held or deemed to be held by Far East H-REIT under the Far East H-REIT Trust Deed (the “<b>Far East H-REIT Deposited Property</b>”).</p>



	Payable by Far East H-REIT	Amount payable
		<p><b>Performance Fee</b></p> <p>4.0% per annum of the Net Property Income<sup>1</sup> of Far East H-REIT in the relevant financial year.</p> <p>At least 80.0% of the Base Fee and Performance Fee will be paid in Stapled Securities or, as the case may be, Far East H-REIT Units with the remainder to be paid in cash for Forecast Period 2012 and Projection Year 2013, and thereafter at the discretion of the REIT Manager.</p> <p>For the purpose of calculating the Base Fee and Performance Fee, if Far East H-REIT holds only a partial interest in (i) any Far East H-REIT Deposited Property, or (ii) any investment from which any Net Property Income of Far East H-REIT is derived, such Far East H-REIT Deposited Property or Net Property Income of Far East H-REIT shall be pro-rated in proportion to the partial interest held.</p>
(b)	The REIT Trustee's fee	<p>The REIT Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of the Far East H-REIT Deposited Property, subject to a minimum of S\$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 will also be paid a one-time inception fee of S\$50,000.</p> <p>Under the Far East H-REIT Trust Deed, the maximum fee which the REIT Trustee may charge is 0.02% per annum of the Far East H-REIT Deposited Property. Any increase in the REIT Trustee's fee beyond the current scaled basis of up to 0.02% per annum of the value of the Far East H-REIT Deposited Property shall be approved by an Extraordinary Resolution of the holders of Far East H-REIT Units duly convened and held in accordance with the Far East H-REIT Trust Deed.</p>

1 **"Net Property Income"** or **"NPI"** means the gross revenue of a Property (comprising the rental payment under the respective Master Lease Agreements, which consists of a Fixed Rent and a Variable Rent from the Properties under the Master Lease Agreements, and commercial rental income from the Excluded Commercial Premises) (**"Gross Revenue"**) less (i) property tax for hospitality properties, (ii) insurance expenses on each Property, (iii) Sinking Fund Contributions (as defined herein) and (iv) other property expenses (collectively, **"Property Expenses"**).

	Payable by Far East H-REIT	Amount payable
(c)	Any other substantial fee or charge ( <i>i.e.</i> 0.1% or more of the value of the Far East H-REIT Deposited Property)	
	(i) Acquisition fee (payable to the REIT Manager)	<p>0.75% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as maybe determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):</p> <p>(i) the acquisition price of any real estate purchased by Far East H-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more special purpose vehicles (“<b>SPVs</b>”), plus any other payments<sup>1</sup> in addition to the acquisition price made by Far East H-REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Far East H-REIT’s interest);</p> <p>(ii) the underlying value<sup>2</sup> of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by Far East H-REIT whether directly or indirectly through one or more SPVs (plus any other payments<sup>1</sup> made by Far East H-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of Far East H-REIT’s interest); or</p> <p>(iii) the acquisition price of any investment purchased by Far East H-REIT, whether directly or indirectly through one or more</p>

1 “**other payments**” refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but “other payments” do not include stamp duty or other payments to third party agents and brokers.

2 For example, if Far East H-REIT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by Far East H-REIT as purchase price and any debt of the special purpose company.

	Payable by Far East H-REIT	Amount payable
		<p>SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.</p> <p>No acquisition fee is payable for the acquisition of the Properties.</p> <p>The acquisition fee is payable to the REIT Manager in the form of cash and/or Stapled Securities or, as the case may be, Far East H-REIT Units (as the REIT Manager may elect) provided that in respect of any acquisition of real estate assets from Related Parties, such a fee should be in the form of Stapled Securities or, as the case may be, Far East H-REIT Units at prevailing market price(s) instead of cash.</p> <p>The Stapled Securities or, as the case may be, Far East H-REIT Units issued to the REIT Manager as its acquisition fee should not be sold within one year from the date of their issuance.</p> <p>Any payment to third party agents or brokers in connection with the acquisition of any assets of Far East H-REIT shall be paid to such persons out of the Far East H-REIT Deposited Property or the assets of the relevant entity and not out of the acquisition fee received or to be received by the REIT Manager.</p>
	(ii) Divestment fee (payable to the REIT Manager)	<p>0.5% of each of the following as is applicable (subject to there being no double-counting):</p> <p>(i) the sale price of any real estate sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of Far East H-REIT's interest);</p> <p>(ii) the underlying value<sup>2</sup> of any real estate which is taken into account when computing the sale</p>

1 "other payments" refer to additional payments to Far East H-REIT or its SPVs for the sale of the real estate, for example, where Far East H-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if Far East H-REIT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by Far East H-REIT as sale price and any debt of the special purpose company.

	Payable by Far East H-REIT	Amount payable
		<p>price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> received by the Far East H-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of Far East H-REIT's interest); or</p> <p>(iii) the sale price of the investment sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.</p> <p>The divestment fee is payable to the REIT Manager in the form of cash and/or Stapled Securities or, as the case may be, Far East H-REIT Units (as the REIT Manager may elect) provided that in respect of any sale or divestment of real estate assets to Related Parties, such a fee should be in the form of Stapled Securities or, as the case may be, Far East H-REIT Units at prevailing market price(s) instead of cash.</p> <p>The Stapled Securities or, as the case may be, Far East H-REIT Units issued to the REIT Manager as its divestment fee should not be sold within one year from the date of their issuance.</p> <p>Any payment to third party agents or brokers in connection with the divestment of any assets of Far East H-Trust shall be paid to such persons out of the Far East H-REIT Deposited Property or the assets of the relevant entity and not out of the divestment fee received or to be received by the REIT Manager.</p>
	(iii) Development management fee (payable to the REIT Manager)	The REIT Manager is entitled to receive development management fees equivalent to 3.0% of the Total Project Costs incurred in a Development Project (each as defined herein) undertaken by the REIT Manager on behalf of Far East H-REIT. Far East H-REIT will only undertake development activities within the limits of the Property Funds Appendix

	Payable by Far East H-REIT	Amount payable
		<p>(which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments).</p> <p>“<b>Development Project</b>”, in relation to Far East H-REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Far East H-REIT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development.</p> <p>When the estimated Total Project Costs are greater than S\$100.0 million, the REIT Trustee and the REIT Manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the REIT Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the REIT Manager’s view, materially lower than the development management fee, the REIT Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of Far East H-REIT.</p> <p>For the avoidance of doubt, no acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project.</p>
	(iv) Property management fee in relation to the Excluded Commercial Premises (payable to the Hotel and Serviced Residence Operator)	<p>Under the property management agreement dated 3 August 2012 between the REIT Trustee and the Hotel and Serviced Residence Operator in relation to the Excluded Commercial Premises (the “<b>Property Management Agreement</b>”), the Hotel and Serviced Residence Operator will provide property management services, lease management services, property tax services and marketing coordination services in relation to the Excluded Commercial Premises. The Hotel and Serviced Residence Operator is entitled to a fee of 3.0% per annum of</p>

	Payable by Far East H-REIT	Amount payable
		the Net Property Income of the Excluded Commercial Premises (calculated before accounting for the property management fee in that financial period).

The following is a summary of certain fees and charges payable by Far East H-BT in circumstances where Far East H-BT becomes active:

	Payable by Far East H-BT	Amount payable
(a)	The Trustee-Manager's management fees	<p>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). For the purpose of calculating the management fee, if Far East H-BT holds only a partial interest in an investment from which such profit is derived, such profit shall be pro-rated in proportion to the partial interest held.</p> <p>The management fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, Far East H-BT Units (as the Trustee-Manager may elect).</p>
(b)	The Trustee-Manager's trustee fee	<p>0.1% per annum of the value of the Trust Property (as defined in the BTA) of Far East H-BT (the "<b>Far East H-BT Trust Property</b>"), subject to a minimum fee of S\$10,000 per month, provided that the value of the Far East H-BT Trust Property is at least S\$50.0 million.</p> <p>For the purpose of calculating the trustee fee, if Far East H-BT holds only a partial interest in any of the Far East H-BT Trust Property, such Far East H-BT Trust Property shall be pro-rated in proportion to the partial interest held.</p>
(c)	Any other substantial fee or charge ( <i>i.e.</i> 0.1% or more of the value of Far East H-BT Trust Property)	
	(i) Acquisition fee (payable to the Trustee-Manager)	<p>0.75% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double counting):</p> <p>(i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased</p>



	Payable by Far East H-BT	Amount payable
		<p>by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> in addition to the acquisition price made by Far East H-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Far East H-BT's interest);</p> <p>(ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value<sup>2</sup> of such real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> made by Far East H-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of Far East H-BT's interest); or</p> <p>(iii) the acquisition price of any investment purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.</p> <p>The acquisition fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, Far East H-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.</p>

1 "other payments" refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if Far East H-BT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by Far East H-BT as purchase price and any debt of the special purpose company.

	Payable by Far East H-BT	Amount payable
	(ii) Divestment fee (payable to the Trustee-Manager)	<p>0.5% of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> <li>(i) the sale price of any real estate sold or divested by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of Far East H-BT's interest);</li> <li>(ii) the underlying value<sup>2</sup> of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> received by the Far East H-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of Far East H-BT's interest); or</li> <li>(iii) the sale price of the investment purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.</li> </ul> <p>The divestment fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, Far East H-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.</p>

1 "other payments" refer to additional payments to Far East H-BT or its SPVs for the sale of the real estate, for example, where Far East H-BT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if Far East H-BT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by Far East H-BT as sale price and any debt of the special purpose company.

	Payable by Far East H-BT	Amount payable
	(iii) Development management fee (payable to the Trustee-Manager)	<p>The Trustee-Manager is entitled to receive development management fees equivalent to 3.0% of the Total Project Costs incurred in a Development Project (as defined herein) undertaken by the Trustee-Manager on behalf of Far East H-BT.</p> <p><b>“Development Project”</b>, in relation to Far East H-BT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Far East H-BT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works.</p> <p>When the estimated Total Project Costs are greater than S\$100.0 million, the Trustee-Manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the Trustee-Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Trustee-Manager’s view, materially lower than the development management fee, the Trustee-Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of Far East H-BT.</p> <p>For the avoidance of doubt, no acquisition fee shall be paid when the Trustee-Manager receives the development management fee for a Development Project.</p>

## THE OFFERING

<b>Far East H-Trust</b>	Far East Hospitality Trust, a hospitality stapled group comprising Far East H-REIT and Far East H-BT.
<b>Far East H-REIT</b>	Far East Hospitality Real Estate Investment Trust, a real estate investment trust constituted by the Far East H-REIT Trust Deed.
<b>Far East H-BT</b>	Far East Hospitality Business Trust, a business trust constituted by the Far East H-BT Trust Deed.
<b>The REIT Manager</b>	FEO Hospitality Asset Management Pte. Ltd.
<b>The REIT Trustee</b>	DBS Trustee Limited
<b>The Trustee-Manager</b>	FEO Hospitality Trust Management Pte. Ltd.
<b>The Sponsor</b>	<p>The following Far East Organization group of companies comprising the vendors from whom Far East H-REIT will acquire the leasehold titles to the Properties (the “<b>Vendors</b>”) and companies which directly or indirectly hold the pipeline of hospitality properties that fall or may potentially fall within the Sponsor ROFRs:</p> <ul style="list-style-type: none"><li>(i) FEOC, the Vendor of Changi Village Hotel and the owner of Far East Plaza Residences;</li><li>(ii) FEOPL;</li><li>(iii) Golden Development Private Limited, the Vendor of The Quincy Hotel and The Elizabeth Hotel and also holds Orchard Scotts Residences, a potential pipeline property under the Sponsor ROFRs;</li><li>(iv) Glory Realty Co. Private Ltd.;</li><li>(v) F. E. Holdings Pte. Ltd.;</li><li>(vi) Boo Han Holdings Pte. Ltd., which holds Oasia West Residences, a potential pipeline property under the Sponsor ROFRs;</li><li>(vii) Lucky Realty Company Pte Ltd; and</li><li>(viii) Orchard Landmark Pte. Ltd., which holds Leonie View, and their respective subsidiaries, including:<ul style="list-style-type: none"><li>(i) Far East Orchard, a subsidiary of FEOPL and the Vendor of Orchard Parade Hotel;</li><li>(ii) First Choice Properties Pte Ltd, a subsidiary of Far East Orchard and the Vendor of Albert Court Village Hotel;</li><li>(iii) OPH Riverside Pte Ltd, a subsidiary of Far East Orchard and the Vendor of Central Square Village Residences;</li></ul></li></ul>

- (iv) Serene Land Pte Ltd, a subsidiary of Golden Development Private Limited and the Vendor of Hougang Village Residences;
- (v) Oxley Hill Properties Pte Ltd, a subsidiary of Golden Development Private Limited and the Vendor of Regency House;
- (vi) Far East SOHO Pte. Ltd., a subsidiary of Golden Development Private Limited, which holds Oasia Downtown Hotel, a potential pipeline property under the Sponsor ROFRs;
- (vii) Transurban Properties Pte. Ltd., a subsidiary of Glory Realty Co. Private Ltd. and the Vendor of Oasia Hotel;
- (viii) Orchard Parksuites Pte Ltd, a subsidiary of Glory Realty Co. Private Ltd., which holds Orchard Parksuites, a potential pipeline property under the Sponsor ROFRs;
- (ix) Golden Landmark Pte Ltd, a subsidiary of F. E. Holdings Pte. Ltd. and the Vendor of Landmark Village Hotel;
- (x) Riverland Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd. (which is in turn a subsidiary of F. E. Holdings Pte. Ltd.) and the Vendor of Riverside Village Residences;
- (xi) Victory Realty Co. Private Ltd., a subsidiary of F. E. Holdings Pte. Ltd.;
- (xii) China Classic Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd., which holds The Amoy Hotel and The Outpost Hotel, two potential pipeline properties under the Sponsor ROFRs; and
- (xiii) Dollar Land Singapore Private Limited, a subsidiary of Lucky Realty Company Pte Ltd, which holds West Coast Village Residences, a potential pipeline property under the Sponsor ROFRs.

(See also “Overview — Key Investment Highlights of Far East H-Trust” for further details on the Sponsor ROFR Properties as at 31 December 2011.)

**The Offering**

329,366,000 Stapled Securities offered under the Placement Tranche and the Public Offer, subject to the Over-Allotment Option.

**The Placement Tranche**

264,066,000 Stapled Securities offered by way of an international placement to investors, including institutional and other investors in Singapore other than the Cornerstone Investors and Golden Development Private Limited, pursuant to the Offering.

The Stapled Securities have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States (as defined in Regulation S). The Stapled Securities are being offered and sold outside the United States in reliance on Regulation S.

**The Public Offer  
(including Reserved  
Stapled Securities)**

65,300,000 Stapled Securities offered by way of a public offer in Singapore including the Reserved Stapled Securities (as defined herein).

**Stapled Securities**

Stapled Securities of Far East H-Trust, each Stapled Security consisting of one unit in Far East H-REIT and one unit in Far East H-BT. The units are stapled together such that the units cannot be issued, transferred, traded, or otherwise dealt with separately.

**Clawback and  
Re-allocation**

The Stapled Securities may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners (in consultation with the Managers), in the event of an excess of applications in one and a deficit in the other.

**Reserved Stapled  
Securities**

15,300,000 Stapled Securities reserved for subscription by the directors, management and employees of the Sponsor and the REIT Manager.

In the event that any of the Reserved Stapled Securities are not fully subscribed for, they will be made available to satisfy excess applications (if any) under the Public Offer and/or the Placement Tranche.

**Sponsor Stapled Securities**

Concurrently with, but separate from the Offering, an aggregate of 898,177,999 Stapled Securities will be issued to certain Vendors at the Offering Price on the Listing Date in part satisfaction of the purchase price for the Properties.

**Subscription by the  
Cornerstone Investors**

Concurrently with, but separate from the Offering, each of Aberdeen Asset Management Asia Limited (“**Aberdeen Asia**”), AIA Group Limited and its subsidiaries (collectively, “**AIA**” or “**the Group**”), APG Strategic Real Estate Pool (“**APG Pool**”), Havenport Asset Management Pte. Ltd., Hwang Investment Management Berhad (“**HwangIM**”), Indus Pacific Opportunities Master Fund, Ltd. and Indus Asia Pacific Master Fund, Ltd. (collectively, “**Indus**”), JF

Asset Management Limited (“**JFAM**”), Lion Global Investors Limited, Myriad Asset Management Limited and NTUC Income Co-operative Limited (“**NTUC Income**”) (the “**Cornerstone Investors**”) has entered into a subscription agreement to subscribe for an aggregate of 376,344,000 Stapled Securities at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the date on which the Stapled Securities are issued as settlement under the Offering (the “**Settlement Date**”).

(See “Ownership of the Stapled Securities — Subscription by the Cornerstone Investors — Information on the Cornerstone Investors” for further details.)

**Offering Price Range**

S\$0.86 to S\$0.93 per Stapled Security.

**Price Determination**

The Offering Price of between S\$0.86 and S\$0.93 per Stapled Security will be determined following a book-building process by agreement among the Joint Bookrunners and the Managers on the Price Determination Date, which is expected to be [●], which date is subject to change. If for any reason the Offering Price is not agreed among the Joint Bookrunners and the Managers, the Offering will not proceed and all application monies will be refunded without interest or any share of revenue or other benefits arising therefrom. Among the factors that will be taken into account in determining the Offering Price are the demand for the Stapled Securities under the Offering and the prevailing conditions in the capital markets.

**Subscription for Stapled Securities in the Public Offer**

Investors applying for the Stapled Securities by way of Application Forms or Electronic Applications (both as referred to in Appendix F, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”) will pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom) where:

- an application is rejected or accepted in part only; or
- the Offering does not proceed for any reason.

For illustrative purposes, an investor who applies for 1,000 Stapled Securities by way of an Application Form or, as the case may be, an Electronic Application under the Public Offer will have to pay S\$[●], which is subject to a refund of the full amount or the balance thereof (without interest or



any share of revenue or other benefit arising therefrom), upon the occurrence of any of the foregoing events.

The minimum initial subscription is for 1,000 Stapled Securities. An applicant may subscribe for a larger number of the Stapled Securities in integral multiples of 1,000.

Investors in Singapore must follow the application procedures set out in Appendix F, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”. Subscriptions under the Public Offer must be paid for in Singapore dollars. No fee is payable by applicants for the Stapled Securities, save for an administration fee for each application made through automated teller machines (“ATMs”) and the internet banking websites of the Participating Banks (as defined herein) and the mobile banking interface of DBS Bank Ltd..

**The Unit Lender**

Golden Development Private Limited

**Over-Allotment Option**

In connection with the Offering, the Joint Bookrunners have been granted the Over-Allotment Option by the Unit Lender. The Over-Allotment Option is exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), in consultation with the other Joint Bookrunners, in full or in part, on one or more occasions, from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 65,873,000 Stapled Securities, representing 20.0% of the total number of Stapled Securities in the Offering, to undertake stabilising actions. Unless indicated otherwise, all information in this document assumes that the Joint Bookrunners do not exercise the Over-Allotment Option. (See “Plan of Distribution” for further details.)

The total number of Stapled Securities in issue immediately after the close of the Offering will be 1,603,888,000 Stapled Securities. The exercise of the Over-Allotment Option will not increase this total number of Stapled Securities in issue.

**Lock-ups**

FEOC, Golden Development Private Limited and F. E. Holdings Pte. Ltd. will each agree to a lock-up arrangement during the Lock-up Period in respect of its effective interest in the relevant Lock-up Stapled Securities held by it on the Listing Date, directly (in the case of FEOC and Golden Development Private Limited) and/or indirectly ((i) in the case of Golden Development Private Limited, through Oxley

Hill Properties Pte Ltd and (ii) in the case of F. E. Holdings Pte. Ltd., through Golden Landmark Pte Ltd and Riverland Pte Ltd), subject to certain exceptions.

The Managers will also undertake not to offer, issue or contract to issue any Stapled Securities, and the making of any announcements in connection with any of the foregoing transactions, during the Lock-up Period, subject to certain exceptions.

(See “Plan of Distribution — Lock-up Arrangements” for further details.)

**Capitalisation**

S\$1,379,343,680 (based on the Minimum Offering Price) and S\$1,491,615,840 (based on the Maximum Offering Price)

(See “Capitalisation and Indebtedness” for further details).

**Use of Proceeds**

See “Use of Proceeds” and “Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties” for further details.

**Listing and Trading**

Prior to the Offering, there has been no market for the Stapled Securities. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST:

- all the Stapled Securities comprised in the Offering;
- all the Sponsor Stapled Securities;
- all the Cornerstone Stapled Securities; and
- all the Stapled Securities which may be issued to the Managers from time to time in full or part payment of fees payable to the Managers. (See “Management and Corporate Governance — Far East H-REIT — Fees Payable to the REIT Manager” and “Management and Corporate Governance — Far East H-BT — Fees Payable to the Trustee-Manager” for further details.)

Such permission will be granted when Far East H-Trust is admitted to the Official List of the SGX-ST.

The Stapled Securities will, upon their issue, listing and quotation on the SGX-ST, be traded in Singapore dollars under the book-entry (scripless) settlement system of the Central Depository (Pte) Limited (“CDP”). The Stapled Securities will be traded in board lot sizes of 1,000 Stapled Securities.

**Stabilisation**

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the Joint Bookrunners, over-allot or effect transactions which stabilise or maintain the market price of the Stapled Securities at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action.

Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence from the Listing Date, and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 65,873,000 Stapled Securities, representing 20.0% of the total number of Stapled Securities in the Offering, to undertake stabilising actions.

(See “Plan of Distribution — Over-Allotment and Stabilisation” for further details.)

**No Redemption**

Stapled Securityholders have no right to request the REIT Manager or the Trustee-Manager to redeem their Stapled Securities while the Stapled Securities are listed on the SGX-ST. Stapled Securityholders may only deal in their listed Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

**Distribution Policy**

Distributions from Far East H-Trust comprise distributions from Far East H-REIT and Far East H-BT.

Far East H-REIT’s distribution policy is to distribute 100.0% of Far East H-REIT’s Taxable Income for the Forecast Period 2012 and Projection Year 2013 and at least 90.0% of its Taxable Income thereafter. The distribution will be made on a quarterly basis for the three-month periods ending 31 March, 30 June, 30 September and 31 December. Distributions, when paid, will be in Singapore dollars. (See “Distributions” for further details.)

Far East H-BT will be dormant as at the Listing Date and no distributions will be made during the period that Far East H-BT remains dormant. It is assumed that Far East H-BT

## Tax Considerations

will have no revenue for the Forecast Period 2012 and Projection Year 2013. In the event that Far East H-BT becomes active and profitable, Far East H-BT's distribution policy will be to distribute as much of its income as practicable, and the declaration and payment of distributions by Far East H-BT will be at the sole discretion of the Trustee-Manager. There is no assurance that Far East H-BT would make any distributions to Stapled Securityholders.

For Singapore income tax purposes, the components making up a Stapled Security are recognised separately, *i.e.* as one Far East H-REIT Unit and one Far East H-BT Unit. Accordingly, distributions from Far East H-Trust are recognised separately as distributions from Far East H-REIT and distributions from Far East H-BT for the purpose of determining the applicable Singapore tax treatment.

### *Distributions by Far East H-REIT*

The Inland Revenue Authority of Singapore (“**IRAS**”) has issued an advance ruling on the taxation of Far East H-REIT and Stapled Securityholders (the “**Tax Ruling**”).

The Tax Ruling grants tax transparency to Far East H-REIT on its Taxable Income. Under the tax transparency treatment, Far East H-REIT will not be taxed on its Taxable Income to the extent of the amount distributed to Stapled Securityholders. Instead, Stapled Securityholders will be subject to tax on the distributions made out of such Taxable Income, either directly or by way of tax deduction at source, or exempt from tax, depending on their own individual tax status.

The tax transparency treatment is subject to the condition that Far East H-REIT distributes at least 90.0% of its Taxable Income in the year in which the income is derived.

### *Distributions by Far East H-BT*

Any distribution made by Far East H-BT to Stapled Securityholders will be exempt from Singapore income tax in the hands of Stapled Securityholders, regardless of whether they are individuals or non-individuals.

(See “Taxation” and Appendix E, “Independent Taxation Report” for further information on the Singapore income tax consequences of the purchase, ownership and disposition of the Stapled Securities.)

**Unstapling**

Far East H-Trust can be terminated when stapling becomes unlawful or prohibited by the listing manual of the SGX-ST (the “**Listing Manual**”), or when either Far East H-REIT or Far East H-BT is terminated or wound up respectively. Termination can also occur if Extraordinary Resolutions (as defined herein) from the holders of Far East H-REIT Units and the holders of Far East H-BT Units are obtained and with prior approval from the SGX-ST for such unstapling.

**Termination**

Far East H-REIT may, under certain circumstances specified in the Far East H-REIT Trust Deed, be terminated by either the REIT Manager or the REIT Trustee. (See “The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT — Far East H-REIT — Termination of Far East H-REIT” for further details.)

Far East H-BT may, under certain circumstances specified in the Far East H-BT Trust Deed, be wound up by the Trustee-Manager. (See “The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT — The Formation and Structure of Far East H-BT — Winding-up” for further details.)

**Governing Law**

The Stapling Deed, the Far East H-REIT Trust Deed and the Far East H-BT Trust Deed, pursuant to which Far East H-Trust, Far East H-REIT and Far East H-BT are respectively constituted, are governed by Singapore law.

**Underwriting, Selling and Management Commission Payable by Far East H-Trust to the Joint Bookrunners**

The REIT Manager, on behalf of Far East H-REIT, and the Trustee-Manager, on behalf of Far East H-BT, have agreed to pay the Joint Bookrunners for their services in connection with the offering of the Stapled Securities under the Offering, an underwriting, selling and management commission (including incentive fees) of up to S\$21.5 million excluding GST based on the Maximum Offering Price of S\$0.93 per Stapled Security.

(See “Plan of Distribution — Issue Expenses” for further details.)

**Risk Factors**

**Prospective investors should carefully consider certain risks connected with an investment in the Stapled Securities, as discussed under “Risk Factors”.**

## INDICATIVE TIMETABLE

An indicative timetable for the Offering and trading in the Stapled Securities is set out below for the reference of applicants for the Stapled Securities:

Date and time	Event
[●], 9.00 a.m.	: Opening date and time for the Public Offer.
[●], [●]	: Closing date and time for the Public Offer.
[●]	: Balloting of applications under the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.
[●], at or before 2.00 p.m.	: Completion of the acquisition of the Properties.
[●], 2.00 p.m.	: Commence trading on a “ready” basis.
[●]	: Settlement Date for all trades done on a “ready” basis on [●].

The above timetable is only indicative and is subject to change. It assumes:

- that the closing of the application list for the Public Offer (the “**Application List**”) is [●];
- that the Listing Date is [●],
- compliance with the SGX-ST’s Stapled Securities holding spread requirement; and
- that the Stapled Securities will be issued and fully paid up prior to 2.00 p.m. on [●].

All dates and times referred to above are Singapore dates and times.

Trading in the Stapled Securities on a “ready” basis is expected to commence at 2.00 p.m. on [●] (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Stapled Securities on a “ready” basis have been fulfilled), as the completion of the acquisition of the Properties is expected to take place at or before 2.00 p.m. on [●]. (See “Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties” for further details.)

If Far East H-REIT is terminated, or Far East H-BT is wound up, or the Stapled Securities are unstapled under the circumstances specified in the Far East H-REIT Trust Deed, Far East H-BT Trust Deed and the Stapling Deed respectively prior to, or if the acquisition of the Properties is not completed by, 2.00 p.m. on [●] (being the time and date of commencement of trading in the Stapled Securities), the Offering will not proceed and the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom and at each applicant’s own risk and without any right or claim against Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators or the Joint Bookrunners). (See “The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT — The Formation and Structure of Far East H-REIT — Termination of Far East H-REIT” for further details.)

In the event of an early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Managers will publicly announce the same:

- via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: <http://www.sgxnet.sgx.com>; and
- in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Investors should consult the SGX-ST announcement on the “ready” trading date on the internet (at the SGX-ST website: <http://www.sgx.com>), or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

The Managers will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

The Managers reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Stapled Securities, without assigning any reason for it, and no enquiry and/or correspondence on the decision of the Managers will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Stapled Securities to a reasonable number of applicants with a view to establishing an adequate market for the Stapled Securities.

Where an application is rejected or accepted in part only or if the Offering does not proceed for any reason, the full amount or, as the case may be, the balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators or the Joint Bookrunners.

Where an application is not successful, the refund of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant, is expected to be completed, at his own risk within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix F, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”).

Where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days<sup>1</sup> after the close of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix F, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”).

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



Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days<sup>1</sup> after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix F, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”).

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<sup>1</sup> “**Market Day**” means any day on which the SGX-ST is open for trading in securities.

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following tables are only an extract from, and should be read together with, "Unaudited Pro Forma Financial Information" and the report set out in Appendix B, "Independent Accountants' Report on the Examination of the Unaudited Pro Forma Financial Information".

The unaudited pro forma financial information for Far East H-REIT, based on the Maximum Offering Price, assuming that the Over-Allotment Option is fully exercised, is as follows:

### Unaudited Pro Forma Statements of Total Return of Far East H-REIT

	FY2009	FY2010	FY2011	1Q2011	1Q2012
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Total Gross Revenue	73,922	92,895	104,396	24,370	28,722
Property Expenses	(8,475)	(8,945)	(9,709)	(2,309)	(2,755)
<b>Net Property Income</b>	<b>65,447</b>	<b>83,950</b>	<b>94,687</b>	<b>22,061</b>	<b>25,967</b>
REIT Manager's management fees <sup>(1)</sup>	(9,047)	(9,796)	(10,254)	(2,492)	(2,656)
REIT Trustee's fees <sup>(1)</sup>	(429)	(429)	(431)	(107)	(108)
Other trust expenses	(18,028) <sup>(2)</sup>	(1,040)	(1,082)	(270)	(281)
Finance costs (net) <sup>(3)</sup>	(16,288)	(16,360)	(16,508)	(4,101)	(4,160)
<b>Net income before tax and fair value change</b>	<b>21,655</b>	<b>56,325</b>	<b>66,412</b>	<b>15,091</b>	<b>18,762</b>
Fair value change in investment properties	34,897	-	-	-	-
<b>Net income before tax</b>	<b>56,552</b>	<b>56,325</b>	<b>66,412</b>	<b>15,091</b>	<b>18,762</b>
Income tax expense	-	-	-	-	-
<b>Net income after tax</b>	<b>56,552</b>	<b>56,325</b>	<b>66,412</b>	<b>15,091</b>	<b>18,762</b>
Add / (Less): Non-tax (chargeable) / deductible items (net) <sup>(4)</sup>	(9,553)	8,916	9,284	2,264	2,395
<b>Income available for distribution to holders of Far East H-REIT units</b>	<b>46,999</b>	<b>65,241</b>	<b>75,696</b>	<b>17,355</b>	<b>21,157</b>

**Notes:**

- (1) Computed on the assumption that capital expenditure incurred for the respective periods was capitalised as part of the value of the relevant Property and, as such, would increase the value of the Far East H-REIT Deposited Property for purposes of computation of the management fees payable to the REIT Manager and trustee fees payable to the REIT Trustee.
- (2) Other trust expenses for FY2009 include one-off non-capitalised issuance costs.
- (3) Computed on the assumption that capital expenditure incurred for the respective periods was funded by borrowings.
- (4) "Non-tax (chargeable) / deductible items" comprise the REIT Manager's management fees paid or payable in Stapled Securities, the REIT Trustee's fees, amortisation of upfront debt financing costs, fair value change in investment properties and non-capitalised issuance costs.

## Unaudited Pro Forma Balance Sheets of Far East H-REIT

	As at 31 December 2011	As at 31 March 2012
	(S\$'000)	(S\$'000)
<b>Non-current assets</b>		
Investment properties	2,139,850	2,139,850
<b>Current assets</b>		
Cash and cash equivalents	5,527	5,527
<b>Total assets</b>	<u>2,145,377</u>	<u>2,145,377</u>
<b>Current liabilities</b>		
Rental deposits	4,557	4,557
<b>Non-current liabilities</b>		
Borrowings (net of upfront debt financing costs)	647,150	647,150
<b>Total liabilities (excluding net assets attributable to holders of Far East H-REIT Units)</b>	<u>651,707</u>	<u>651,707</u>
<b>Net assets attributable to holders of Far East H-REIT Units</b>	<u>1,493,670</u>	<u>1,493,670</u>
Number of Far East H-REIT Units in issue ('000)	<u>1,603,888</u>	<u>1,603,888</u>
Net asset value per Far East H-REIT Unit (S\$)	<u>0.93</u>	<u>0.93</u>

## Unaudited Pro Forma Cash Flow Statements of Far East H-REIT

	FY2011	1Q2012
	(S\$'000)	(S\$'000)
<b>Operating activities</b>		
Net income before income tax	84,527	18,825
Adjustments for:		
Finance costs <sup>(1)</sup>	16,364	4,124
Fair value change in investment properties	(34,897)	-
Non-capitalised issuance costs	17,028	-
REIT Manager's management fees paid or payable in Far East H-REIT Units <sup>(1)</sup>	8,188	2,121
Operating income before working capital changes	91,210	25,070
Changes in trade payables	171	6
Changes in trade receivables	(7,299)	(825)
Finance costs paid <sup>(2)</sup>	(15,714)	(3,961)
<b>Cash flows from operating activities</b>	<b>68,368</b>	<b>20,290</b>
<b>Investing activities</b>		
Purchase of investment properties and related assets and liabilities <sup>(3)</sup>	(2,100,396)	-
Capital expenditure	(9,525)	(1,296)
<b>Cash flows used in investing activities</b>	<b>(2,109,921)</b>	<b>(1,296)</b>
<b>Financing activities</b>		
Proceeds from issue of Far East H-REIT Units (net of issuance costs)	1,458,773	-
Proceeds from borrowings <sup>(4)</sup>	656,674	1,296
Distribution to holders of Far East H-REIT Units	(56,944)	(18,981)
<b>Cash flows from/(used in) financing activities</b>	<b>2,058,503</b>	<b>(17,685)</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>16,950</b>	<b>1,309</b>
<b>Cash &amp; cash equivalents at beginning of year/period</b>	<b>-</b>	<b>16,950</b>
<b>Cash &amp; cash equivalents at end of year/period</b>	<b>16,950</b>	<b>18,259</b>

### Notes:

- (1) Computed on the assumption that capital expenditure incurred for the respective periods was capitalised as part of the value of the relevant Property and as such, would increase the value of the Far East H-REIT Deposited Property for purposes of computation of the management fees payable to the REIT Manager and trustee fees payable to the REIT Trustee.
- (2) Computed on the assumption that all incurred finance costs were paid out in the respective periods.
- (3) Inclusive of rental deposit which was assumed to be S\$4.6 million.
- (4) Computed on the assumption that capital expenditure incurred for the respective periods was funded by borrowings.

## PROFIT FORECAST AND PROFIT PROJECTION

*Far East H-BT will not make distributions for the period in which it is dormant. Therefore distributions by Far East H-Trust, when Far East H-BT is dormant, will comprise distributions by Far East H-REIT solely.*

*The following is an extract from “Profit Forecast and Profit Projection”. Statements contained in this extract that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out in “Profit Forecast and Profit Projection” and are subject to certain risks and uncertainties that could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners or any other person, or that these results will be achieved or are likely to be achieved (see “Forward-looking Statements” and “Risk Factors”). Prospective investors in the Stapled Securities are cautioned not to place any undue reliance on these forward-looking statements that are valid only as at the date of this Prospectus.*

***None of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators or the Joint Bookrunners guarantee the performance of Far East H-Trust, Far East H-REIT and Far East H-BT, the repayment of capital or the payment of any distributions, or any particular return on the Stapled Securities. The forecast and projected yields stated in the following tables are calculated based on:***

- ***the Minimum Offering Price and the Maximum Offering Price; and***
- ***the assumption that the Listing Date is 1 August 2012.***

***Such yields will vary accordingly if the Listing Date is not 1 August 2012, or for investors who purchase the Stapled Securities in the secondary market at a market price that differs from the Minimum Offering Price and Maximum Offering Price.***

The following tables show the forecast and projected statements of total return for Forecast Period 2012 and Projection Year 2013 of Far East H-REIT. The financial year-end of Far East H-REIT is 31 December. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of the Stapled Securities is other than 1 August 2012, being the assumed date of the issuance of the Stapled Securities for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out in “Profit Forecast and Profit Projection” and have been examined by Ernst & Young LLP as the independent accountants (the “**Independent Accountants**”), and should be read together with the report set out in Appendix A, “Independent Accountants’ Report on the Profit Forecast and Profit Projection”, as well as the assumptions and the sensitivity analysis set out in “Profit Forecast and Profit Projection”.

While profit forecasts have been prepared for Forecast Period 2012, being the period commencing from 1 August 2012 and ending 31 December 2012, it should be noted that due to the seasonal nature of the hospitality business, the financial performance of hospitality properties is generally better in the second half of the year as compared to the first half of the

year. Hence, comparisons between the annualised financial performance of the Properties from Forecast Period 2012 and Projection Year 2013 are unlikely to provide accurate reflections of the expected changes in financial performance from 2012 to 2013.

### Far East H-REIT Forecast and Projected Statements of Total Return

The forecast and projected statements of total return for Far East H-REIT based on the Maximum Offering Price, assuming the Over-Allotment Option is fully exercised, is as follows:

	Forecast Period 2012	Projection Year 2013
	(S\$'000)	(S\$'000)
Total Gross Revenue	49,752	124,831
Less: Property Expenses	(4,620)	(11,717)
<b>Net Property Income</b>	<b>45,132</b>	<b>113,114</b>
REIT Manager's management fees	(4,485)	(10,983)
REIT Trustee's fees	(179)	(431)
Other trust expenses	(17,444) <sup>(1)</sup>	(1,040)
Finance costs (net) <sup>(2)</sup>	(6,733)	(16,387)
<b>Net income before tax and fair value change</b>	<b>16,291</b>	<b>84,273</b>
Fair value change in investment properties	34,897	-
<b>Net income before tax</b>	<b>51,188</b>	<b>84,273</b>
Income tax expense	-	-
<b>Net income after tax</b>	<b>51,188</b>	<b>84,273</b>
Add / (Less): Non-tax (chargeable) / deductible items (net) <sup>(3)</sup>	(13,831)	9,880
<b>Income available for distribution to holders of Far East H-REIT Units</b>	<b>37,357<sup>(4)</sup></b>	<b>94,153</b>

	Forecast Period 2012		Projection Year 2013	
	Maximum Offering Price	Minimum Offering Price	Maximum Offering Price	Minimum Offering Price
Weighted average number of Stapled Securities in issue <sup>(5)</sup> ('000)	1,607,746	1,608,060	1,613,640	1,614,434
Distribution per Stapled Security (cents)	2.32	2.32	5.83	5.83
Offering Price (S\$)	0.93	0.86	0.93	0.86
<b>Distribution yield (%)</b>	<b>6.0<sup>(6)</sup></b>	<b>6.5<sup>(6)</sup></b>	<b>6.3</b>	<b>6.8</b>

**Notes:**

- (1) Other trust expenses for Forecast Period 2012 include one-off non-capitalised issuance costs.
- (2) Finance costs comprise interest expense, amortisation of upfront debt financing costs and other bank charges and fees.
- (3) "**Non-tax (chargeable) / deductible items**" comprise the REIT Manager's management fees paid or payable in Stapled Securities, the REIT Trustee's fees, amortisation of upfront debt financing costs, fair value change in investment properties and non-capitalised issuance costs.
- (4) Stapled Securityholders will not be entitled to distributable income from 1 August 2012 to the day preceding the actual Listing Date.
- (5) Includes the assumed payment of 80.0% of the REIT Manager's management fees for the relevant period in the form of Stapled Securities issued at the respective assumed offering price.
- (6) Annualised by extrapolating the Forecast Period 2012 figures for a year.

## Total Gross Revenue and Net Property Income Contribution of Individual Property

The forecast and projected contribution of the Properties to Total Gross Revenue (as defined herein) is as follows:

	Forecast Period 2012		Projection Year 2013	
	(S\$'000)	%	(S\$'000)	%
<b>Hotels</b>				
Albert Court Village Hotel	2,787	5.6	7,001	5.6
Changi Village Hotel	5,645	11.3	14,207	11.4
The Elizabeth Hotel	4,458	9.0	11,213	9.0
Landmark Village Hotel	5,619	11.3	14,126	11.3
Oasia Hotel	7,250	14.6	18,200	14.6
Orchard Parade Hotel	11,495	23.1	28,801	23.1
The Quincy Hotel	1,906	3.8	4,797	3.8
<b>Sub-Total</b>	<b>39,160</b>	<b>78.7</b>	<b>98,345</b>	<b>78.8</b>
<b>Serviced Residences</b>				
Central Square Village Residences	4,149	8.3	10,311	8.3
Hougang Village Residences	1,245	2.5	3,271	2.6
Regency House	2,996	6.0	7,520	6.0
Riverside Village Residences	2,202	4.5	5,384	4.3
<b>Sub-Total</b>	<b>10,592</b>	<b>21.3</b>	<b>26,486</b>	<b>21.2</b>
<b>Total</b>	<b>49,752</b>	<b>100.0</b>	<b>124,831</b>	<b>100.0</b>

The forecast and projected contribution of the Properties to Net Property Income is as follows:

	Forecast Period 2012		Projection Year 2013	
	(S\$'000)	%	(S\$'000)	%
<b>Hotels</b>				
Albert Court Village Hotel	2,452	5.4	6,158	5.4
Changi Village Hotel	5,319	11.8	13,386	11.8
The Elizabeth Hotel	4,210	9.3	10,589	9.4
Landmark Village Hotel	5,283	11.7	13,281	11.7
Oasia Hotel	6,930	15.4	17,394	15.4
Orchard Parade Hotel	10,388	23.0	26,018	23.0
The Quincy Hotel	1,808	4.0	4,550	4.0
<b>Sub-Total</b>	<b>36,390</b>	<b>80.6</b>	<b>91,376</b>	<b>80.7</b>
<b>Serviced Residences</b>				
Central Square Village Residences	3,333	7.4	8,209	7.3
Hougang Village Residences	1,086	2.4	2,834	2.5
Regency House	2,420	5.4	6,071	5.4
Riverside Village Residences	1,903	4.2	4,624	4.1
<b>Sub-Total</b>	<b>8,742</b>	<b>19.4</b>	<b>21,738</b>	<b>19.3</b>
<b>Total</b>	<b>45,132</b>	<b>100.0</b>	<b>113,114</b>	<b>100.0</b>



## RISK FACTORS

*Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Stapled Securities. The risks described below are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the REIT Manager and/or the Trustee-Manager or which may not be material now but could turn out to be material in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on Far East H-Trust or impair the business operations of Far East H-Trust. The market price of the Stapled Securities could decline due to any of these risks and Stapled Securityholders may lose all or part of their investment. In addition, this Prospectus does not constitute advice to you relating to investing in the Stapled Securities and investors should make their own judgment or consult their own investment advisers before making any investment in the Stapled Securities.*

*This Prospectus also contains forward-looking statements (including profit forecasts and profit projections) that involve risks, uncertainties and assumptions. The actual results of Far East H-Trust, Far East H-REIT and/or Far East H-BT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by Far East H-Trust as described below and elsewhere in this Prospectus.*

*Due to the fact that Far East H-Trust comprises Far East H-REIT and Far East H-BT, risk factors for Far East H-Trust include considerations relevant to the Stapled Securities, collective investment schemes and business trusts.*

*As an investment in the Stapled Securities is meant to produce returns over the long-term, investors should not expect to obtain short-term gains.*

*Investors should be aware that the price of the Stapled Securities, and the income from them, might fall or rise. Investors should note that they might not get back their original investment.*

*Before deciding to invest in the Stapled Securities, prospective investors should seek professional advice from their own investment or other advisers about their particular circumstances.*

### **RISKS RELATING TO THE HOSPITALITY AND HOSPITALITY-RELATED INDUSTRIES**

**The financial performance of Far East H-Trust is dependent on the conditions and outlook of the hospitality and hospitality-related industries in Singapore.**

Far East H-Trust comprises Far East H-REIT and Far East H-BT. The Initial Portfolio of Far East H-REIT comprises the seven Hotels and four Serviced Residences, all of which are located in Singapore. Far East H-BT will not own any properties as at the Listing Date.

On the Listing Date, each Property will be leased to a Master Lessee. Far East H-REIT is dependent upon rental payments from the Master Lessees. The rental payment under each Master Lease Agreement is principally dependent on the gross operating revenue and gross operating profit for each of the Properties. Therefore, any deterioration in such gross operating revenue and gross operating profit of the Properties will have a material adverse effect on the profitability and financial condition of Far East H-Trust and consequently, distributions to Stapled Securityholders.

A number of factors, many of which are wholly or partly beyond the control of Far East H-Trust and the Managers, could affect the financial performance of Far East H-Trust. These factors include, but are not limited to, the following (some of which are further elaborated upon and discussed below):

- the condition of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as the political landscape, environmental conditions and viral epidemics such as human avian flu and SARS that may result in reduced occupancy rates and RevPAR or, as the case may be, RevPAU for the hospitality and hospitality-related assets of Far East H-Trust;
- increased threat of terrorism, terrorist events, aviation-related strikes, hostilities between countries or increased risk of natural disasters which may affect travel patterns and reduce the number of business and commercial travellers and tourists;
- dependence on business and commercial travel, leisure travel and tourism, all of which may affect the length of a traveller's stay;
- changes in Far East H-Trust's relationships with, and the performance and reputation of, the Master Lessees and/or the Hotel and Serviced Residence Operator;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;
- the nature and length of a typical hotel guest's stay as hotel guests typically stay on a short-term basis and there is therefore no assurance of long-term occupancy for hotel rooms. Factors which may affect the above include:
  - seasonality patterns in tourism arrival numbers throughout the year;
  - decrease in longer-term business travel and corporate executives requiring mid-to long-term accommodation;
  - frequency of events or conferences in the surrounding vicinity of each Property or future hospitality or hospitality-related asset of Far East H-Trust; and
  - slowdown in tourism, business and conferences where the Properties are located, which may adversely affect the length of a traveller's stay;
- increase in operating costs due to inflation, labour costs (including the impact of unionisation), workers' compensation and healthcare-related costs, utility costs, insurance and unanticipated costs such as those resulting from acts of nature and their consequences;
- relations between Far East H-Trust and service providers or lenders;
- difficulties in identifying hospitality and hospitality-related assets to acquire and difficulties in completing and integrating acquisitions; and
- the provision of existing or planned amenities and transportation infrastructure near the Properties and/or future hospitality and hospitality-related assets of Far East H-Trust.

These factors could have adverse effects on Far East H-Trust's financial condition, results of operations and ability to make distributions to Stapled Securityholders.

**The hospitality industry is highly competitive and the performance of Far East H-Trust may be affected by increasing supply of hospitality assets in Singapore.**

The hospitality industry in Singapore is highly competitive. Each of the Properties experiences competition primarily from other similar-grade hospitality properties in their immediate vicinity, and also with other hospitality properties in Singapore. The level of competition in the Singapore hospitality industry is affected by various factors, including without limitation changes in local, regional and global economic conditions, the supply and demand for hotel rooms and/or serviced residence units and changes in travel patterns and preferences. Competing hospitality properties may offer more facilities at their premises at similar or more competitive prices compared to the facilities offered at the Properties. Competitors may also significantly lower their rates or offer additional services or amenities to attract more guests. If these efforts are successful, the results of operations at the Properties may be adversely affected.

(See “Business and Properties — Competition” for further details.)

According to CBRE, an estimated 30 new hotels with approximately 7,229 hotel rooms and an estimated seven serviced residences with approximately 783 serviced residence units are expected to enter the market by the end of 2014. (See Appendix D, “Independent Hospitality Industry Report” for further details.) The new supply of hotels, serviced residences or other accommodation options in Singapore could adversely impact the occupancy rates and revenues of the Properties or future hospitality and/or hospitality-related assets of Far East H-Trust, which would in turn have adverse effects on Far East H-Trust’s financial condition, results of operations and ability to make distributions to Stapled Securityholders.

**The hospitality industry is service-oriented and Far East H-Trust may be adversely affected if it is unable to compete effectively for skilled hospitality employees.**

The hospitality industry is a service-oriented industry and is very labour-intensive. Competitors may compete aggressively for skilled hospitality employees, which would increase the operating cost of the Properties. In addition, the hospitality staff of Far East H-Trust may be poached by existing or new competitors in the market, which may have an adverse effect on the operations of the affected Property. A shortage of manpower may translate to lower service quality, which may in turn affect guests’ lodging experience and lead existing customers to prefer alternative accommodation from competitors of Far East H-Trust.

**Acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of Far East H-Trust may adversely affect the financial performance of Far East H-Trust.**

Far East H-Trust may be adversely affected by acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases (such as human avian flu and severe acute respiratory syndrome (“**SARS**”)) and other events beyond the control of Far East H-Trust. The Managers cannot predict the extent to which these factors will, directly or indirectly, impact distributions to Stapled Securityholders, the hospitality and hospitality-related industries or the operating results and overall financial performance of Far East H-Trust in the future.

In the event of any future outbreak of widespread communicable diseases, the World Health Organisation and certain governments may issue travel advisories against non-essential travel to affected regions, or even impose travel restrictions. Any such travel advisories or

restrictions into Singapore are likely to have a material adverse effect on the number of international visitor arrivals and therefore the corresponding demand for hospitality properties under Far East H-REIT's portfolio. Accordingly, the spread of any other contagious or virulent disease and any consequential travel advisories or restrictions may adversely affect the business of the hospitality properties in Far East H-REIT's portfolio, which in turn may adversely affect Far East H-Trust's financial condition, results of operations and ability to make distributions to Stapled Securityholders.

**Far East H-Trust's financial performance may be affected by changes in travel patterns resulting from increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns.**

Changes in travel patterns can be erratic and this may adversely affect the revenue and gross operating profit of the hospitality and hospitality-related assets in Far East H-Trust's portfolio, with a consequential impact on the revenue of Far East H-Trust and the distributions to be made to Stapled Securityholders.

Increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns may deter travellers and the financial performance of Far East H-Trust may be adversely affected as a consequence. These travellers represent a crucial source of income for the hospitality and hospitality-related assets of Far East H-Trust. Any sustained or material decline in traveller numbers may adversely affect Far East H-Trust's financial condition, results of operations and ability to make distributions to Stapled Securityholders.

**The hospitality business is a regulated business.**

The operation of hospitality properties in Singapore is subject to various laws and regulations, such as the Hotels Act, Chapter 127 of Singapore (the "**Hotels Act**") and the Innkeepers Act, Chapter 139 of Singapore, which hotels in Singapore are required to be licensed under. The withdrawal, suspension or non-renewal of any of these licences, or the imposition of any penalties as a result of any infringement or non-compliance with any requirement of any of these licences, will have an adverse impact on the business and results of operations of the Hotels. Further, any changes in such laws and regulations, or the imposition of any new laws and regulations, may also have an impact on the businesses at the Properties and result in higher costs of compliance. In addition, any failure to comply with these laws and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could have an adverse impact on the revenues and profits of the Properties or otherwise adversely affect the Properties' operations and the ability of Far East H-Trust to make distributions to Stapled Securityholders.

**RISKS RELATING TO FAR EAST H-TRUST'S OPERATIONS AND THE PROPERTIES**

**The Sponsor will be a controlling holder of Stapled Securities, and will be able to exercise influence over certain activities of Far East H-Trust.**

The Sponsor is engaged in, among other things, hospitality management and operation, as well as investing in real estate and real estate-related assets in Singapore which are used primarily for hospitality and/or hospitality-related purposes. The Sponsor will, immediately after the completion of the Offering, hold 898,178,000 Stapled Securities constituting an

aggregate of 56.0% of the total number of Stapled Securities expected to be in issue through FEOC, Golden Development Private Limited, Golden Landmark Pte Ltd, Oxley Hill Properties Pte Ltd and Riverland Pte Ltd, being members of the Sponsor (assuming the Over-Allotment Option is not exercised) or 832,305,000 Stapled Securities constituting approximately 51.9% of the total number of Stapled Securities expected to be in issue (assuming the Over-Allotment Option is exercised in full).

The Sponsor will therefore be in a position to exercise influence in matters which require the approval of Stapled Securityholders.

**There may be potential conflicts of interest between Far East H-Trust, the Managers, the Hotel and Serviced Residence Operator and the Sponsor.**

The Sponsor may exercise influence over the activities of Far East H-Trust through the Managers, which are each 67.0% owned by FAMPL, which is a wholly-owned subsidiary of FEOC, a member of the Sponsor. FEOPL, another member of the Sponsor, holds a 59.8% stake in Far East Orchard, which owns the remaining 33.0% shareholding in each of the REIT Manager (which in turn wholly owns the Hotel and Serviced Residence Operator) and the Trustee-Manager. As a result, the strategy and activities of Far East H-Trust may be influenced by the overall interests of the Sponsor, including acquisitions of properties and competition for clients. Moreover, the Sponsor may in the future sponsor, manage or invest in other REITs, business trusts or other vehicles which may also compete directly with Far East H-Trust. There can be no assurance that conflicts of interest will not arise between Far East H-Trust and the Sponsor in the future, whether in relation to the future acquisition of additional properties or property-related investments or in relation to competition for tenants in Singapore.

**The loss of a Master Lessee, a downturn in the business of a Master Lessee or any breach by a Master Lessee or the Corporate Guarantor of their respective obligations under the relevant Master Lease Agreement and the Corporate Guarantees could have an adverse effect on the financial condition and results of operations of Far East H-Trust.**

On the Listing Date, each Property will be leased to a Master Lessee. Far East H-REIT is dependent upon rental payments from the Master Lessees as Far East H-REIT cannot directly operate the Properties under the Property Funds Appendix. Far East H-REIT's revenue, financial condition, results of operations and ability to make distributions to Stapled Securityholders will depend upon the performance of the Master Lessees and their ability to make timely rental payments.

The Master Lessees have appointed the Hotel and Serviced Residence Operator to manage the Properties. The performance of the Master Lessees and their ability to pay rent may be affected by factors beyond their control, such as the performance of the Hotel and Serviced Residence Operator, as well as changes in general economic conditions, the level of demand for the Properties, competition in the hospitality and hospitality-related industries and other factors relating to the operations of the Properties.

While the REIT Trustee has been granted a corporate guarantee in respect of each of the Master Lease Agreements, save for Orchard Parade Hotel (the "**Corporate Guarantees**"), there is no assurance that FEOC, Golden Development Private Limited and Far East Orchard, in their capacity as guarantor of the relevant Corporate Guarantees (the "**Corporate**



**Guarantor**”), will be able to fulfil its obligations under the Corporate Guarantees. As such, the financial condition and results of operations of Far East H-Trust may be adversely affected by the bankruptcy, insolvency or downturn in the business of any Master Lessee or the Corporate Guarantor. (See “Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Corporate Guarantees” for further details.)

If any Master Lessee terminates or does not renew the Master Lease Agreements on expiry, the financial performance, and consequently the distributions which Far East H-Trust may be able to make to Stapled Securityholders, may be adversely affected. The amount of rental and the terms on which each Master Lease Agreement is renewed may be less favourable than the current Master Lease Agreement. The replacement of a master lessee on satisfactory terms may not be carried out in a timely manner or at all. Notwithstanding that as a last resort, Far East H-BT will step in as the master lessee, there can be no assurance that Far East H-BT will be able to provide a similar amount of income from such Properties.

**Far East H-REIT has no direct control over the Master Lessees and the Hotel and Serviced Residence Operator.**

The financial performance of Far East H-REIT, including the distributions which may be made to Stapled Securityholders, is dependent upon the gross operating revenue and gross operating profit of each of the Properties. Far East H-REIT has entered into long-term master lease agreements with each of the Master Lessees which generally have, subject to certain limitations, full discretion in the operation of the Properties. The Master Lessees have in turn each entered into a hospitality management agreement with the Hotel and Serviced Residence Operator (the “**Hospitality Management Agreements**”). Although Far East H-REIT has the right, under certain limited circumstances, to approve the replacement of the Hotel and Serviced Residence Operator, there is no direct contractual relationship between Far East H-REIT and the Hotel and Serviced Residence Operator. Accordingly, the financial performance of Far East H-REIT is dependent on the performance of the Master Lessees and the Hotel and Serviced Residence Operator even though Far East H-REIT has no control over the operations, management, branding or marketing of the Properties. There is therefore no assurance that the Properties will continue to be operated, managed, maintained, branded or marketed well in the future.

**The approval thresholds for the removal of the REIT Manager and the Trustee-Manager are different.**

The circumstances in which the REIT Manager and the Trustee-Manager may be removed differ:

- Under the Far East H-REIT Trust Deed, the REIT Manager may be removed by the REIT Trustee upon the occurrence of a number of events, including the passing of a resolution by a majority consisting of 50.0% or more of the total number of votes present and voting (with no participants being disenfranchised) at a meeting of holders of Far East H-REIT Units duly convened and held. (See “Management and Corporate Governance — Far East H-REIT — Retirement or Removal of the REIT Manager” for further details.)
- The Far East H-BT Trust Deed however provides that the Trustee-Manager may be removed only by a resolution duly passed by a majority of holders of Far East H-BT

Units consisting of 75.0% or more of the total number of votes present and voting (with no participants being disenfranchised) at a meeting of holders of Far East H-BT Units duly convened and held. (See “Management and Corporate Governance — Far East H-BT — Retirement or Removal of the Trustee-Manager” for further details.)

The lower threshold of approval of Stapled Securityholders for the removal of the REIT Manager, as well as the existence of other grounds, gives rise to a higher possibility of the REIT Manager being removed and replaced as compared to the Trustee-Manager. In the event that the REIT Manager is removed and replaced, the Trustee-Manager will be required to cooperate with the new manager of Far East H-REIT (which will have a different board of directors from the Trustee-Manager) in the management of Far East H-Trust.

**If the CMS Licence of the REIT Manager is cancelled or not renewed by the MAS, the operations of Far East H-REIT will be adversely affected.**

The CMS Licence issued to the REIT Manager is subject to conditions and is valid unless otherwise cancelled or renewed. If the CMS Licence of the REIT Manager is cancelled by the MAS, it will not be able to continue to be the manager of Far East H-REIT and the operations of Far East H-REIT will be adversely affected if no suitable manager is found or can be found in a timely manner.

**There is no assurance that Far East H-Trust will be able to leverage on the Sponsor’s experience in the operation of hospitality properties.**

Upon completion of the Offering, the Sponsor will hold an effective interest in 56.0% of the Stapled Securities (assuming the Over-Allotment Option is not exercised) or 51.9% of the Stapled Securities (assuming the Over-Allotment Option is exercised in full) through FEOC, Golden Development Private Limited, Golden Landmark Pte Ltd, Oxley Hill Properties Pte Ltd and Riverland Pte Ltd, being members of the Sponsor, and accordingly be a controlling holder of Far East H-REIT Units and Far East H-BT Units. (See “Ownership of the Stapled Securities” for further details.) FEOC, Golden Development Private Limited and F. E. Holdings Pte. Ltd. will each also agree to the Lock-up Period in respect of its effective interest in the relevant Lock-up Stapled Securities held by it on the Listing Date, directly (in the case of FEOC and Golden Development Private Limited) and/or indirectly ((i) in the case of Golden Development Private Limited, through Oxley Hill Properties Pte Ltd and (ii) in the case of F. E. Holdings Pte. Ltd., through Golden Landmark Pte Ltd and Riverland Pte Ltd). There is no assurance that the Sponsor will not dispose of its effective interest in the Stapled Securities following the expiry of the Lock-up Period. In the event that the Sponsor decides to transfer or dispose of its effective interest in the Stapled Securities, Far East H-Trust may no longer be able to leverage on the Sponsor’s experience in the ownership and operation of hospitality properties, market research and network of contacts in the hospitality and hospitality-related industries to further its growth. This may have a material and adverse impact on Far East H-Trust’s results of operations and financial condition which may, as a consequence, affect Far East H-Trust’s ability to make distributions to Stapled Securityholders.



**Far East H-REIT's strategy of investing mainly in hospitality and/or hospitality-related assets in Singapore may entail a higher level of risk compared to trusts with a more diverse range of investments or larger geographical scope.**

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 in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

A concentration of investments in a portfolio of such a specific class of real estate assets may cause Far East H-REIT to be susceptible to a downturn in the hospitality and hospitality-related industries in Singapore. Any decline in occupancy rates may have an adverse effect on the RevPAR or RevPAU for the Properties and/or a decline in the capital value of the portfolio of Far East H-REIT, which in turn may have an adverse impact on Far East H-REIT's distributions to Stapled Securityholders and/or on the results of operations and financial condition of Far East H-REIT.

**The appraisals of the Properties are based on various assumptions and the price at which Far East H-Trust is able to sell a Property in future may be different from the initial acquisition price of the Property.**

The valuation of each of the Properties prepared by the Independent Valuers is contained in Appendix C, "Independent Property Valuation Summary Reports". The appraisals of the Properties are based on different methodologies. Primarily, the discounted cash flow method and the income capitalisation method were employed and there can be no assurance that the assumptions relied on are accurate measures of the market. The appraisals of the Properties arrived at by the Independent Valuers may have included a subjective determination of certain factors relating to the Properties, such as their relative market positions, financial and competitive strengths and physical condition. Accordingly, the values of the Properties may have been evaluated inaccurately. The appraised value of any of the Properties or any future acquisitions is not an indication of, and does not guarantee, a sale price at that value at present or in future. The price at which Far East H-Trust may be able to sell a Property may be lower than its appraised value or the initial acquisition price of the Property.

**The REIT Manager may not be able to successfully implement its investment strategy.**

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 in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, and real estate-related assets in relation to the foregoing. Regular distributions to Stapled Securityholders will be made by the REIT Manager. However, there can be no assurance that the REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand Far East H-REIT's portfolio at all, or at any specified rate or to any specified size. Acquisitions may cause disruptions to the operations of Far East H-REIT and divert management's attention away from day-to-day operations. Further, there may be significant competition for attractive investment opportunities from other real estate investors. There is no assurance that the REIT Manager will be able to make any acquisitions or investments on favourable terms or within a desired time frame. Far East H-REIT may also rely on external sources of funding for acquisitions, which may not be available on favourable terms or at all.

**The REIT Manager may change Far East H-REIT's investment strategy.**

Far East H-REIT's policy with respect to certain activities, including investment and acquisitions, will be determined by the REIT Manager. Far East H-REIT's principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection with the foregoing, may not be changed for a period of three years commencing from the Listing Date (as the Listing Manual prohibits a departure from the REIT Manager's stated investment strategy for Far East H-REIT for the said period unless otherwise approved by an Extraordinary Resolution of holders of Far East H-REIT Units). However, after this initial period of three years, the REIT Manager may change Far East H-REIT's investment strategy without the approval of holders of Far East H-REIT Units, as the Far East H-REIT Trust Deed gives the REIT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets, as well as listed and unlisted securities in Singapore and other jurisdictions. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

**The hospitality and hospitality-related businesses are capital intensive and the growth of Far East H-Trust may be affected if it is unable to obtain financing on favourable terms or at all.**

The Properties will require periodic capital expenditure for purposes of refurbishments, renovation and improvements. Acquisitions or development of additional hospitality and/or hospitality-related assets may also require significant funding. There is no assurance that Far East H-Trust will be able to fund the foregoing capital requirements solely from cash provided from its operating activities. Additional equity or debt financing is subject to prevailing conditions in the equity and debt markets and may not be available on favourable terms or at all.

**The amount Far East H-REIT may borrow is subject to the aggregate leverage limit set out in the Property Funds Appendix, which may affect the operations of Far East H-Trust.**

Under the Property Funds Appendix, Far East H-REIT's total borrowings, including deferred payments for assets whether to be settled in cash, Far East H-REIT Units or, as the case may be, Stapled Securities, may not exceed 35.0% of the value of the Far East H-REIT Deposited Property at the time the borrowing is incurred (the "**Aggregate Leverage**"). The Aggregate Leverage limit may be increased up to a maximum of 60.0% only if Far East H-REIT obtains and discloses to the public a credit rating from Fitch, Inc., Moody's or Standard & Poor's. However, the Far East H-REIT Debt Facilities agreement currently contains a covenant which limits Far East H-REIT's Aggregate Leverage to 55.0% if Far East H-REIT is rated. As at the Listing Date, Far East H-REIT will have an Aggregate Leverage of 30.4% of the Far East H-REIT Deposited Property.

Adverse business consequences of this limitation on borrowings may include:

- an inability to fund capital expenditure requirements in relation to Far East H-REIT's existing portfolio or in relation to Far East H-REIT's future acquisitions of additional hospitality and/or hospitality-related assets to expand its portfolio;

- a decline in the value of the Far East H-REIT Deposited Property may cause the borrowing limit to be exceeded, thus affecting Far East H-REIT's ability to incur further borrowings; and
- cash flow shortages (including with respect to distributions) which Far East H-REIT might otherwise be able to resolve by borrowings.

**Far East H-Trust faces risks associated with debt financing.**

Both Far East H-REIT and Far East H-BT will be subject to risks associated with debt financing, including the risk that their cash flow will be insufficient to meet required payments of principal and interest under such financing and to make distributions to Stapled Securityholders.

Far East H-REIT's distribution policy is to distribute 100.0% of Far East H-REIT's Taxable Income for the Forecast Period 2012 and Projection Year 2013 and at least 90.0% of its Taxable Income thereafter. As a result of its distribution policy, if the cash flow from its operations is insufficient, Far East H-REIT may have to obtain additional debt or equity financing or both to meet its distribution obligations. There can be no assurance that such financing will be available on favourable terms or at all.

Both Far East H-REIT and Far East H-BT will also be subject to the risk that the terms of any refinancing (which may arise from a change of control provision) may not be as favourable and this may result in an increase in interest expense. This may adversely affect both Far East H-REIT's and Far East H-BT's cash flow and the amount of distributions they could make to Stapled Securityholders.

(See "— Far East H-Trust's distribution policy may cause Far East H-Trust to face liquidity constraints" and "Capitalisation and Indebtedness" for further details.)

**Far East H-REIT and/or Far East H-BT may engage in interest rate hedging transactions, which can limit gains and increase exposure to losses.**

Far East H-REIT and/or Far East H-BT may enter into interest rate hedging transactions to protect itself from the effects of changes in interest rates on floating rate debt and also to protect its portfolio from changes in interest rates, in order to reduce exposure to market volatility.

Interest rate hedging could fail to protect Far East H-Trust or adversely affect Far East H-Trust because, among other things:

- the party owing money in the hedging transaction may default on its obligation to pay or may become insolvent;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs Far East H-REIT's or, as the case may be, Far East H-BT's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments could reduce the NAV of Far East H-Trust.

Interest rate hedging involves risks and transaction costs, which may reduce overall returns for Far East H-Trust.

(See "Capitalisation and Indebtedness" and "Strategy" for further details.)

**Far East H-Trust may be affected by adverse developments or negative publicity affecting the “Far East Organization” brand name.**

Far East H-Trust is closely associated with the “Far East Organization” brand name. Any degradation or adverse market developments relating to the “Far East Organization” brand name or any negative publicity affecting the “Far East Organization” hospitality properties could adversely affect the results of operations of the Properties. Furthermore, any adverse developments, negative publicity and future financial challenges experienced by the Sponsor may directly result in negative perceptions of Far East H-Trust due to Far East H-Trust’s close association with the Sponsor, which could have a material adverse effect on the financial condition and results of operations of Far East H-Trust and, in turn, its ability to make distributions to Stapled Securityholders.

**Far East H-Trust does not have an established operating history.**

Far East H-REIT and Far East H-BT were constituted on 1 August 2012. The REIT Manager was incorporated on 28 January 2011, while the Trustee-Manager was incorporated on 30 April 2012. As such, Far East H-REIT, Far East H-BT and the Managers do not have operating histories by which their respective past performances may be judged. This will make it more difficult for prospective investors to assess their likely future performance. There can be no assurance that (i) Far East H-REIT and Far East H-BT will be able to generate sufficient revenue from operations to make distributions, (ii) such distributions will be in line with those set out in “Profit Forecast and Profit Projection”, or (iii) Far East H-BT will generate sufficient cash flow to meet its rental payment obligations to Far East H-REIT if it becomes a master lessee of any of the Properties.

**Far East H-Trust may depend on certain key personnel, and the loss of any key personnel may adversely affect its operations.**

The performance of Far East H-Trust may depend, in part, upon the continued service and performance of members of the senior management team and certain key senior personnel of the REIT Manager. These key personnel may leave the REIT Manager in the future or compete with the REIT Manager and Far East H-Trust. The loss of any of these individuals or of one or more of the REIT Manager’s other key employees and the inability to find suitable replacements on a timely basis could have a material adverse effect on the financial condition and results of operations of Far East H-Trust.

**The Master Lessees may not maintain the Properties properly.**

The Master Lessees may not maintain the Properties properly, resulting in substantial deferred capital expenditure. Lack of capital or insufficient cash flow may adversely impact future operations and profitability of the Properties, thereby adversely affecting the ability of the Master Lessees to fund costs of repairs, maintenance, renewals of FF&E, operating equipment<sup>1</sup> and inventories and/or to make rental payments to Far East H-Trust.

In addition, should the Master Lessees or the Hotel and Serviced Residence Operator fail to provide adequate management and maintenance, the value of the Properties may be

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<sup>1</sup> Items customarily referred to as “operating equipment” in the hotel industry include, but are not limited to, glassware, silverware, cutlery, chinaware, crockery, linen and uniforms as well as all those items generally required for the day-to-day operation of a hotel.

adversely affected. Inadequate management and maintenance of the Properties may also result in a loss of tenants and rental income from the Properties, which may in turn adversely affect distributions to Stapled Securityholders.

**Renovation work, repair and maintenance or physical damage to the Properties may disrupt the operations of Far East H-REIT.**

The quality and design of the Properties influence the RevPAR or, as the case may be, RevPAU and the demand for hotel rooms or serviced residence units. The Properties may need to undergo renovation works from time to time to retain their attractiveness to tenants, and may also require ad hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations, such that there may be periodic capital expenditure beyond the REIT Manager's current estimate for refurbishment, renovation and improvements. The costs of maintaining the Properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the Properties age. The business and operations of the Properties may be disrupted as a result of renovation works and it may not be possible to collect the full rate of or, as the case may be, any rental income on the space affected by such renovation works. This may affect the performance of the Master Lessees of the affected Properties and their ability to make timely rental payments under the relevant Master Lease Agreements.

**Far East H-REIT may be adversely affected by a delay in the completion of asset enhancement works currently in progress or contemplated.**

Upon the acquisition of the Properties, Far East H-REIT shall enter into an agreement with each of the Vendors, pursuant to which the respective Vendors shall continue to assume the ongoing asset enhancement works at four of the Properties, namely Landmark Village Hotel, Orchard Parade Hotel, Central Square Village Residences and Riverside Village Residences. (See "Business and Properties — Recent or Upcoming Refurbishments Carried Out on the Properties" for further details.)

Any delay in the completion of the asset enhancement works may result in a potential loss in revenue, thereby adversely affecting the financial condition and results of operations of the relevant Properties and the rental payments made to Far East H-REIT. All this will in turn affect Far East H-Trust's financial condition, results of operations and ability to make distributions to Stapled Securityholders.

The REIT Manager may from time to time initiate asset enhancement on some of the Properties. There is no assurance that such plans for asset enhancement will materialise, and even in the event that they do materialise, they may incur substantial costs to Far East H-Trust and yet not achieve their desired results.

**The Sponsor ROFRs will be terminated if the conditions to the Sponsor ROFRs remaining in full force and effect are not satisfied.**

To facilitate acquisition growth, the Sponsor has granted the Sponsor ROFRs to Far East H-Trust over any future sales by a Relevant Entity<sup>1</sup> of income-producing properties located in Singapore which are primarily used for hospitality and/or hospitality-related purposes. (See also “Overview — Key Investment Highlights of Far East H-Trust” for further details on the Sponsor ROFR Properties as at 31 December 2011.)

The rights under the Far East Orchard ROFR are granted to Far East H-Trust with effect from the Listing Date and will cease immediately upon the occurrence of any of the following events: (i) the REIT Manager or any of its related corporations (as defined in the Companies Act) ceasing to be the manager of Far East H-REIT, (ii) the Trustee-Manager or any of its related corporations ceasing to be the trustee-manager of Far East H-BT, or (iii) Far East Orchard and/or any of its subsidiaries, alone or in aggregate, ceasing to own 15.0% or more of the total issued share capital of each of the REIT Manager and the Trustee-Manager.

The rights under the Other ROFRs are granted to Far East H-Trust with effect from the Listing Date and will cease immediately upon the occurrence of any of the following events: (i) the REIT Manager or any of its related corporations (as defined in the Companies Act) ceasing to be the manager of Far East H-REIT, (ii) the Trustee-Manager or any of its related corporations ceasing to be the trustee-manager of Far East H-BT, (iii) the Sponsor ceasing to own 15.0% or more of the total issued share capital of each of the REIT Manager and the Trustee-Manager, or (iv) the Sponsor ceasing to own 15.0% or more of the Stapled Securities in issue.

If any of the conditions to the Sponsor ROFRs ceases to be enforced, the Sponsor ROFRs will terminate and Far East H-Trust will not be able to benefit from the Sponsor ROFRs. This may adversely affect Far East H-Trust’s ability to implement its acquisition growth strategy.

(See “Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Right of First Refusal Agreements” for further details.)

**If Far East H-BT steps in as a master lessee for any of the Properties, it may be required to indemnify the Hotel and Serviced Residence Operator.**

In the event that Far East H-BT steps in as a master lessee for any of the Properties, it may be required to indemnify the Hotel and Serviced Residence Operator against any claims arising from the managing of the relevant Property, as the industry standard is for hotel and serviced residence operators to act merely as agents of the owner/lessee of the hospitality property. Accordingly, Far East H-BT may be required to indemnify the Hotel and Serviced Residence Operator for all claims from employees working at the relevant Property as well as

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1 “Relevant Entity”:

- (i) In relation to the Far East Orchard ROFR, means Far East Orchard or any of its existing or future subsidiaries or existing or future private funds managed by Far East Orchard;
- (ii) In relation to the Other ROFR granted by FEOPL to the REIT Trustee and the Trustee-Manager, means FEOPL or any of its existing or future subsidiaries (excluding Far East Orchard and its subsidiaries) or existing or future private funds managed by FEOPL; and
- (iii) In relation to the Other ROFRs granted by each of (a) FEOC, (b) Golden Development Private Limited, (c) Glory Realty Co. Private Ltd., (d) F. E. Holdings Pte. Ltd., (e) Boo Han Holdings Pte. Ltd., (f) Lucky Realty Company Pte Ltd and (g) Orchard Landmark Pte. Ltd. to the REIT Trustee and the Trustee-Manager, means that member of the Sponsor or any of its existing or future subsidiaries or existing or future private funds managed by that member of the Sponsor.



former employees of the Property. There can be no assurance that any such claims will not adversely impact Far East H-BT's financial condition thereby affecting its ability to perform its duties as a master lessee, as well as its ability to make distributions (if any) to Stapled Securityholders.

**The Managers' right to use the "Far East Hospitality" trade mark may cease.**

The Licence Agreement has been entered into between the Managers and Far East Hospitality Services Pte Ltd, as owner of the trade mark "Far East Hospitality", to allow the Managers to use the "Far East Hospitality" name, *inter alia*, in connection with the business of Far East H-Trust. However, the Licence Agreement may be terminated by Far East Hospitality Services Pte Ltd giving at least three months' notice in writing to the Managers in the event that the FEO Group (as defined in the Licence Agreement) collectively ceases to hold at least 30% of the issued Stapled Securities in Far East H-Trust.

Should the Licence Agreement be terminated and the Managers cease to have the right to use the "Far East Hospitality" trade mark, this may adversely affect marketing activities and the business operations of Far East H-Trust. (See "Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — "Licence Agreement" for further details.)

**RISKS RELATING TO INVESTING IN REAL ESTATE**

**The Properties are located in Singapore, exposing Far East H-Trust to economic and real estate market conditions and changes in regulatory, fiscal and other governmental policies in Singapore.**

An economic decline in Singapore could adversely affect Far East H-Trust's results of operations and future growth. Political upheavals, natural disasters, insurgency movements, riots and regulatory and governmental policies all play a pivotal role in the performance of Far East H-REIT's hospitality and hospitality-related assets.

Other local real estate market conditions which may adversely affect the performance of Far East H-Trust include the attractiveness of competing hospitality and/or hospitality-related assets or, for example, if there is an oversupply or reduced demand for such hospitality and hospitality-related assets.

In addition, the taxes imposed on the Properties are subject to changes in laws and regulations which may lead to an increase in tax rates or the introduction of new taxes. This could adversely affect and erode the returns from these Properties.

**Defects affecting the Properties could result in the inability to operate the Properties and may affect the performance of the Master Lessees, causing them to be unable to make timely payments of rent.**

The Master Lessees, as the tenants of the Properties, are not required to repair any latent or patent defects in the Properties or carry out structural or capital repairs. However, these defects could have an impact on the operations and/or cash flow of the Master Lessees, thereby potentially affecting the performance of the Master Lessees and resulting in their inability to make timely payments of rent, which would have an impact on the revenue, total returns and financial condition of Far East H-Trust.



**The value of Far East H-Trust's assets might be adversely affected by uninsurable loss or if any of the Sponsor, the REIT Manager, the Master Lessees and/or, as the case may be, Far East H-BT do not provide adequate management and maintenance or purchase or put in place adequate insurance in relation to the assets of Far East H-REIT and potential liabilities to third parties (including potential liability claims).**

Should the Sponsor, the REIT Manager, the Master Lessees and/or Far East H-BT (in the event it becomes a master lessee) fail to provide adequate management and maintenance, or fail to establish and maintain adequate insurance in relation to physical damage to any of the assets of Far East H-REIT by fire or other causes and potential liabilities to third parties (including public liability claims), Far East H-REIT may be exposed to various liabilities and losses to the extent that such assets and liabilities are not fully compensated by insurance proceeds.

As at the Listing Date, Far East H-REIT will have in place for the Properties fire insurance, all risks policies and insurance policies against physical damage and (in relation to the Excluded Commercial Premises only) rental losses from business interruption. Currently, the Sponsor also maintains various policies on a group basis. For cost efficiency reasons, Far East H-REIT may participate and insure against public liability under these policies up to certain limits. While the Sponsor has given an undertaking to Far East H-REIT that it is able, or would continue, to allow Far East H-REIT to participate in the Sponsor's policies and that it would keep these policies in full force and effect, continue to pay premiums in a timely manner and ensure that they are not voidable or breached on the part of the Sponsor, there is no assurance that these insurance policies would altogether be adequate for any of the assets of Far East H-REIT or that such insurance will be cost efficient or properly maintained. In the event that there is any breach or default in the policies, Far East H-REIT may not be properly or adequately insured. In addition, the insurance policies taken out by Far East H-REIT do not cover certain types of risks such as acts of war, contamination or other environmental breaches. Far East H-REIT would also be responsible for the deductibles to its policies.

Certain types of risks (such as war risk, losses caused by the withholding of supply of, e.g. utilities, by a supply authority and contamination or other environmental breaches) may be uninsurable or become uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, Far East H-Trust could be required to pay compensation and/or lose capital invested in the affected Property as well as anticipated future revenue from that Property. Far East H-Trust would also remain liable for any debt or other financial obligation related to that Property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

**Far East H-Trust may be subject to increase in property expenses and other operating expenses.**

Far East H-Trust's ability to make distributions to Stapled Securityholders could be adversely affected if property expenses and other operating expenses increase.

Factors that could increase property expenses and other operating expenses include:

- changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increases in insurance premiums;

- increases in the rate of inflation;
- defects affecting or environmental pollution in connection with Far East H-Trust's properties which need to be rectified, leading to unforeseen capital expenditure; and
- increases in the REIT Manager's management fees, the REIT Trustee's fee and other trust expenses.

There can be no assurance that should the property expenses and other operating expenses increase, such increase will not have a significant impact on Far East H-Trust's financial condition and total returns. In addition, such increase may adversely affect the ability of Far East H-Trust to make expected distributions to Stapled Securityholders.

**The property tax to which Far East H-Trust is subject may increase.**

Property expenses for Far East H-Trust include property tax on the Properties. Such property tax is based on 10.0% of the annual value of the Properties.

The property tax of Far East H-Trust in "Profit Forecast and Profit Projection" is computed on the basis that the annual value of the Hotels' hotel rooms and F&B outlets will be determined using the rental method, subject to the tax remission granted to Far East H-REIT by the Ministry of Finance on any amount of property tax on the Hotels payable by Far East H-REIT under the rental method which is in excess of the property tax on the Hotels under the gross receipts method. (See "Profit Forecast and Profit Projection" for further details.)

There is no assurance that the property tax of Far East H-Trust will remain as forecast and projected. The property tax expenses of Far East H-Trust may increase due to reasons including, but not limited to, the following:

- an increase in the applicable property tax rate;
- changes to the Property Tax (Valuation by Gross Receipts for Hotel Premises) Order, including, but not limited to, changes to the basis of assessment and rates of the gross receipts;
- changes to the basis of assessment for property tax; and
- changes to the relevant property tax legislation or regime, including, but not limited to, changes in the definition of annual value.

An increase in property tax may have a significant impact on the total returns, financial condition and cash flows of Far East H-Trust. In addition, such increase may adversely affect the ability of Far East H-Trust to make expected distributions to Stapled Securityholders.

**Far East H-Trust may be adversely affected by the illiquidity of real estate investments.**

Far East H-Trust's investment strategy is to invest on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing. This involves a higher level of risk as compared to a portfolio which has a more diverse range of investments or larger geographical scope. Real estate investments, particularly investments in high value properties such as the Properties and those in which Far East H-Trust intends to invest, are relatively illiquid. Such illiquidity may affect Far East H-Trust's ability to optimise its investment portfolio or liquidate

its assets in response to changes in economic, real estate market or other conditions. For instance, Far East H-Trust may be unable to liquidate its assets on short notice or may be forced to give a substantial reduction in price in order to achieve a quick sale. Moreover, Far East H-Trust may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on Far East H-Trust's financial condition and results of operation, with a consequential adverse effect on Far East H-Trust's ability to deliver expected distributions to Stapled Securityholders.

**The President of the Republic of Singapore may, as head lessor, re-enter the Properties upon breach of terms and conditions of the State Lease.**

Save for The Elizabeth Hotel and The Quincy Hotel, the Properties are held either directly or indirectly via the Urban Redevelopment Authority under registered State leases, with the President of the Republic of Singapore as head lessor. Each State lease contains terms and conditions commonly found in State leases in Singapore, including the head lessor's right to re-enter the Properties and terminate the lease (without compensation) in the event the lessee fails to observe or perform the terms and conditions of the lease. Except in the case of Landmark Village Hotel where the lessee of the State lease is the Urban Redevelopment Authority, the lessees of the other State leases are the relevant Vendors prior to the completion of the acquisition and thereafter Far East H-REIT.

**The Properties or part thereof may be acquired compulsorily.**

The Land Acquisition Act, Chapter 152 of Singapore gives the Government the power to acquire any land in Singapore:

- for any public purpose;
- where the acquisition is of public benefit or of public utility or in the public interest; or
- for any residential, commercial or industrial purposes.

The compensation to be awarded pursuant to any compulsory acquisition would be based on the lowest of (i) the market value of the property as at 1 January 1995, (ii) the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication, a declaration of intention to acquire is made by publication in the Government Gazette) and (iii) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire. Accordingly, if the market value of a property (or part thereof) which is compulsorily acquired is greater than the lowest of the market values referred to above, the compensation paid in respect of the acquired property will be less than its market value.

Pursuant to the terms of the Master Lease Agreements, if the whole of a Property is compulsorily acquired or such parts of a Property so as to make it, in the Master Lessee's reasonable opinion, impracticable or unreasonable to use the remainder of the Property as a hospitality property of the same type and class, either party may terminate the Master Lease Agreement and no compensation is payable in respect of that termination. Any compensation awarded shall be equitably apportioned between the parties with priority to recoupment by Far East H-REIT of its entire investment.

Where only part of a Property is compulsorily acquired such that it is not impracticable or unreasonable to operate the remainder of the Property as a hospitality property of the same type and class, the Master Lessee may, by notice given within one month of the acquisition, elect to undertake, at its cost, alterations or modifications of the Property to make it a satisfactory architectural unit as a hospitality property of similar type and class and any compensation awarded shall be applied to reimburse the Master Lessee for such costs with the balance, if any, to be equitably apportioned between the parties to compensate for any loss of income.

**Far East H-REIT's acquisition of the Properties or future acquisitions may be subject to risks associated with the acquisition of real estate.**

While the REIT Manager believes that reasonable due diligence investigations with respect to the Properties have been conducted, there can be no assurance that the Properties or future acquisitions will not have defects or deficiencies requiring significant capital expenditure, repair or maintenance expenses, or payments to third parties, other than those disclosed in this Prospectus. The expert reports which the REIT Manager has relied upon as part of its due diligence investigations of the Properties, may contain inaccuracies and deficiencies. Certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors.

In addition, laws and regulations (including those in relation to real estate) may have been breached and certain regulatory requirements in relation to the Properties may not be or have been complied with, which the REIT Manager's due diligence investigations did not or might not uncover. As a result, Far East H-REIT may incur financial or other obligations in relation to such breaches or non-compliance.

In the event that there is damage to the Property which in the opinion of the REIT Trustee, acting on the recommendation of the REIT Manager, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of Far East H-REIT, the Property and other Properties in each case taken as a whole ("**Material Damage**"), Far East H-REIT may terminate the relevant property sale and purchase agreements with the Vendors for the sale of the Properties to the REIT Trustee (the "**Property Sale and Purchase Agreements**"). In the event that there is damage to the Property which is not Material Damage, the Vendor would be obliged to rectify the damage at its own cost and expense prior to the Listing Date or, if this is not possible, as soon as reasonably practicable after the Listing Date. In the event of such damage to any of the Properties, there can be no assurance that the relevant Vendor would have sufficient means and resources to complete any such repair/reinstatement or to do so prior to the Listing Date.

The representations, warranties and indemnities granted in favour of Far East H-REIT by the Vendors of the Properties are, or in the case of future acquisitions may be, subject to limitations as to their scope and the amount and timing of claims which can be made thereunder. There can be no assurance that Far East H-REIT will be reimbursed under such representations, warranties and indemnities for all losses or liabilities suffered or incurred by it as a result of its acquisition of the Properties or future acquisitions.

(See "Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Property Sale and Purchase Agreements".)

## **RISKS RELATING TO AN INVESTMENT IN THE STAPLED SECURITIES**

**The actual performance of Far East H-Trust and the Properties could differ materially from the forward-looking statements in this Prospectus.**

This Prospectus contains forward-looking statements including, among other things, the forecast and projected distribution levels for Forecast Period 2012 and Projection Year 2013. These forward-looking statements are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside Far East H-Trust's control. (See "Profit Forecast and Profit Projection — Assumptions" for further details.)

Some or all of the events and circumstances contained in these forward-looking statements may not occur as expected, or events and circumstances which are not currently anticipated may arise. Actual results and performances of Far East H-Trust and the Properties may differ materially from that forecast in these forward-looking statements.

Far East H-BT will be dormant as at the Listing Date. The forecast and projected distributions of Far East H-Trust in this Prospectus are based on (i) the forecast and projected distribution of Far East H-REIT and (ii) Far East H-BT remaining dormant during Forecast Period 2012 and Projection Year 2013. In the event that Far East H-BT becomes active, it is likely that the actual distributions of Far East H-Trust for Forecast Period 2012 and Projection Year 2013 will differ materially from the forecast and projected distributions of Far East H-Trust in this Prospectus.

Further, while profit forecasts are prepared for Forecast Period 2012, it should be noted that due to the seasonal nature of the hospitality business, the financial performance of hospitality properties is generally better in the second half of the year as compared to the first half of the year.

### **Activities carried out by Far East H-BT may affect the returns of Far East H-Trust.**

As at the Listing Date, Far East H-BT will be dormant. It will, however, become active if Far East H-REIT is unable to appoint a master lessee for any of the Properties in its portfolio at the expiry of the relevant master lease agreement or for a hospitality property newly acquired by Far East H-REIT. In such circumstances, Far East H-BT will be appointed by Far East H-REIT as a master lessee for that property, and Far East H-BT will in turn appoint the Hotel and Serviced Residence Operator to manage the day-to-day operations and marketing of the hospitality property. Far East H-BT exists primarily as a "master lessee of last resort".

Far East H-BT may also become active if it undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may be unsuitable for Far East H-REIT. In this regard, Far East H-BT will generally be considered to be active in the event that it carries out on any business activity other than:

- activities which Far East H-BT is required to carry out under any applicable law, regulation, rule or directive of any agency, regulatory or supervisory body;
- the lending or use of the initial S\$30,000 working capital raised from the Offering; and
- equity fund-raising activities and issue of new Far East H-BT Units carried out in conjunction with Far East H-REIT which are solely for the purposes of funding Far East H-REIT's business activities.



When Far East H-BT becomes active, it will face additional risks including, but not limited to, material losses suffered as a result of business or commercial risks, downturns in the relevant economies or markets, a lack of demand for its products and services and an inability to compete effectively against other competitors. Should Far East H-BT suffer losses, or should its relative returns based on criteria such as capital or equity employed be lower than that of Far East H-REIT, the returns of Far East H-Trust may be adversely affected since such returns comprise an aggregate of returns from both Far East H-REIT and Far East H-BT. Such risks will be different from the risk profile of Far East H-Trust as at the Listing Date, which is essentially that of a property owner deriving mainly rental income from the Master Lessees.

**The Stapled Securities may be subsequently unstapled.**

The Stapled Securities may only be unstapled if (a) determined by Extraordinary Resolutions of holders of units in Far East H-REIT and holders of units in Far East H-BT, and with prior approval from the SGX-ST for such Unstapling; (b) stapling becomes unlawful or prohibited by the listing rules of the SGX-ST and/or the listing rules of any other relevant Recognised Stock Exchange and all other applicable laws, regulations and guidelines, and with notification provided to the SGX-ST prior to such Unstapling; or (c) either Far East H-REIT or (as the case may be) Far East H-BT is terminated or (as the case may be) wound up. In the event that the process whereby a Far East H-REIT Unit is no longer stapled to a Far East H-BT Unit (“**Unstapling**”) should occur, the structure of Far East H-Trust may be undermined and there may be ramifications and adverse effects to Stapled Securityholders. As the letter of eligibility issued by the SGX-ST to Far East H-Trust for the listing and quotation on the Main Board of the SGX-ST is in relation to the Stapled Securities and does not extend to the listing and quotation of the individual components of the Stapled Securities, being Far East H-REIT Units and Far East H-BT Units, upon Unstapling, the Stapled Securities will be de-listed from the SGX-ST. As a result, investors’ ability to liquidate their investments in Far East H-REIT Units and/or Far East H-BT Units in response to changes in economic, real estate market or other conditions may be adversely affected and the realisable value of Far East H-REIT Units and Far East H-BT Units may be less than their fair values.

**The market price of the Stapled Securities may be adversely affected.**

The Stapled Securities will be tradable on the Main Board of the SGX-ST. If the Sponsor (following the lapse of the relevant respective lock-up arrangement or pursuant to any applicable waivers) sells or is perceived as intending to sell a substantial amount of its direct or effective interest in the Stapled Securities held as at the Listing Date, the market price of the Stapled Securities may be adversely affected.

(See “Distribution — Lock-up Arrangements” and “Ownership of the Stapled Securities” for further details.)

**The NAV per Stapled Security may be diluted if further issues are priced below the current NAV per Stapled Security.**

New Stapled Securities may be issued at a subscription price at or below the then-current NAV per Stapled Security. Where new Stapled Securities, including Stapled Securities which may be issued to the REIT Manager in payment of the REIT Manager’s management fees,

are issued at less than the current NAV per Stapled Security, the NAV of each existing Stapled Security will be diluted.

**Far East H-REIT may not be able to comply with the terms of Tax Ruling or the Tax Ruling may be revoked or amended.**

Far East H-REIT has received the Tax Ruling from the IRAS under which tax transparency has been granted to Far East H-REIT in respect of rental and property-related income from the direct ownership of properties in Singapore, subject to stipulated terms and conditions. These terms and conditions include a requirement for the REIT Trustee and the REIT Manager to take all reasonable steps necessary to safeguard the IRAS against the loss of tax as a result of the Tax Ruling and to comply with all administrative requirements to ensure ease of tax administration.

The Tax Ruling grants tax transparency to Far East H-REIT on its Taxable Income that is distributed to Stapled Securityholders. The Tax Ruling, either in whole or in part, may be revoked or its terms may be reviewed and amended by the IRAS at any time. If the Tax Ruling is revoked or if Far East H-REIT is unable to comply with the terms, Far East H-REIT will be subject to tax on its Taxable Income and the tax will be assessed on the REIT Trustee, in which case distributions to all Stapled Securityholders will be made after tax. In such event, the actual amount of distributions made to Stapled Securityholders will be less than the amount they would have otherwise received if Far East H-REIT had been granted tax transparency in respect of its Taxable Income. If the terms of the Tax Ruling are amended, Far East H-REIT may not be able to comply with the new terms imposed and this non-compliance could affect Far East H-REIT's tax transparent status and its ability to distribute its Taxable Income free of tax deduction at source. (See "Taxation — Terms and Conditions of the Tax Ruling" and Appendix E, "Independent Taxation Report" for further details.)

**Foreign Stapled Securityholders may not be permitted to participate in future rights issues and preferential offerings by Far East H-Trust.**

The Far East H-REIT Trust Deed and the Far East H-BT Trust Deed provides that in relation to any rights issue, the Managers may, in their absolute discretion, elect not to extend an offer of the Stapled Securities under a rights issue to those Stapled Securityholders whose addresses, as registered with CDP, are outside of Singapore. The rights or entitlements to the Stapled Securities to which such Stapled Securityholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Managers may determine, subject to such other terms and conditions as the REIT Trustee and the Trustee-Manager may impose. The proceeds of any such sale, if successful, will be paid to Stapled Securityholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Stapled Securityholders are less than S\$10.00, the REIT Manager is entitled to retain such proceeds as part of the Far East H-REIT Deposited Property. The holding of the relevant Stapled Securityholder may be diluted as a result of such sale.



**Far East H-Trust's distribution policy may cause Far East H-Trust to face liquidity constraints.**

Far East H-REIT is required by the Tax Ruling to distribute at least 90.0% of its Taxable Income. If Far East H-REIT's Taxable Income is greater than its cash flow from operations, there may be liquidity constraints and it may have to borrow to meet ongoing cash flow requirements in order to distribute at least 90.0% of its Taxable Income since it may not have any reserves to draw on. Far East H-REIT's ability to borrow is, however, limited by the Property Funds Appendix. Failure to make distributions would result in a breach of the terms of the Tax Ruling and Far East H-REIT would be liable to pay income tax on its Taxable Income. Should Far East H-BT be active and profitable, the declaration and payment of distributions by Far East H-BT will be at the sole discretion of the Trustee-Manager Board. Far East H-BT is not compulsorily required to make any distributions to Stapled Securityholders. If any such distributions are made to Stapled Securityholders, Far East H-BT may have to borrow in order to meet outgoing cash flow requirements.

(See "Taxation" for further details.)

**Stapled Securityholders may bear the effects of tax adjustments on the rollover adjustment mechanism agreed with the IRAS for the purpose of the Tax Ruling.**

Under the rollover adjustment mechanism agreed with the IRAS for the purpose of the Tax Ruling, any difference between Far East H-REIT's actual Taxable Income for a financial year and the amount of Taxable Income computed by the REIT Manager for that financial year for the purpose of making distributions will be added to or, as the case may be, deducted from the amount of distributions subsequently made. The amount of distributions received by Stapled Securityholders may therefore be increased or reduced by the amount of such adjustment.

(See Appendix E, "Independent Taxation Report" for further details.)

**Far East H-Trust may be adversely affected by any increase in GST.**

There is no assurance that GST will remain at the current rate of 7.0%. Any increase in GST could have a negative impact on the hospitality market which may result in decreased occupancy rates at the Properties, and on the retail market which may result in the loss of tenants in respect of the Properties that include a retail component. This may in turn reduce the Gross Operating Revenue of the affected Property, thereby adversely affecting Far East H-Trust's financial condition and results of operations.

**Far East H-Trust may not be able to make distributions to Stapled Securityholders or the level of distributions may fall.**

The income which Far East H-REIT earns from its real estate investments depends upon, among other factors, the amount of rental income received and the level of property and other operating expenses incurred. If properties held by Far East H-Trust do not generate sufficient income, Far East H-Trust's cash flow and ability to make distributions to Stapled Securityholders will be adversely affected. Neither is there any assurance that the level of distributions will increase over time, that there will be contractual increases in rent under the Master Lease Agreements or that the receipt of rental revenue in connection with any

expansion of the Properties or further acquisitions of properties will increase Far East H-Trust's income available for distribution to Stapled Securityholders.

In addition, Far East H-REIT's distribution policy is to distribute 100.0% of Far East H-REIT's Taxable Income for the Forecast Period 2012 and Projection Year 2013 and at least 90.0% of its Taxable Income thereafter. While the REIT Manager will take into account various considerations (including available cash flow of Far East H-REIT) in determining the level of distribution, there is no assurance that the REIT Manager will continue to distribute 100.0% of Far East H-REIT's Taxable Income after the Projection Year 2013. (See "Distributions" for further details on the distribution policy of Far East H-REIT.)

**The laws, regulations and accounting standards in Singapore to which Far East H-Trust is subject may change.**

Far East H-Trust may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting business trusts registered with the MAS ("Registered Business Trusts") and/or REITs, as well as accounting standards. There is no assurance that any such changes will not have an adverse effect on the ability of the REIT Manager to carry out Far East H-REIT's investment strategy or on the operations and financial condition of Far East H-Trust.

**Market and economic conditions may affect the market price and demand for the Stapled Securities.**

Movements in domestic and international securities markets, economic conditions and interest rates may affect the market price of and demand for the Stapled Securities. In particular, an increase in market interest rates may have an adverse impact on the market price of the Stapled Securities if the annual yield on the price paid for the Stapled Securities gives investors a lower return as compared to other investments.

**Certain provisions of the Singapore Code on Take-overs and Mergers (the "Take-over Code") could have the effect of discouraging, delaying or preventing a merger or acquisition which could adversely affect the market price of the Stapled Securities.**

Under the Take-over Code, an entity is required to make a mandatory offer for all the Stapled Securities not already held by it and/or parties acting in concert with it (as defined in the Take-over Code) in the event that an increase in the aggregate holdings of Stapled Securities of it and/or parties acting in concert with it results in the aggregate holdings of Stapled Securities crossing certain specified thresholds.

While the Take-over Code seeks to ensure an equality of treatment among Stapled Securityholders, its provisions could substantially impede the ability of Stapled Securityholders to benefit from a change in control and, as a result, may adversely affect the market price of the Stapled Securities and the ability to realise any potential change of control premium.

**Neither the REIT Manager nor the Trustee-Manager is obliged to redeem the Stapled Securities.**

Stapled Securityholders have no right to request either the REIT Manager or the Trustee-Manager to redeem their Stapled Securities while the Stapled Securities are listed on the

SGX-ST. It is intended that Stapled Securityholders may only deal in their listed Stapled Securities through trading on the SGX-ST.

**The Stapled Securities have never been publicly traded and the listing of the Stapled Securities on the Main Board of the SGX-ST may not result in an active or liquid market for the Stapled Securities.**

Prior to the Offering, there is no public market for the Stapled Securities and an active public market for the Stapled Securities may not develop or be sustained after the Offering. While a letter of eligibility from the SGX-ST for the listing and quotation of the Stapled Securities on the Main Board of the SGX-ST has been received, listing and quotation does not guarantee that a trading market for the Stapled Securities will develop or, if a market does develop, the liquidity of that market for the Stapled Securities. Prospective Stapled Securityholders should view the Stapled Securities as illiquid and must be prepared to hold their Stapled Securities for an indefinite length of time.

Although it is currently intended that the Stapled Securities will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Stapled Securities. Among other factors, Far East H-Trust may not continue to satisfy the listing requirements of the SGX-ST.

Further, it may be difficult to assess Far East H-Trust's performance against either domestic or international benchmarks.

**The price of the Stapled Securities may decline after the Offering.**

The Offering Price of the Stapled Securities has been determined by agreement between the Managers and the Joint Bookrunners. The Offering Price may not be indicative of the market price for the Stapled Securities upon the completion of the Offering. The Stapled Securities may trade at prices significantly below the Offering Price after the Offering. The trading price of the Stapled Securities will depend on many factors, including:

- the perceived prospects of the business and investments of Far East H-REIT and Far East H-BT (if any) and the hospitality and hospitality-related real estate markets in Singapore;
- differences between the actual financial and operating results of Far East H-Trust and those expected by investors and analysts;
- changes in analysts' recommendations or projection;
- changes in general economic or market conditions;
- the market value of the assets of Far East H-Trust;
- the perceived attractiveness of the Stapled Securities against those of other equity or debt securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Stapled Securities;
- the future size and liquidity of the Singapore REIT and business trust market;
- any changes from time to time to the regulatory system, including the tax system, both generally and specifically in relation to Singapore REITs and business trusts;
- the ability on the part of Far East H-REIT to implement successfully its investment and growth strategies; and
- broad market fluctuations, including weakness of the equity market and increases in interest rates.

For these reasons, among others, the Stapled Securities may trade at prices that are higher or lower than the NAV per Stapled Security. To the extent that Far East H-REIT retains operating cash flow for investment purposes, working capital requirements or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Stapled Securities. Any failure on the part of Far East H-Trust to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Stapled Securities.

In addition, the Stapled Securities are not capital-safe products. There is no guarantee that Stapled Securityholders can realise a higher amount or even the principal amount of their investment. If Far East H-Trust, Far East H-REIT or Far East H-BT is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Stapled Securities.

## USE OF PROCEEDS

### ISSUE PROCEEDS

The Managers intend to raise gross proceeds of between S\$1,379.3 million (based on the Minimum Offering Price) and S\$1,491.6 million (based on the Maximum Offering Price) from the Offering and the issuance of the Cornerstone Stapled Securities, and taking into account the amount attributable to the Sponsor Stapled Securities.

The REIT Manager also intends to draw down an amount of S\$650.0 million from the S\$725.0 million unsecured floating rate banking facilities for Far East H-REIT comprising S\$650.0 million term loan facilities and S\$75.0 million revolving credit facilities from DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (the “**Far East H-REIT Debt Facilities**”), which will be used towards partial payment to the Sponsor for the purchase price of the Properties.

The total cash proceeds raised from the Offering, the issuance of the Cornerstone Stapled Securities, as well as the amount drawn down from the Far East H-REIT Debt Facilities will be used towards the following:

- partial payment to the Sponsor for the purchase price of the Properties;
- payment of the related acquisition costs of the Properties;
- payment of issue and debt-related costs; and
- working capital.

The following table, included for the purpose of illustration, sets out the intended sources and applications of the total proceeds from the Offering and the Cornerstone Stapled Securities and the amount attributable to the Sponsor Stapled Securities based on the Minimum Offering Price and the Maximum Offering Price.

Based on the Minimum Offering Price, assuming that the Over-Allotment Option is fully exercised:

	Amount		Amount	As a dollar amount for each S\$ of the total issue proceeds of the Offering, the Sponsor Stapled Securities and the Cornerstone Stapled Securities
Source	(S\$'000)	Application	(S\$'000)	
Offering	339,906	Acquisition of the Properties	1,344,828	0.98
Sponsor Stapled Securities	715,782	Transaction costs <sup>(1)</sup>	33,516	0.02
Cornerstone Stapled Securities	323,656	Working capital	1,000	0.00
<b>TOTAL</b>	<b>1,379,344</b>	<b>TOTAL</b>	<b>1,379,344</b>	<b>1.00</b>

**Note:**

- (1) Transaction costs include expenses incurred in relation to the Offering, the Cornerstone Stapled Securities and the Far East H-REIT Debt Facilities, where appropriate.

Based on the Maximum Offering Price, assuming that the Over-Allotment Option is fully exercised:

	Amount		Amount	As a dollar amount for each S\$ of the total issue proceeds of the Offering, the Sponsor Stapled Securities and the Cornerstone Stapled Securities
Source	(S\$'000)	Application	(S\$'000)	
Offering	367,572	Acquisition of the Properties	1,454,953	0.98
Sponsor Stapled Securities	774,044	Transaction costs <sup>(1)</sup>	35,663	0.02
Cornerstone Stapled Securities	350,000	Working capital	1,000	0.00
<b>TOTAL</b>	<b>1,491,616</b>	<b>TOTAL</b>	<b>1,491,616</b>	<b>1.00</b>

**Note:**

(1) Transaction costs include expenses incurred in relation to the Offering, the Cornerstone Stapled Securities and the Far East H-REIT Debt Facilities, where appropriate.

As at the Listing Date, Far East H-REIT will have working capital of approximately S\$1.0 million. The REIT Manager believes that this working capital balance and rental deposits of approximately S\$4.6 million, in addition to the expected cash flow from operations and S\$75.0 million revolving facility, will be sufficient for Far East H-REIT's working capital requirements over the next 12 months following the Listing Date.

As at the Listing Date, Far East H-BT will be dormant and will only require minimal working capital.

## ISSUE EXPENSES

The Managers estimate that expenses payable in connection with the Offering and the issuance of the Sponsor Stapled Securities and the Cornerstone Stapled Securities and the application for listing, including the Underwriting, Selling and Management Commission, professional fees and all other incidental expenses relating to the Offering and the issuance of the Sponsor Stapled Securities and the Cornerstone Stapled Securities will be approximately S\$30.7 million based on the Minimum Offering Price and S\$32.8 million based on the Maximum Offering Price, assuming that the Over-Allotment Option is fully exercised.

A breakdown of these estimated expenses is as follows:

	(S\$'000) (based on Minimum Offering Price)	As a dollar amount for each S\$ of the total issue proceeds of the Offering and the issue of the Sponsor Stapled Securities and Cornerstone Stapled Securities	(S\$'000) (based on Maximum Offering Price)	As a dollar amount for each S\$ of the total issue proceeds of the Offering and the issue of the Sponsor Stapled Securities and Cornerstone Stapled Securities
Underwriting, Selling and Management Commission <sup>(1)</sup>	19,749	0.014	21,527	0.014
Professional and other fees <sup>(2)</sup>	5,246	0.004	5,394	0.004
Miscellaneous Offering expenses <sup>(3)</sup>	5,671	0.004	5,892	0.004
<b>TOTAL ESTIMATED EXPENSES OF THE OFFERING<sup>(4)</sup></b>	<b>30,666</b>	<b>0.022</b>	<b>32,813</b>	<b>0.022</b>

**Notes:**

- (1) Such commission represents a maximum of 3.0% of the total amount of the Offering and the Cornerstone Stapled Securities. The amount of total commission payable by the Managers will be pegged to the Offering Price.
- (2) Includes financial advisory fees, solicitors' fees and fees for the Independent Accountants, Ernst & Young Solutions LLP as the independent tax adviser (the "**Independent Tax Adviser**"), the Independent Valuers, the Independent Market Research Consultant and other professionals' fees.
- (3) Includes cost of prospectus production, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issuance of the Sponsor Stapled Securities and Cornerstone Stapled Securities.
- (4) The total expenses in relation to the Offering will be ultimately borne by the investors subscribing for the Stapled Securities pursuant to the Offering.

The Managers will make periodic announcements on the utilisation of the net proceeds from the Offering and the Cornerstone Stapled Securities via SGXNET as and when such funds are materially utilised. The actual use of such proceeds will be disclosed in the annual report of Far East H-Trust.

**LIQUIDITY**

As at the Listing Date, Far East H-Trust will have a cash balance of approximately S\$5.6 million. The Managers believe that this cash balance, in addition to the expected cash flow from operations and S\$75.0 million revolving facility will be sufficient for Far East H-Trust's working capital requirements over the next 12 months following the Listing Date.



## **OWNERSHIP OF THE STAPLED SECURITIES**

### **EXISTING STAPLED SECURITIES**

On 1 August 2012, upon the constitution of Far East H-REIT and Far East H-BT, one Far East H-REIT Unit and one Far East H-BT Unit were issued to Golden Development Private Limited. The issue price of each Far East H-REIT Unit and each Far East H-BT Unit was S\$1.00. No other Far East H-REIT Units or Far East H-BT Units have been issued. On 1 August 2012, the REIT Manager, the REIT Trustee and the Trustee-Manager entered into the Stapling Deed. The Far East H-REIT Units and the Far East H-BT Units are stapled to each other and constitute the Sponsor Initial Stapled Security.

### **STAPLED SECURITIES TO BE ISSUED TO THE SPONSOR**

On the Listing Date, separate from the Offering, 898,177,999 Stapled Securities (representing 56.0% of the total number of Stapled Securities in issue on the Listing Date) will be issued to FEOC, Golden Development Private Limited, Golden Landmark Pte Ltd, Oxley Hill Properties Pte Ltd and Riverland Pte Ltd, as part of the purchase price payable for the sale of the respective Properties.

### **PRINCIPAL STAPLED SECURITYHOLDERS AND THEIR HOLDINGS**

The total number of Stapled Securities in issue immediately after the completion of the Offering will be 1,603,888,000 Stapled Securities.

The following table sets out the principal Stapled Securityholders and their holdings after the Offering and the issuance of the Sponsor Stapled Securities and Cornerstone Stapled Securities:

		Stapled Securities in issue as at the date of this Prospectus		Stapled Securities in issue after the Offering (assuming that the Over-Allotment Option is not exercised)				Stapled Securities in issue after the Offering (assuming the Over-Allotment Option is fully exercised)			
				Based on Minimum Offering Price		Based on Maximum Offering Price		Based on Minimum Offering Price		Based on Maximum Offering Price	
			(%)	('000)	(%)	('000)	(%)	('000)	(%)	('000)	(%)
<b>Sponsor</b>	Far East Organization Centre Pte. Ltd.	-	-	178,055	11.1	182,307	11.4	178,055	11.1	182,307	11.4
	Golden Development Private Limited	1	100.0	291,306	18.2	289,290	18.0	225,433	14.1	223,417	13.9
	Golden Landmark Pte Ltd	-	-	189,942	11.8	191,806	12.0	189,942	11.8	191,806	12.0
	Oxley Hill Properties Pte Ltd	-	-	161,102	10.0	154,481	9.6	161,102	10.0	154,481	9.6
	Riverland Pte Ltd	-	-	77,773	4.8	80,294	5.0	77,773	4.8	80,294	5.0
	<b>Sponsor Subtotal</b>	1	100.0	898,178	56.0	898,178	56.0	832,305	51.9	832,305	51.9

		Stapled Securities in issue as at the date of this Prospectus		Stapled Securities in issue after the Offering (assuming that the Over-Allotment Option is not exercised)				Stapled Securities in issue after the Offering (assuming the Over-Allotment Option is fully exercised)			
				Based on Minimum Offering Price		Based on Maximum Offering Price		Based on Minimum Offering Price		Based on Maximum Offering Price	
				('000)	(%)	('000)	(%)	('000)	(%)	('000)	(%)
<b>Cornerstone Investors</b>	Aberdeen Asset Management Asia Limited	-	-	37,634	2.4	37,634	2.4	37,634	2.4	37,634	2.4
	AIA <sup>(1)</sup>	-	-	59,141	3.7	59,141	3.7	59,141	3.7	59,141	3.7
	APG Strategic Real Estate Pool	-	-	53,763	3.4	53,763	3.4	53,763	3.4	53,763	3.4
	Havenport Asset Management Pte. Ltd.	-	-	16,129	1.0	16,129	1.0	16,129	1.0	16,129	1.0
	Hwang Investment Management Berhad	-	-	48,387	3.0	48,387	3.0	48,387	3.0	48,387	3.0
	Indus	-	-	21,505	1.3	21,505	1.3	21,505	1.3	21,505	1.3
	JF Asset Management Limited	-	-	48,387	3.0	48,387	3.0	48,387	3.0	48,387	3.0
	Lion Global Investors Limited	-	-	26,882	1.7	26,882	1.7	26,882	1.7	26,882	1.7
	Myriad Asset Management Limited	-	-	16,129	1.0	16,129	1.0	16,129	1.0	16,129	1.0
	NTUC Income Co-operative Limited	-	-	48,387	3.0	48,387	3.0	48,387	3.0	48,387	3.0
	<b>Sub-Total</b>	-	-	376,344	23.5	376,344	23.5	376,344	23.5	376,344	23.5
<b>Public and institutional investors</b>		-	-	329,366	20.5	329,366	20.5	395,239	24.6	395,239	24.6
<b>TOTAL</b>		1	100.0	1,603,888	100.0	1,603,888	100.0	1,603,888	100.0	1,603,888	100.0

**Note:**

(1) Through AIA Singapore Private Limited, and American International Assurance Company (Bermuda) Limited.

## **LOCK-UPS**

FEOC, Golden Development Private Limited and F. E. Holdings Pte. Ltd. will each agree to a lock-up arrangement during the Lock-up Period in respect of its effective interest in the relevant Lock-up Stapled Securities held by it on the Listing Date, directly (in the case of FEOC and Golden Development Private Limited) and/or indirectly ((i) in the case of Golden Development Private Limited, through Oxley Hill Properties Pte Ltd and (ii) in the case of F. E. Holdings Pte. Ltd., through Golden Landmark Pte Ltd and Riverland Pte Ltd), subject to certain exceptions.

The Managers will also undertake not to offer, issue or contract to issue any Stapled Securities, and the making of any announcements in connection with any of the foregoing transactions, during the Lock-up Period, subject to certain exceptions.

(See “Plan of Distribution — Lock-up Arrangements” for further details.)

## **SUBSCRIPTION BY THE CORNERSTONE INVESTORS**

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into a subscription agreement to subscribe for an aggregate of 376,344,000 Stapled Securities at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

### **Information on the Cornerstone Investors**

#### ***Aberdeen Asset Management Asia Limited in its capacity as fund manager and agent for and on behalf of its clients***

Established in Singapore since 1992, Aberdeen Asia, a wholly-owned subsidiary of the Aberdeen Group, has been investing in Asia for over 20 years. Aberdeen Asia is a pure asset management company and only manages assets for third parties. Aberdeen Asia’s clients access its investment expertise drawn from three main asset classes: equities, fixed income and property, as well as tailored solutions. As at April 2012, Aberdeen Asia has more than 170 staff in Singapore, and manages more than US\$100 billion across the region, of which US\$80 billion is in equities.

### **AIA**

AIA comprises the largest independent publicly listed pan-Asian life insurance group in the world. It has wholly-owned main operating subsidiaries or branches in 14 markets in Asia Pacific — Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau and Brunei and a 26 per cent joint venture shareholding in India.

The business that is now AIA was first established in Shanghai over 90 years ago. It is a market leader in the Asia Pacific region (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$119,494 million as of 31 May 2012.

AIA meets the savings and protection needs of individuals by offering a range of products and services including retirement planning, life insurance and accident and health insurance. The Group also provides employee benefits, credit life and pension services to corporate clients.

Through an extensive network of agents and employees across Asia Pacific, AIA serves the holders of more than 24 million individual policies and over 10 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

### ***APG Strategic Real Estate Pool***

APG Pool is a collective investment fund established under Dutch law on 1 July 2009 in the form of a fund for joint account (*fonds voor gemene rekening*). APG Pool is a contractual arrangement between APG Algemene Pensioen Group N.V. in its capacity as manager of APG Pool, Stichting Depositary APG Strategic Real Estate Pool as depository of APG Pool and each of the participants in APG Pool. The purpose of APG Pool is to build a diversified portfolio in listed and private real estate investments.

### ***Havenport Asset Management Pte. Ltd.***

Havenport Asset Management Pte. Ltd. is a company incorporated in Singapore and is headquartered in Singapore. Havenport Asset Management is an Asia Pacific equity specialist and manages assets for sovereign wealth funds, corporate pension plans, endowment schemes and retail unit trusts with clients spread across the globe and in the region.

### ***Hwang Investment Management Berhad***

HwangIM was incorporated in Malaysia on 2 May 1997 under the Companies Act, 1965 and began operations under the name Hwang-DBS Unit Trust (HDBSUT) Berhad in 2001. It is supported by one of Malaysia’s leading integrated financial services group, Hwang-DBS (M) Berhad (HDBS) whose principal subsidiary, HwangDBS Investment Bank Berhad has over 38 years of experience in the securities industry, and Nikko Asset Management Asia Limited (formerly known as DBS Asset Management Ltd.) (Nikko AM ASIA), is an independent Asian investment management franchise with its parent company Nikko Asset Management Group (NikkoAM) headquartered in Tokyo.

HwangIM is a holder of a valid and existing Capital Markets and Services Licence under the Capital Markets and Services Act 2007 and has an authorised paid up capital of RM 10 million. Shareholders of HwangIM are HDBS (53%), Nikko AM ASIA (30%) and Y.A.M. Tunku Dato’ Seri Nadzaruddin Ibni Almarhum Tuanku Ja’afar (17%). HwangIM distributes its funds through their Institutional Business team, its internal retail sales team, third party agencies and through most banks in Malaysia.

### ***Indus***

Indus Pacific Opportunities Master Fund, Ltd. and Indus Asia Pacific Master Fund, Ltd. are each a private investment vehicle that is an exempted company incorporated and validly existing under the laws of the Cayman Islands. Indus Capital Partners, LLC is the investment manager of these funds, and is registered as an investment adviser with the U.S. Securities and Exchange Commission.

### ***JF Asset Management Limited***

JFAM is the Asia Pacific equity investment arm of J.P. Morgan Asset Management. With a network of investment professionals based in the region, JFAM manages US\$78 billion for investors around the globe.

### ***Lion Global Investors Limited***

Lion Global Investors Limited, a member of Oversea-Chinese Banking Corporation Limited Group, is one of the largest asset management companies in South East Asia, with total assets under management of S\$28.4 billion (US\$22.6 billion) as at 31 March 2012. Established as an Asian asset specialist since 1986, Lion Global Investors Limited offers equities and fixed income funds to institutional and retail investors globally. It has one of the largest and most experienced investment teams dedicated to regional and global equities and fixed income markets. The company's commitment to investment excellence begins with a team-based and research-intensive approach, combining in-depth market insights with comprehensive sector knowledge.

Lion Global Investors Limited is 70% owned by Great Eastern Holdings Limited and 30% owned by Orient Holdings Private Limited, a wholly-owned subsidiary of Oversea-Chinese Banking Corporation Limited.

### ***Myriad Asset Management Limited***

Myriad Asset Management Limited is a Hong Kong-based independent asset management company that has grown rapidly since being established in 2011. The Myriad Opportunities Fund is an Asia Pacific Integrated Multi-Strategy Investment Fund investing one focused portfolio across the corporate capital structure with a focus on Equities, but also Convertible Bonds, and Credit. Myriad Asset Management is managed by the CIO and founder, Carl Huttenlocher who has over 15 years of experience managing hedge fund strategies.

### ***NTUC Income Co-operative Limited***

NTUC Income was established in 1970 to provide affordable insurance for workers in Singapore. As a social enterprise, it was made different from the start with a mission to provide value for customers, and not to maximise profits for shareholders.

Since 2007, NTUC Income has been transforming into a modern financial institution to meet the needs of an increasingly sophisticated and affluent generation. NTUC Income has over two million customers and S\$27.6 billion of assets under management, as at 31 December 2011. It is a major force in the industry, having attained leadership positions in life, health, annuity and motor insurance.

NTUC Income's insurance plans benefit large numbers of Singaporeans from all strata of society and it supports the community through financial contributions to charities and other worthy causes. The organisation combines its commercial leadership with its social purpose of making insurance accessible, affordable and sustainable for all.

NTUC Income is rated "AA-" by independent credit ratings agency, Standard & Poor's, making it one of the strongest financial institutions in Singapore and the region.

## **SUBSCRIPTION FOR RESERVED STAPLED SECURITIES**

15,300,000 Stapled Securities have been reserved under the Public Offer for subscription by the directors, management and employees of the Sponsor and the REIT Manager.

(See “Plan of Distribution” for further details.)

## **SUBSCRIPTION BY THE REIT MANAGER DIRECTORS AND THE TRUSTEE-MANAGER DIRECTORS**

The directors of the REIT Manager (the “**REIT Manager Directors**”) and the directors of the Trustee-Manager (the “**Trustee-Manager Directors**”) may subscribe for the Stapled Securities under the Public Offer and/or the Placement Tranche. Save for the REIT Manager’s and the Trustee-Manager’s respective internal policies, which prohibit the REIT Manager Directors and the Trustee-Manager Directors from dealing in the Stapled Securities at certain times, there are no restrictions on the REIT Manager’s Directors or the Trustee-Manager’s Directors disposing of or transferring all or any part of their holdings.

(See “Management and Corporate Governance — Far East H-REIT — Dealings in Stapled Securities or Far East H-REIT Units” and “Management and Corporate Governance — Far East H-BT — Dealings in Stapled Securities or Far East H-BT Units” for further details.)

## **SUBSCRIPTION FOR MORE THAN 5.0% OF THE STAPLED SECURITIES**

To the Managers’ knowledge, as at 26 July 2012, being the Latest Practicable Date, no person intends to subscribe for more than 5.0% of the Stapled Securities in the Offering. If any person were to make an application for the Stapled Securities amounting to more than 5.0% of the Stapled Securities in the Offering and were subsequently allotted or allocated such number of Stapled Securities, the Managers will make the necessary announcements at an appropriate time. The final allocation of the Stapled Securities will be in accordance with the unitholding spread and distribution guidelines as set out in Rule 210 of the Listing Manual.

## **OPTIONS ON STAPLED SECURITIES**

No option to subscribe for the Stapled Securities has been granted to any of the Directors or to the Chief Executive Officer or any other key executive officers of the Managers.



## **DISTRIBUTIONS**

It should be noted that the total distributions available to Stapled Securityholders is an aggregate of the distributions from Far East H-REIT and Far East H-BT, and is thus dependent on the financial performance of Far East H-REIT and Far East H-BT respectively, instead of the consolidated financial performance of Far East H-REIT and Far East H-BT.

### **DISTRIBUTION POLICY OF FAR EAST H-REIT**

One of the primary objectives of Far East H-Trust is to provide Stapled Securityholders with regular, stable and growing distributions on a quarterly basis. Far East H-REIT's distribution policy is to distribute 100.0% of Far East H-REIT's Taxable Income for the Forecast Period 2012 and Projection Year 2013 and at least 90.0% of its Taxable Income thereafter, comprising substantially income from the letting of the Properties and related property services income after deduction of allowable expenses and allowances. The actual level of distribution is to be determined at the REIT Manager's discretion. Distributions, when paid, will be in Singapore dollars.

After Far East H-Trust has been admitted to the Main Board of the SGX-ST, Far East H-REIT will make distributions to Stapled Securityholders on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. Far East H-REIT's first distribution after the Listing Date will be for the period from the Listing Date to 31 December 2012 and will be paid by the REIT Manager on or before 31 March 2013. Subsequent distributions will take place on a quarterly basis as well. Under the Far East H-REIT Trust Deed, the REIT Manager is required to pay distributions within 90 days after the end of each distribution period.

While the investment strategy of Far East H-REIT is to hold its investments for the long-term, in the event that there are gains arising from sales of real properties, and only if such gains are surplus to the business requirements and needs of Far East H-REIT and its taxability or otherwise confirmed by the IRAS, the REIT Manager may, at its discretion, direct the REIT Trustee to distribute such gains. Such gains, if not distributed, will form part of the Far East H-REIT Deposited Property.

Far East H-REIT's primary source of liquidity to fund distributions, servicing of debt, payment of property expenses and capital expenditure will be from the receipts from operations and borrowings, where appropriate.

Far East H-REIT's ability to make distributions will be subject to its available cash flow. Where the cash flow generated from operations is not sufficient to meet the distributions of Far East H-REIT, Far East H-REIT may incur borrowings for the purpose of funding such distributions. Far East H-REIT's ability to borrow is, however, limited by the Property Funds Appendix. On the other hand, the actual proportion of Taxable Income distributed to Stapled Securityholders beyond Projection Year 2013 may be greater than 90.0% if the REIT Manager believes it to be appropriate, having considered Far East H-REIT's funding requirements, other capital management considerations and the overall stability of distributions.

Under the Property Funds Appendix, if the REIT Manager declares a distribution that is in excess of profits, the REIT Manager should certify, in consultation with the REIT Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, Far East H-REIT will be able to fulfil, from the Far East H-REIT Deposited Property, the liabilities of Far East H-REIT as they fall due. The certification by the REIT Manager should include a

description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the Far East H-REIT Deposited Property. The certification should be made at the time the distribution is declared.

#### **DISTRIBUTION POLICY OF FAR EAST H-BT**

As at the Listing Date, Far East H-BT will be dormant.

In the event that Far East H-BT becomes active and profitable, Far East H-BT's distribution policy will be to distribute as much of its income as practicable, and the determination to distribute and the quantum of distributions to be made by Far East H-BT will be determined by the Trustee-Manager Board at its sole discretion.

## CAPITALISATION AND INDEBTEDNESS

The following tables set forth the pro forma capitalisation of Far East H-Trust and Far East H-REIT as at the Listing Date and after application of the total proceeds from the Offering and the issuance of the Sponsor Stapled Securities and Cornerstone Stapled Securities, based on the Minimum Offering Price and the Maximum Offering Price, and the expected drawdowns under the Far East H-REIT Debt Facilities. The information in the table below should be read in conjunction with “Use of Proceeds”.

### CAPITALISATION<sup>(1)</sup>

#### Far East H-Trust

	As at the Listing Date	
	Based on Minimum Offering Price (S\$'000)	Based on Maximum Offering Price (S\$'000)
Total debt	650,000	650,000
Stapled Securityholders' funds	1,379,344	1,491,616
<b>TOTAL CAPITALISATION</b>	<b>2,029,344</b>	<b>2,141,616</b>

#### Far East H-REIT

	As at the Listing Date	
	Based on Minimum Offering Price (S\$'000)	Based on Maximum Offering Price (S\$'000)
Total debt	650,000	650,000
Far East H-REIT Units in issue	1,379,314	1,491,586
<b>TOTAL CAPITALISATION</b>	<b>2,029,314</b>	<b>2,141,586</b>

**Note:**

(1) No capitalisation is presented for Far East H-BT as it is dormant as at the Listing Date.

As at the Listing Date, Far East H-REIT will have an Aggregate Leverage of 30.4%.

## INDEBTEDNESS

### Far East H-REIT

Far East H-REIT has put in place the Far East H-REIT Debt Facilities, being S\$725.0 million unsecured floating rate banking facilities comprising S\$650.0 million term loan facilities and S\$75.0 million revolving credit facilities from DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.

The S\$650.0 million term loan facilities have staggered loan maturities of three-year, five-year and seven-year terms as detailed below and will be drawn down in full on the Listing Date:

- S\$300.0 million (46.1%) repayable in three years;
- S\$250.0 million (38.5%) repayable in five years; and
- S\$100.0 million (15.4%) repayable in seven years.

The S\$75.0 million revolving credit facilities are uncommitted facilities.

The Far East H-REIT Debt Facilities agreement contains covenants which are typical for financing of such nature. The material covenants (some of which may limit the ability of Far East H-REIT to use its assets to secure its banking facilities/capital market debt instruments) require, *inter alia*, that:

- Far East H-REIT's Aggregate Leverage shall not be more than (i) 35.0% if Far East H-REIT is unrated; and (ii) 55.0% if Far East H-REIT is rated;
- Far East H-Trust's minimum interest coverage ratio shall be 1.5 times;
- the Initial Portfolio, namely, Albert Court Village Hotel, Changi Village Hotel, The Elizabeth Hotel, Landmark Village Hotel, Oasia Hotel, Orchard Parade Hotel, The Quincy Hotel, Central Square Village Residences, Hougang Village Residences, Regency House and Riverside Village Residences, shall be subject to negative pledge; and
- Far East H-REIT shall remain listed.

In addition, the Far East H-REIT Debt Facilities agreement contains two change of control provisions, as set out below:

- the REIT Manager shall be majority owned (directly and/or indirectly) by the Sponsor at all times; and
- Far East H-Trust shall be no less than 30.0% owned (directly and/or indirectly) by the Sponsor at all times.

There is a provision in the Far East H-REIT Debt Facilities agreement which permits the Sponsor to lower its Stapled Securityholding to less than the respective thresholds with the prior consent of the respective lender.

For the purposes of Rule 728 of the Listing Manual, Far East Organization Centre Pte Ltd, Far East Organisation Pte. Ltd., Golden Development Private Limited, Glory Realty Co. Private Ltd., F. E. Holdings Pte. Ltd., Boo Han Holdings Pte. Ltd., Lucky Realty Company Pte Ltd and Orchard Landmark Pte. Ltd. have collectively provided an undertaking to the REIT Manager and the REIT Trustee that, for so long as the FEO Group (as defined in the Far East H-REIT Debt Facilities agreement) is a majority shareholder of the REIT Manager and/or owns no less than 30% of the Stapled Securities of Far East H-Trust, Far East Organization Centre Pte Ltd, Far East Organisation Pte. Ltd., Golden Development Private Limited, Glory Realty Co. Private Ltd., F. E. Holdings Pte. Ltd., Boo Han Holdings Pte. Ltd., Lucky Realty Company Pte Ltd and Orchard Landmark Pte. Ltd. will notify the REIT Manager and the REIT Trustee as soon as they become aware of:

- (a) any pledging arrangement (or other arrangements having similar legal or economic effect) relating to all or any of their shareholding in the REIT Manager and/or their Stapled Securityholding in Far East H-Trust; and
- (b) any event which may result in a breach of the terms of the Far East H-REIT Debt Facilities agreement.

#### **Far East H-BT**

As at the Listing Date, Far East H-BT will be dormant and will not have any debt facilities in place.

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

### FAR EAST H-REIT

The following tables present (a) the unaudited pro forma statements of total return for Far East H-REIT for FY2009, FY2010, FY2011, the three months ended 31 March 2011 (“1Q2011”) and the three months ended 31 March 2012 (“1Q2012”), (b) the unaudited pro forma cash flow statement for Far East H-REIT for FY2011, and (c) unaudited pro forma balance sheet for Far East H-REIT as at 31 December 2011 and 31 March 2012 (collectively, the “**Unaudited Pro Forma Financial Information**”).

The Independent Accountants, Ernst & Young LLP, have reported on the Unaudited Pro Forma Financial Information and their report is included in Appendix B, “Independent Accountants’ Report on the Examination of the Unaudited Pro Forma Financial Information”. The Unaudited Pro Forma Financial Information has been prepared on the basis of the assumptions and accounting policies set out in Appendix B, “Independent Accountants’ Report on the Examination of the Unaudited Pro Forma Financial Information”, and should be read together with these assumptions and accounting policies.

In preparing the Unaudited Pro Forma Financial Information, the unaudited pro forma financial information of Far East H-REIT and its subsidiaries have been combined line by line by adding together like items of assets, liabilities, net assets attributable to Stapled Securityholders, income and expenses. Balances, transactions, income and expenses between the Far East H-REIT group are eliminated in full.

The unaudited pro forma statements of total return of Far East H-REIT for FY2009, FY2010, FY2011, 1Q2011 and 1Q2012 reflect the total return of Far East H-REIT assuming the Offering, the acquisition of leasehold titles in the Properties, the Master Lease Agreements, the Property Management Agreement and the fee arrangements of the REIT Manager, the REIT Trustee and the Hotel and Serviced Residence Operator as set out in “Overview — Certain Fees and Charges” (the “**Fee Arrangements**”) had occurred or were effective on 1 January 2009 under the same terms as set out in the Prospectus.

The unaudited pro forma balance sheet of Far East H-REIT as at 31 December 2011 and 31 March 2012 present the financial position of Far East H-REIT assuming the Offering, the acquisition of leasehold titles in the Properties, the Master Lease Agreements, the Property Management Agreement and the Fee Arrangements had occurred or were effective on 31 December 2011 and 31 March 2012 under the same terms set out in the Prospectus.

The unaudited pro forma cash flow statement of Far East H-REIT for FY2011 and 1Q2012 shows the cash flows of Far East H-REIT assuming the Offering, the acquisition of leasehold titles in the Properties, the Master Lease Agreements, the Property Management Agreement and the Fee Arrangements had occurred or were effective on 1 January 2011 under the same terms set out in the Prospectus.

The objective of the Unaudited Pro Forma Financial Information is to show what the total return, cash flows and financial position might have been had Far East H-REIT existed at an earlier date. However, the Unaudited Pro Forma Financial Information of Far East H-REIT is not necessarily indicative of the total return and cash flows of the operations or financial position that would have been attained had Far East H-REIT actually existed earlier. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the actual total return, cash flows or financial position of Far East H-REIT.

## FAR EAST H-BT AND FAR EAST H-TRUST

No pro forma financial information of Far East H-BT has been presented as it is newly established and will be dormant as at the Listing Date. Accordingly, no consolidated pro forma financial information of Far East H-Trust has been presented.

The unaudited pro forma financial information for Far East H-REIT, based on the Maximum Offering Price, assuming that the Over-Allotment Option is fully exercised, is as follows:

### Unaudited Pro Forma Statements of Total Return of Far East H-REIT

	FY2009	FY2010	FY2011	1Q2011	1Q 2012
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Total Gross Revenue	73,922	92,895	104,396	24,370	28,722
Property Expenses	(8,475)	(8,945)	(9,709)	(2,309)	(2,755)
<b>Net Property Income</b>	65,447	83,950	94,687	22,061	25,967
REIT Manager's management fees <sup>(1)</sup>	(9,047)	(9,796)	(10,254)	(2,492)	(2,656)
REIT Trustee's Fees <sup>(1)</sup>	(429)	(429)	(431)	(107)	(108)
Other trust expenses	(18,028) <sup>(2)</sup>	(1,040)	(1,082)	(270)	(281)
Finance costs (net) <sup>(3)</sup>	(16,288)	(16,360)	(16,508)	(4,101)	(4,160)
<b>Net income before tax and fair value change</b>	21,655	56,325	66,412	15,091	18,762
Fair value change in investment properties	34,897	-	-	-	-
<b>Net income before tax</b>	56,552	56,325	66,412	15,091	18,762
Income tax expense	-	-	-	-	-
<b>Net income after tax</b>	56,552	56,325	66,412	15,091	18,762
Add / (Less): Non-tax (chargeable) / deductible items (net) <sup>(4)</sup>	(9,553)	8,916	9,284	2,264	2,395
<b>Income available for distribution to holders of Far East H-REIT units</b>	46,999	65,241	75,696	17,355	21,157

#### Notes:

- (1) Computed on the assumption that capital expenditure incurred for the respective periods was capitalised as part of the value of the relevant Property and, as such, would increase the value of the Far East H-REIT Deposited Property for purposes of computation of the management fees payable to the REIT Manager and trustee fees payable to the REIT Trustee.
- (2) Other trust expenses for FY2009 include one-off non-capitalised issuance costs.
- (3) Computed on the assumption that capital expenditure incurred for the respective periods was funded by borrowings.
- (4) "Non-tax (chargeable) / deductible items" comprise the REIT Manager's management fees paid or payable in Stapled Securities, the REIT Trustee's fees, amortisation of upfront debt financing costs, fair value change in investment properties and non-capitalised issuance costs.

## Unaudited Pro Forma Balance Sheets of Far East H-REIT

	As at 31 December 2011	As at 31 March 2012
	(S\$'000)	(S\$'000)
<b>Non-current assets</b>		
Investment Properties	2,139,850	2,139,850
<b>Current assets</b>		
Cash and cash equivalents	5,527	5,527
<b>Total assets</b>	<u>2,145,377</u>	<u>2,145,377</u>
<b>Current liabilities</b>		
Rental deposits	4,557	4,557
<b>Non-current liabilities</b>		
Borrowings (net of upfront debt financing costs)	647,150	647,150
<b>Total liabilities (excluding net assets attributable to holders of Far East-H REIT Units)</b>	<u>651,707</u>	<u>651,707</u>
<b>Net assets attributable to holders of Far East H-REIT Units</b>	<u>1,493,670</u>	<u>1,493,670</u>
Number of Far East H-REIT Units in issue ('000)	1,603,888	1,603,888
Net asset value per Far East H-REIT Unit (S\$)	<u>0.93</u>	<u>0.93</u>

## Unaudited Pro Forma Cash Flow Statements of Far East H-REIT

	FY2011	1Q 2012
	(S\$'000)	(S\$'000)
<b>Operating activities</b>		
Net income before income tax	84,527	18,825
Adjustments for:		
Finance costs <sup>(1)</sup>	16,364	4,124
Fair value change in investment properties	(34,897)	-
Non-capitalised issuance costs	17,028	-
REIT Manager's management fees paid or payable in Far East H-REIT Units <sup>(1)</sup>	8,188	2,121
Operating income before working capital changes	91,210	25,070
Changes in trade payables	171	6
Changes in trade receivables	(7,299)	(825)
Finance costs paid <sup>(2)</sup>	(15,714)	(3,961)
<b>Cash flows from operating activities</b>	<u>68,368</u>	<u>20,290</u>
<b>Investing activities</b>		
Purchase of investment properties and related assets and liabilities <sup>(3)</sup>	(2,100,396)	-
Capital expenditure	(9,525)	(1,296)
<b>Cash flows used in investing activities</b>	<u>(2,109,921)</u>	<u>(1,296)</u>
<b>Financing activities</b>		
Proceeds from issue of Far East H-REIT Units (net of issuance costs)	1,458,773	-
Proceeds from borrowings <sup>(4)</sup>	656,674	1,296
Distribution to holders of Far East H-REIT Units	(56,944)	(18,981)
<b>Cash flows from/(used in) financing activities</b>	<u>2,058,503</u>	<u>(17,685)</u>
<b>Net increase in cash &amp; cash equivalents</b>	16,950	1,309
<b>Cash &amp; cash equivalents at beginning of year/period</b>	-	16,950
<b>Cash &amp; cash equivalents at end of year/period</b>	<u>16,950</u>	<u>18,259</u>

### Notes:

- (1) Computed on the assumption that capital expenditure incurred for the respective periods was capitalised as part of the value of the relevant Property and as such, would increase the value of the Far East H-REIT Deposited Property for purposes of computation of the management fees payable to the REIT Manager and trustee fees payable to the REIT Trustee.
- (2) Computed on the assumption that all incurred finance costs were paid out in the respective periods.
- (3) Inclusive of rental deposit which was assumed to be S\$4.6 million.
- (4) Computed on the assumption that capital expenditure incurred for the respective periods was funded by borrowings.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read together with the information in the Unaudited Pro Forma Financial Information, included elsewhere in this document. Statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those forecasts. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners or any other persons, or that these results will be achieved or are likely to be achieved (see "Forward-Looking Statements" and "Risk Factors" for further details). Recipients of this Prospectus and all prospective investors in the Stapled Securities are cautioned not to place undue reliance on these forward-looking statements.*

*The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and is based on certain assumptions after making certain adjustments to:*

- (i) reflect the unaudited pro forma statements of total return for FY2009, FY2010, FY2011, 1Q2011 and 1Q2012 assuming the Offering, the acquisition of leasehold titles in the Properties, the Master Lease Agreements, the Property Management Agreement and the Fee Arrangements had occurred or were effective on 1 January 2009;*
- (ii) present the unaudited pro forma balance sheet as at 31 December 2011 and 31 March 2012 assuming the Offering, the acquisition of the leasehold titles in the Properties, the Master Lease Agreements, the Property Management Agreement and the Fee Arrangements had occurred on or were effective on 31 December 2011 and 31 March 2012; and*
- (iii) show the unaudited pro forma cash flow statement for FY2011 and 1Q2012 assuming the Offering, the acquisition of the leasehold titles in the Properties, the Master Lease Agreements, the Property Management Agreement and the Fee Arrangements had occurred or were effective on 1 January 2011.*

*The Unaudited Pro Forma Financial Information is not necessarily indicative of the results of the operations or the financial position that would have been attained had the acquisition of the leasehold titles in the Properties and the Fee Arrangements actually occurred in the relevant periods. The Unaudited Pro Forma Financial Information, because of its nature, may not give a true or accurate picture of Far East H-REIT's actual total returns or financial position.*

The following discussion and analysis of the financial condition and results of operations is based on and should be read in conjunction with the Unaudited Pro Forma Financial Information, and related notes thereto, which are included elsewhere in this Prospectus.

(See Appendix B, "Independent Accountants' Report on the Examination of the Unaudited Pro Forma Financial Information" for further details.)

## GENERAL BACKGROUND

Far East H-REIT is a real estate investment trust established in Singapore as a unit trust pursuant to the Far East H-REIT Trust Deed. As Far East H-REIT was only established on 1 August 2012, Far East H-REIT has no historical operating results and financial information based on which recipients of this Prospectus may evaluate Far East H-REIT. Far East H-REIT's first accounting period will be from 1 August 2012, the date of its establishment, to 31 December 2012.

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 in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, and real estate-related assets in relation to the foregoing.

### Far East H-REIT

As at the Listing Date, the Initial Portfolio comprises the seven Hotels and four Serviced Residences in Singapore. The tenures of the Properties to be acquired by Far East H-REIT from their respective Vendors, which will commence on the Listing Date, are set out in the table below:

Name of Property	Leasehold Tenure <sup>(1)</sup> (years)	Vendor and Master Lessee
<b>Hotels</b>		
Albert Court Village Hotel	75	First Choice Properties Pte Ltd
Changi Village Hotel	65	Far East Organization Centre Pte. Ltd.
The Elizabeth Hotel	75	Golden Development Private Limited
Landmark Village Hotel	66	Golden Landmark Pte Ltd
Oasia Hotel	92	Transurban Properties Pte. Ltd.
Orchard Parade Hotel	50	Far East Orchard Limited
The Quincy Hotel	75	Golden Development Private Limited
<b>Serviced Residences</b>		
Central Square Village Residences	80	OPH Riverside Pte Ltd
Hougang Village Residences	81	Serene Land Pte Ltd
Regency House	81	Oxley Hill Properties Pte Ltd
Riverside Village Residences	78	Riverland Pte Ltd

**Note:**

- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreements.

As at the Listing Date, the Vendors will be the Master Lessees of the Properties. The initial term of the Master Lease Agreements for each of the Properties will be 20 years from the Listing Date with an option exercisable by the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions save for amendments required due to any change in law. Far East H-REIT may, in relation to any Property for which the option for an additional lease is not exercised by the relevant Master Lessee, enter into a new master lease agreement, on terms to be agreed, with either the existing Master Lessee or a new master lessee. The Master Lease Agreements contain long lease terms with a view to securing a long-term stream of quality rental income for Far East H-REIT.

Far East H-REIT may be unable to appoint a master lessee for any of the Properties in its portfolio at the expiry of the relevant master lease agreement, for example because of a

failure to reach commercially favourable terms with the relevant Master Lessee or potential new master lessees. In the event that this happens, in order to ensure the Property's continued operation and revenue generation, Far East H-REIT will appoint Far East H-BT as a master lessee for that Property on substantially the same terms as the relevant Master Lease Agreement.

In relation to each Property, the relevant Master Lessee will appoint the Hotel and Serviced Residence Operator to manage the day-to-day operations and marketing of that Property. On the Listing Date, Jelco will be appointed by the Master Lessees as the sole Hotel and Serviced Residence Operator.

The REIT Manager will also be engaging Jelco to be the property manager of the Excluded Commercial Premises, which will not be subject to any master lease arrangement upon acquisition by Far East H-REIT. Individual units within the Excluded Commercial Premises will be leased out to individual tenants directly. The leases existing as at the Listing Date will be assigned to Far East H-REIT at that time. All leasing fees, advertisement costs, marketing-related expenses and commissions shall be borne by Far East H-REIT.

### **Far East H-BT**

No pro forma financial information of Far East H-BT has been presented as it was newly established and will be dormant as at the Listing Date. Accordingly, no consolidated pro forma financial information of Far East H-Trust has been presented.

### **Acquisition of Properties**

As at the date of this Prospectus, the REIT Trustee, as trustee of Far East H-REIT, has entered into the Property Sale and Purchase Agreements with the Vendors for the sale of the leasehold interests in the Properties to Far East H-REIT at an aggregate purchase price of S\$[●] after taking into consideration two independent valuations of the Properties as at 31 March 2012. The leasehold interests in each of the Properties will not be acquired at more than the higher of the two independent valuations. The purchase price under the Property Sale and Purchase Agreements will be satisfied either wholly in cash, or partly in cash and partly by way of Sponsor Stapled Securities. Far East H-REIT will fund the purchase price partly by the issue of 898,177,999 Stapled Securities and the balance by borrowings.

(See "Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Property Sale and Purchase Agreements" and "Use of Proceeds" for further details.)

## **FACTORS AFFECTING FAR EAST H-REIT'S RESULTS OF OPERATIONS**

### **Total Gross Revenue of Far East H-REIT**

The total gross revenue of Far East H-REIT ("**Total Gross Revenue**") consists of (i) gross rental income from the Properties under the Master Lease Agreements and (ii) commercial rental income. Commercial rental income is derived from leasing out the Excluded Commercial Premises in the Properties directly to individual tenants.

## Gross rental income from the Properties under the Master Lease Agreements

Far East H-REIT will receive gross rental income under the terms of the Master Lease Agreements, comprising a fixed rent (“**Fixed Rent**”) and a variable rent computed based on the sum of a stated percentage of the Property’s Gross Operating Revenue and a stated percentage of the Property’s Gross Operating Profit (each as defined herein), less the sum of the Fixed Rent (the “**Variable Rent**”). The Fixed Rent and Variable Rent of the Properties are set out in the table below:

	Fixed Rent (S\$'000)	Variable Rent (Sum of Percentage of Gross Operating Revenue and Percentage of Gross Operating Profit less Fixed Rent)	
		Percentage of Gross Operating Revenue (%)	Percentage of Gross Operating Profit (%)
<b>Hotels</b>			
Albert Court Village Hotel	3,500	33.0	25.0
Changi Village Hotel	7,500	33.0	24.0
The Elizabeth Hotel	5,500	33.0	34.0
Landmark Village Hotel	7,000	33.0	29.0
Oasia Hotel <sup>(1)</sup>	8,000	33.0	28.0
Orchard Parade Hotel	10,000	33.0	37.0
The Quincy Hotel	2,500	33.0	23.0
<b>Serviced Residences</b>			
Central Square Village Residences	3,500	33.0	41.0
Hougang Village Residences	1,500	33.0	38.0
Regency House	2,500	33.0	40.0
Riverside Village Residences	2,500	33.0	40.0

**Note:**

- (1) As Oasia Hotel's operations have yet to be stabilised, the total rental income of Oasia Hotel under the relevant Master Lease Agreement is subject to a minimum guarantee of S\$7.3 million and S\$18.2 million for Forecast Period 2012 and Projection Year 2013 respectively.

The percentage pegged to each Property’s Gross Operating Revenue is set at 33.0% for consistency across the Initial Portfolio. The percentage pegged to Gross Operating Profit varies across properties depending on each individual Property’s operating performance (which in turn varies, according to each Property’s location and size, among others).

Should the calculation of the Variable Rent yield a negative figure, the Variable Rent will be deemed to be zero.

(See “Certain Agreements Relating to Far East H-Trust, Far East H-REIT and Far East H-BT — Master Lease Agreements” for further details.)

## Commercial rental income

Far East H-REIT will receive commercial rental income from the Excluded Commercial Premises in eight of the Properties, namely Albert Court Village Hotel, Changi Village Hotel, The Elizabeth Hotel, Landmark Village Hotel, Orchard Parade Hotel, Central Square Village Residences, Regency House and Riverside Village Residences. The commercial leases primarily have terms ranging from one to three years.

## **Property Expenses**

Property Expenses for Far East H-REIT comprise (i) property tax for hospitality properties, (ii) insurance expenses, (iii) Management Corporation Strata Title Plan (“**MCST**”) sinking fund contribution (“**Sinking Fund Contributions**”) and (iv) other property expenses.

### ***Property tax for hospitality properties***

#### *Property tax for hotels*

For hotel properties, property tax is payable at 10.0% of the total annual value of the hotel. The annual value of hotel rooms is assessed on a fixed percentage of gross hotel room receipts for the preceding year. With effect from 1 January 2011, the annual value of hotel rooms will be set at 25.0% of the preceding year’s gross room receipts.

For the purposes of preparing the Unaudited Pro Forma Financial Information, it is assumed that property tax will remain at 10.0% of the annual value of the Hotels and that no property tax rebate is given by the tax authorities for the periods presented.

#### *Property tax for serviced residences*

Property tax for serviced residences is payable at 10.0% of their total annual value. The annual value of serviced residence units assessable to tax are based on their estimated prevailing market rentals, derived using valuation methods such as rental comparison or profit comparison. In estimating the market rent of a serviced residence using market rents of comparable properties, the Chief Assessor of the IRAS will take into account factors such as size, location and other physical attributes of the property.

### ***Insurance expenses***

Far East H-REIT incurs expenses for certain insurance coverage, including fire insurance and physical damage for the Properties, as well as rental losses from business interruption for the Excluded Commercial Premises.

### ***Sinking Fund Contributions***

Landmark Village Hotel, together with the 54 strata-titled shop units within Golden Landmark Shopping Centre, forms part of a MCST. As such, the owner of the Landmark Village Hotel is required to pay its share value of contributions towards maintenance and other expenses of the development to the MCST. Under the Master Lease Agreements, Far East H-REIT will bear the Sinking Fund Contributions which are levied for the eventual replacement of a facility or asset.

The sinking fund imposed by the management corporation is intended for use to meet future capital needs which are the liabilities of the management corporation under the Building Maintenance and Strata Management Act. These include (but are not limited to) the painting or treating of any part of the common property which is a structure, major repairs and improvements to, and maintenance of, the common property and the renewal or replacement of parts of the common property, fixtures, fittings and other property held by or on behalf of the management corporation and such other liabilities expected to be incurred in the future, where the management corporation determines in a general meeting that the whole or part thereof should be met from the sinking fund.

Oasia Hotel, Hougang Village Residences and Riverside Village Residences are part of a MCST, after which Far East H-REIT will bear the contributions to the sinking fund of the MCST.

#### ***Other property expenses***

Other property expenses comprise expenses incurred for the Excluded Commercial Premises, such as staff costs, property tax for the Excluded Commercial Premises, property management fees, marketing expenses, utilities, repair and maintenance expenses, general and administrative expenses and other miscellaneous operating expenses.

#### **REIT Manager's management fee**

Pursuant to the Far East H-REIT Trust Deed, the REIT Manager is entitled to a management fee comprising a Base Fee of 0.3% per annum of the value of the Far East H-REIT Deposited Property and a Performance Fee of 4.0% of Net Property Income. For the purposes of the Unaudited Pro Forma Financial Information, it is assumed that 80.0% of the REIT Manager's management fees were paid in the form of Stapled Securities and the balance in cash.

#### **REIT Trustee's fees**

The REIT Trustee's fees are charged on a scaled basis of up to 0.02% per annum of the Far East H-REIT Deposited Property, subject to a minimum of S\$20,000 per month, excluding out-of-pocket expenses and GST. The REIT Trustee will also be paid a one-time inception fee of S\$50,000.

#### **Trustee-Manager's fees**

Pursuant to the Far East H-BT Trust Deed, the Trustee-Manager is entitled to:

- (a) 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; and
- (b) a trustee fee of a maximum of 0.1% per annum of the value of the Far East H-BT Trust Property if any, provided that the value of the Far East H-BT Trust Property is at least S\$50.0 million and Far East H-BT has become active.

For the purposes of the Unaudited Pro Forma Financial Information, it has been assumed that Far East H-BT is dormant, and the value of the Far East H-BT Trust Property is less than S\$50.0 million, and that, as a result, no Trustee-Manager fees are payable.

#### **Other trust expenses**

Other expenses of Far East H-Trust include one-off non-capitalised issuance costs and recurring trust expenses such as annual listing fees, registry fees, audit and tax advisory fees, valuation fees, legal fees, costs associated with the preparation of annual reports, investor communication costs and other miscellaneous costs.

#### **Finance Costs**

Finance costs consist of interest expense, amortisation of upfront debt financing costs and other bank charges and fees.



## **Total Return for the Year**

The total return for the year distributable to Stapled Securityholders is derived by adding back the following items to the net income after tax of Far East H-REIT:

- (a) the one-off non-capitalised issuance costs incurred at listing;
- (b) 80.0% of the REIT Manager's management fees, being the portion of management fees paid or payable to the REIT Manager in the form of Stapled Securities at the prevailing market price instead of cash; and
- (c) The REIT Trustee's fees and amortisation of the upfront debt arrangement fee, each of which are items that are non-deductible for tax purposes.

## **Comparison of Far East H-REIT's Performance**

### ***FY2010 over FY2009***

#### *Total Gross Revenue*

The Total Gross Revenue of the Properties increased significantly, with an approximate 25.7% or S\$19.0 million increase to S\$92.9 million for FY2010 from S\$73.9 million in FY2009. Gross rental income received under the terms of the Master Lease Agreements for the Hotels and the Serviced Residences contributed 83.1% and 17.2% respectively to this increase.

#### *Gross rental income from the Properties under the Master Lease Agreements*

Gross rental income from the Hotels increased by 33.9% or S\$15.8 million to S\$62.3 million for FY2010 from S\$46.6 million for FY2009, while gross rental income from the Serviced Residences increased by 27.5% or S\$3.3 million to S\$15.1 million for FY2010 from S\$11.9 million for FY2009.

(See "— Analysis of the Performance of the Properties from FY2009 to FY2010" for further details on the factors contributing to the improvement in performance of the Properties.)

#### *Commercial rental income*

Commercial rental income remained substantially unchanged from FY2009 to FY2010 at S\$15.5 million.

#### *Property Expenses*

Property Expenses increased by 5.6% or S\$0.5 million to S\$8.9 million in FY2010 from S\$8.5 million in FY2009. This was due primarily to an increase in property tax for the Excluded Commercial Premises due to a higher annual value.

#### *Net Property Income*

Net Property Income increased by 28.3% or S\$18.5 million to S\$84.0 million in FY2010 from S\$65.4 million in FY2009 as the financial performance of the Properties recovered in line with the improved economy and increased tourist arrivals in Singapore.

#### *REIT Manager's management fees*

The management fees of the REIT Manager increased by 8.3% or S\$0.7 million, in line with the increase in Net Property Income in FY2010.



### *REIT Trustee's fees*

The REIT Trustee's fees remained substantially unchanged from FY2009 to FY2010 at S\$0.4 million as the underlying value of the Far East H-REIT Deposited Property remained substantially unchanged.

### *Other trust expenses*

Other trust expenses in FY2009 amounted to S\$18.0 million in the first year due primarily to one-off non-capitalised issuance costs. In FY2010, other trust expenses amounted to S\$1.0 million.

### *Finance costs (net)*

Net finance costs remained substantially unchanged from FY2009 to FY2010 at S\$16.3 million.

### *Net income after tax*

As a result of the above factors, net income after tax decreased by 0.4% or S\$0.2 million to S\$56.3 million in FY2010 from S\$56.6 million in FY2009.

## **FY2011 over FY2010**

### *Total Gross Revenue*

The Total Gross Revenue of the Properties continued to increase, by approximately 12.4% or S\$11.5 million to S\$104.4 million for FY2011 from S\$92.9 million in FY2010. Gross rental income received under the terms of the Master Lease Agreements for the Hotels and the Serviced Residences contributed 64.0% and 24.3% respectively to this increase.

### *Gross rental income from the Properties under the Master Lease Agreements*

Gross rental income from the Hotels increased by 11.8% or S\$7.4 million to S\$69.7 million for FY2011 from S\$62.3 million for FY2010, while gross rental income from the Serviced Residences increased by 18.5% or S\$2.8 million to S\$17.9 million for FY2011 from S\$15.1 million for FY2010.

(See “— Analysis of the Performance of the Properties from FY2010 to FY2011” for further details on the factors contributing to the improvement in performance of the Properties in FY2010 as compared to FY2009.)

### *Commercial rental income*

Commercial rental income increased by 8.8% or S\$1.4 million to S\$16.8 million in FY2011 from S\$15.5 million in FY2010. This increase was primarily due to improved economic conditions which led to increased occupancy levels in relation to the Excluded Commercial Premises.

### *Property Expenses*

Property expenses increased by 8.5% or S\$0.8 million to S\$9.7 million in FY2011 from S\$8.9 million in FY2010. This was due primarily to the increase of property tax for the Properties by 33.7% or S\$1.2 million in FY2011 following the increase of the gross receipts of the Hotels and rental revenue of the Serviced Residences in FY2010.

### *Net Property Income*

Net Property Income increased by 12.8% or S\$10.7 million to S\$94.7 million in FY2011 from S\$84.0 million in FY2010.

### *REIT Manager's management fees*

The management fees of the REIT Manager increased by 4.7% or S\$0.5 million, in line with the increase in Net Property Income for FY2011.

### *REIT Trustee's fees*

The REIT Trustee's fees remained substantially unchanged from FY2010 to FY2011 at S\$0.4 million as the underlying value of the Far East H-REIT Deposited Property remained substantially unchanged.

### *Other trust expenses*

Other trust expenses amounted to S\$1.1 million in FY2011.

### *Finance costs (net)*

Net finance costs amounted to S\$16.5 million in FY2011.

### *Net income after tax*

As a result of the above factors, net income after tax increased by 17.9% or S\$10.1 million to S\$66.4 million in FY2011 from S\$56.3 million in FY2010.

## **1Q2012 over 1Q2011**

### *Total Gross Revenue*

The Total Gross Revenue of the Properties increased by approximately 17.9% or S\$4.4 million to S\$28.7 million for 1Q2012 from S\$24.4 million for 1Q2011. Gross rental income received under the terms of the Master Lease Agreements for the Hotels contributed 93.0% to this increase.

### *Gross rental income from the Properties under the Master Lease Agreements*

Gross rental income from the Hotels increased by 25.3% or S\$4.0 million from S\$16.0 million in 1Q2011 to S\$20.1 million for 1Q2012, while gross rental income from the Serviced Residences decreased by 0.9% or S\$41,000 from S\$4.4 million in 1Q2011 to S\$4.3 million for 1Q2012.

(See “— Analysis of the Performance of the Properties from 1Q2011 to 1Q2012” for further details on the factors contributing to the improvement in performance of the Properties in 1Q2012 as compared to 1Q2011.)

### *Commercial rental income*

Commercial rental income increased by 8.6% or S\$0.3 million to S\$4.4 million in 1Q2012 from S\$4.0 million in 1Q2011. This increase was primarily due to the modest growth of the Singapore economy which led to increases in both occupancy and rental rates in relation to the Excluded Commercial Premises.

### *Property Expenses*

Property expenses increased by 19.3% or S\$0.4 million to S\$2.8 million in 1Q2012 from S\$2.3 million in 1Q2011. This was due primarily to the increase of property tax for the Properties by 22.6% or S\$0.2 million in FY2011 following the increase of the gross receipts of the Hotels and rental revenue of the Serviced Residences in FY2011.

### *Net Property Income*

Net Property Income increased by 17.7% or S\$3.9 million to S\$26.0 million in 1Q2012 from S\$22.1 million in 1Q2011.

### *REIT Manager's management fees*

The management fees of the REIT Manager increased by 6.6% or S\$0.2 million, in line with the increase in Net Property Income for 1Q2012.

### *REIT Trustee's fees*

The REIT Trustee's fees remained substantially unchanged from 1Q2011 to 1Q2012 at S\$0.1 million as the underlying value of the Far East H-REIT Deposited Property remained substantially unchanged.

### *Other trust expenses*

Other trust expenses amounted to S\$0.3 million in 1Q2011 and 1Q2012.

### *Finance costs (net)*

Net finance costs amounted to S\$4.1 million in 1Q2011 and S\$4.2 million in 1Q2012.

### *Net income after tax*

As a result of the above factors, net income after tax increased by 24.3% or S\$3.7 million to S\$18.8 million in 1Q2012 from S\$15.1 million in 1Q2011.

## **Analysis of the Performance of the Properties**

Far East H-REIT's performance is significantly affected by the performance of the underlying hotel operations and serviced residence operations, which in turn is affected by various factors, including changes in revenue mix and occupancy levels. The performance of the Properties for FY2009, FY2010, FY2011, 1Q2011 and 1Q2012 is discussed in more detail below.

### Gross Operating Revenue and Gross Operating Profit Trends of the Properties

The Gross Operating Revenue and gross operating profit, comprising Gross Operating Revenue less operating expenses (“**Gross Operating Profit**”), of the Hotels and the Serviced Residences for FY2009, FY2010, FY2011, 1Q2011 and 1Q2012 are set out below:

	FY2009		FY2010		FY2011		1Q2011		1Q2012	
	GOR (S\$'000)	GOP (S\$'000)	GOR (S\$'000)	GOP (S\$'000)	GOR (S\$'000)	GOP (S\$'000)	GOR (S\$'000)	GOP (S\$'000)	GOR (S\$'000)	GOP (S\$'000)
<b>Hotels</b>	92,884	51,577	120,868	73,416	138,668	79,150	30,934	18,930	38,115	21,136
<b>Serviced Residences</b>	19,960	12,936	24,670	17,400	28,887	20,916	6,915	5,169	6,914	5,073
<b>Total</b>	112,844	64,513	145,538	90,816	167,555	100,066	37,849	24,099	45,029	26,209

The above figures have been prepared from relevant management accounts of the Properties and have been adjusted to account for differences in the manner in which the Master Lessees will account for revenue and operating expenses directly attributable to their hospitality property operations in accordance with the terms of the Master Lease Agreements.

A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in FY2009 is set out below:

(S\$'000)	Hotels								Total
	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel <sup>(3)</sup>	Orchard Parade Hotel	The Quincy Hotel		
Gross Operating Revenue <sup>(1)</sup>	9,386	18,996	13,967	17,558	-	26,182	6,795	92,884	
Operating expenses <sup>(2)</sup>	(3,965)	(10,516)	(5,910)	(8,196)	-	(9,022)	(3,698)	(41,307)	
Gross Operating Profit	5,421	8,480	8,057	9,362	-	17,160	3,097	51,577	
Gross Operating Profit margin (%)	57.8	44.6	57.7	53.3	-	65.5	45.6	55.5	

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.
- (3) Oasia Hotel commenced operations in FY2011.

(S\$'000)	Serviced Residences					Total
	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences		
Gross Operating Revenue <sup>(1)</sup>	6,953	2,968	5,421	4,618	19,960	
Operating expenses <sup>(2)</sup>	(2,210)	(1,773)	(1,690)	(1,351)	(7,024)	
Gross Operating Profit	4,743	1,195	3,731	3,267	12,936	
Gross Operating Profit margin (%)	68.2	40.3	68.8	70.8	64.8	

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAU of each Serviced Residence is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.

A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in FY2010 is set out below:

(S\$'000)	Hotels							
	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel <sup>(3)</sup>	Orchard Parade Hotel	The Quincy Hotel	Total
Gross Operating Revenue <sup>(1)</sup>	12,294	24,007	18,401	23,018	-	33,578	9,570	120,868
Operating expenses <sup>(2)</sup>	(4,819)	(10,909)	(6,160)	(9,848)	-	(11,151)	(4,565)	(47,452)
Gross Operating Profit	7,475	13,098	12,241	13,170	-	22,427	5,005	73,416
Gross Operating Profit margin (%)	60.8	54.6	66.5	57.2	-	66.8	52.3	60.7

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.
- (3) Oasia Hotel commenced operations in April 2011.

(S\$'000)	Serviced Residences				
	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences	Total
Gross Operating Revenue <sup>(1)</sup>	8,691	4,243	6,195	5,541	24,670
Operating expenses <sup>(2)</sup>	(2,291)	(1,729)	(1,623)	(1,627)	(7,270)
Gross Operating Profit	6,400	2,514	4,572	3,914	17,400
Gross Operating Profit margin (%)	73.6	59.3	73.8	70.6	70.5

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAU of each Serviced Residence is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.

A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in FY2011 is set out below:

(S\$'000)	Hotels							
	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel <sup>(3)</sup>	Orchard Parade Hotel	The Quincy Hotel	Total
Gross Operating Revenue <sup>(1)</sup>	12,396	28,007	17,855	24,883	10,862	34,568	10,097	138,668
Operating expenses <sup>(2)</sup>	(5,458)	(13,018)	(6,842)	(10,730)	(6,830)	(11,913)	(4,727)	(59,518)
Gross Operating Profit	6,938	14,989	11,013	14,153	4,032	22,655	5,370	79,150
Gross Operating Profit margin (%)	56.0	53.5	61.7	56.9	37.1	65.5	53.2	57.1 <sup>(4)</sup>

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.
- (3) Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011. Room revenue in FY2011 was therefore based on promotional rates.
- (4) Excluding Oasia Hotel, the Gross Operating Profit margin would be 58.8%.

(S\$'000)	Serviced Residences					Total
	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences		
Gross Operating Revenue <sup>(1)</sup>	9,857	5,487	7,259	6,284		28,887
Operating expenses <sup>(2)</sup>	(2,320)	(1,972)	(1,858)	(1,821)		(7,971)
Gross Operating Profit	7,537	3,515	5,401	4,463		20,916
Gross Operating Profit margin (%)	76.5	64.1	74.4	71.0		72.4

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAU of each Serviced Residence is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.

A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in 1Q2011 is set out below:

(S\$'000)	Hotels								Total
	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel <sup>(3)</sup>	Orchard Parade Hotel	The Quincy Hotel		
Gross Operating Revenue <sup>(1)</sup>	2,904	6,505	4,787	5,758	-	8,584	2,396		30,934
Operating expenses <sup>(2)</sup>	(1,169)	(3,011)	(1,594)	(2,462)	-	(2,645)	(1,123)		(12,004)
Gross Operating Profit	1,735	3,494	3,193	3,296	-	5,939	1,273		18,930
Gross Operating Profit margin (%)	59.8	53.7	66.7	57.2	-	69.2	53.1		61.2

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.
- (3) Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011.

(S\$'000)	Serviced Residences					Total
	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences		
Gross Operating Revenue <sup>(1)</sup>	2,469	1,238	1,703	1,505		6,915
Operating expenses <sup>(2)</sup>	(519)	(424)	(403)	(400)		(1,746)
Gross Operating Profit	1,950	814	1,300	1,105		5,169
Gross Operating Profit margin (%)	79.0	65.8	76.3	73.4		74.7

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAU of each Serviced Residence is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.

A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in 1Q2012 is set out below:

(S\$'000)	Hotels								Total
	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel	Orchard Parade Hotel	The Quincy Hotel		
Gross Operating Revenue <sup>(1)</sup>	2,702	6,878	4,475	6,040	6,789	8,787	2,444		38,115
Operating expenses <sup>(2)</sup>	(1,561)	(3,296)	(1,804)	(2,888)	(3,170)	(3,057)	(1,203)		(16,979)
Gross Operating Profit	1,141	3,582	2,671	3,152	3,619	5,730	1,241		21,136
Gross Operating Profit margin (%)	42.2	52.1	59.7	52.2	53.3	65.2	50.8		55.5

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.

### Serviced Residences

(\$'000)	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences	Total
Gross Operating Revenue <sup>(1)</sup>	2,357	1,281	1,733	1,543	6,914
Operating expenses <sup>(2)</sup>	(552)	(437)	(450)	(402)	(1,841)
Gross Operating Profit	1,805	844	1,283	1,141	5,073
Gross Operating Profit margin (%)	76.6	65.9	74.0	73.9	73.4

**Notes:**

- (1) See “— Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAU of each Serviced Residence is listed in “— Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
- (2) These comprise cost of sales, staff costs, shared services costs, energy and utilities and other expenses.

### Revenue Mix of the Properties

#### Hotels

The following table sets out the composition of the Gross Operating Revenue of the Hotels during FY2009, FY2010, FY2011, 1Q2011 and 1Q2012:

	FY2009		FY2010		FY2011		1Q2011		1Q2012	
	(\$'000)	%	(\$'000)	%	(\$'000)	%	(\$'000)	%	(\$'000)	%
Room revenue	76,124	81.9	101,367	83.8	115,960	83.6	25,735	83.2	31,939	83.8
F&B revenue	5,162	5.6	5,391	4.5	6,931	5.0	1,577	5.1	1,862	4.9
Service charge	8,223	8.9	10,854	9.0	12,429	9.0	2,814	9.1	3,354	8.8
Other income	3,375	3.6	3,256	2.7	3,348	2.4	808	2.6	960	2.5
<b>Total</b>	<b>92,884</b>	<b>100.0</b>	<b>120,868</b>	<b>100.0</b>	<b>138,668</b>	<b>100.0</b>	<b>30,934</b>	<b>100.0</b>	<b>38,115</b>	<b>100.0</b>

The major contributor to the Gross Operating Revenue of the Hotels is room revenue.

As most of the F&B outlets in the Hotels are rented to third party operators, the F&B revenue comprises revenue from the lobby and poolside bars, catering services, banqueting sale, room service and room mini-bar sales and is therefore not a major contributor to the Hotels' revenue. Rental income from the leasing of retail outlets to third party F&B operators is recognised as commercial rental revenue.

Service charge refers to the service charge typically levied on room revenue, F&B revenue and revenue from laundry services.

Other income includes income from provision of telecommunication services, internet broadband services, laundry services, operation of car parks and the usage of business centres.

The customer profile of the Hotels by room revenue contribution for FY2009, FY2010 and FY2011, 1Q2011 and 1Q2012 is as follows:

	FY2009		FY2010		FY2011		1Q2011		1Q2012	
	(\$'000)	%	(\$'000)	%	(\$'000)	%	(\$'000)	%	(\$'000)	%
Corporate	32,624	42.9	43,314	42.7	50,513	43.6	11,395	44.3	15,227	47.7
Leisure / Independent Travellers	43,500	57.1	58,053	57.3	65,447	56.4	14,340	55.7	16,712	52.3
<b>Total</b>	<b>76,124</b>	<b>100.0</b>	<b>101,367</b>	<b>100.0</b>	<b>115,960</b>	<b>100.0</b>	<b>25,735</b>	<b>100.0</b>	<b>31,939</b>	<b>100.0</b>



## Serviced Residences

The following table sets out the composition of the Gross Operating Revenue of the Serviced Residences during FY2009, FY2010, FY2011, 1Q2011 and 1Q2012:

	FY2009		FY2010		FY2011		1Q2011		1Q2012	
	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
Rental Revenue	19,439	97.4	24,169	98.0	28,380	98.2	6,805	98.4	6,790	98.2
Other income	521	2.6	501	2.0	507	1.8	110	1.6	124	1.8
<b>Total</b>	<b>19,960</b>	<b>100.0</b>	<b>24,670</b>	<b>100.0</b>	<b>28,887</b>	<b>100.0</b>	<b>6,915</b>	<b>100.0</b>	<b>6,914</b>	<b>100.0</b>

Rental revenue generally contributes more than 98.0% of the Serviced Residences' Gross Operating Revenue.

Other income refers mainly to income from laundry services, operation of car parks and hiring of furniture and equipment by guests in addition to standard provisions.

The customer profile of the Serviced Residences by rental revenue contribution for FY2009, FY2010, FY2011, 1Q2011 and 1Q2012 is as follows:

	FY2009		FY2010		FY2011		1Q2011		1Q2012	
	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
Corporate	15,965	82.1	21,006	86.9	24,912	87.8	5,958	87.6	5,840	86.0
Leisure / Independent Travellers	3,474	17.9	3,163	13.1	3,468	12.2	847	12.4	950	14.0
<b>Total</b>	<b>19,439</b>	<b>100.0</b>	<b>24,169</b>	<b>100.0</b>	<b>28,380</b>	<b>100.0</b>	<b>6,805</b>	<b>100.0</b>	<b>6,790</b>	<b>100.0</b>

## Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue

### Hotels

The weighted average RevPAR for the Hotels for FY2009, FY2010, FY2011, 1Q2011 and 1Q2012 are as follows:

Weighted Average	FY2009	FY2010	FY2011	1Q2011	1Q2012
RevPAR <sup>(1)</sup> (including Oasia Hotel) (S\$)	121	160	150	165	162
RevPAR <sup>(1)</sup> (excluding Oasia Hotel) (S\$)	121	160	169	165	165

#### Note:

- (1) Computed based on the total room revenues of the Hotels divided by the total number of Available Hotel Rooms of the Hotels for the relevant periods.

The RevPAR of the individual Hotels for FY2009, FY2010, FY2011, 1Q2011 and 1Q2012 are set out below:

	FY2009 (S\$)	FY2010 (S\$)	FY2011 (S\$)	1Q2011 (S\$)	1Q2012 (S\$)
Albert Court Village Hotel	106	140	142	134	125
Changi Village Hotel	102	135	153	142	152
The Elizabeth Hotel	128	172	167	181	168
Landmark Village Hotel	102	136	148	138	143
Oasia Hotel <sup>(1)</sup>	-	-	117	-	150
Orchard Parade Hotel	150	197	203	205	206
The Quincy Hotel <sup>(2)</sup>	171	217	229	220	222
<b>Weighted Average RevPAR<sup>(3)</sup> (including Oasia Hotel)</b>	<b>121</b>	<b>160</b>	<b>150</b>	<b>165</b>	<b>162</b>
<b>Weighted Average RevPAR<sup>(3)</sup> (excluding Oasia Hotel)</b>	<b>121</b>	<b>160</b>	<b>169</b>	<b>165</b>	<b>165</b>

**Notes:**

- (1) Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011. The RevPAR of Oasia Hotel for FY2011 was therefore based on promotional rates.
- (2) The Quincy Hotel commenced operations in February 2009.
- (3) Computed based on total room revenues of the Hotels divided by the total number of Available Hotel Rooms of the Hotels for the relevant periods.

*Serviced Residences*

The weighted average RevPAU for the Serviced Residences for FY2009, FY2010, FY2011, 1Q2011 and 1Q2012 are as follows:

<b>Weighted Average</b>	FY2009	FY2010	FY2011	1Q2011	1Q2012
RevPAU <sup>(1)</sup> (S\$)	146	182	214	208	206

**Note:**

- (1) Computed based on total unit revenues of the Serviced Residences divided by the total number of Available Serviced Residence Units of the Serviced Residences for the relevant periods.

The RevPAU of the respective Serviced Residences for FY2009, FY2010, FY2011, 1Q2011 and 1Q2012 are further set out below:

	FY2009 (S\$)	FY2010 (S\$)	FY2011 (S\$)	1Q2011 (S\$)	1Q2012 (S\$)
Central Square Village Residences	144	182	208	211	199
Hougang Village Residences	104	149	191	176	180
Regency House	166	190	223	212	213
Riverside Village Residences	172	208	240	234	236
<b>Weighted Average RevPAU<sup>(1)</sup></b>	<b>146</b>	<b>182</b>	<b>214</b>	<b>208</b>	<b>206</b>

**Note:**

- (1) Computed based on the total serviced residence unit rental revenue of the Serviced Residences divided by the total number of Available Serviced Residence Units of the Serviced Residences for the relevant periods.

## General Commentary on the Performance of the Properties

### *FY2010 over FY2009*

The Properties operated under challenging conditions in FY2009 as travel declined sharply during the first half of the year due to the financial crisis in the US and Europe which negatively affected the Asian tourism market. This was further compounded by an outbreak of the H1N1 virus which significantly affected tourist arrivals in Singapore. With the gradual improvement of economic conditions in the Asia-Pacific region and increased tourist arrivals in the second half of 2009 (“2H2009”), demand from tourists and business travellers increased, resulting in a better performance of the Properties in 2H2009. The global economic rebound in FY2010, coupled with investor confidence in Singapore’s sound business fundamentals and key tourism developments, yielded significant benefits for Singapore and its MICE industry.

### *Hotels*

Despite the addition of 5,863 new hotel rooms in Singapore which increased competition, the Hotels benefited from the global economic rebound and Gross Operating Revenue of the Hotels increased by 30.1% to S\$120.9 million in FY2010, while Gross Operating Profit of the Hotels increased by 42.3% to S\$73.4 million in FY2010. The Hotels also achieved a higher weighted average occupancy rate<sup>1</sup> of 87.9% in FY2010 as compared to the 83.7% weighted average occupancy rate in FY2009, while ADR increased by 26.0% to S\$182 in FY2010 from S\$144 in FY2009. This resulted in a weighted average RevPAR of S\$160 for FY2010, a 32.3% increase from S\$121 in FY2009, resulting in an increase in room revenue of 33.2% to S\$101.4 million in FY2010 from S\$76.1 million in FY2009.

The key driver for the Hotels’ revenue growth was the strong performance of the Hotels located in the Orchard Road area, namely The Elizabeth Hotel, Orchard Parade Hotel and The Quincy Hotel, which collectively enjoyed an increase in revenue of 31.1% or S\$14.6 million in FY2010 from S\$46.9 million in FY2009. The total Gross Operating Revenue of the other Hotels, namely Albert Court Village Hotel, Changi Village Hotel and Landmark Village Hotel increased by 29.1% or S\$13.4 million in FY2010 from S\$45.9 million in FY2009.

The increase in leisure demand coupled with the rebound in corporate demand were the two key growth engines for the Hotels located in the Orchard Road area in FY2010. The launch of the integrated resorts was a major catalyst for tourism development in Singapore and had brought about increase in accommodation demand, generating greater leisure demand particularly during the weekend and festive periods.

The growth in total revenue of the other Hotels was primarily driven by the increase in the MICE activities and the uplift in corporate demand spurred by the positive economic developments.

The key drivers for the rebound in ADR include the restoration of rates back to the pre-crisis corporate rates as well as the focus on the higher-yielding corporate segments such as oil and gas, off-shore / logistics and financial services. This resulted in an increase in the Gross Operating Profit margin to 60.7% in FY2010 from 55.5% in FY2009.

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1 “**Weighted Average Occupancy Rate**” means the number of hotel rooms or, as the case may be, serviced residence units sold for a particular period divided by the Available Hotel Rooms or, as the case may be, Available Serviced Residence Units for the relevant period.

### *Serviced Residences*

Benefitting from the improving macroeconomic environment in 2H2009 and 2H2010, the Serviced Residences recorded an increase of 23.6% in Gross Operating Revenue to S\$24.7 million in FY2010 from S\$20.0 million in FY2009 and 34.5% in Gross Operating Profit to S\$17.4 million in FY2010 from S\$12.9 million in FY2009.

One of the key driving factors was the recovery of certain business sectors such as the financial services and oil and gas industries, which were among the key customer segments of Central Square Village Residences, Regency House and Riverside Village Residences.

The Serviced Residences' rental revenue increased by 24.3% from S\$19.4 million in FY2009 to S\$24.2 million in FY2010. This is primarily due to a substantial growth in RevPAU experienced by all the Serviced Residences, with Hougang Village Residences achieving the highest RevPAU growth of 43.0%. Apart from the general economic recovery, Hougang Village Residences' RevPAU growth was attributable mainly to the development of the Seletar Aerospace Park as well as the rebound of the IT and electronics industries, which brought about an increase in business activities of such establishments located in the nearby Ang Mo Kio Industrial Park.

In FY2010, the Serviced Residences achieved a higher weighted average occupancy rate of 92.3% as compared to 82.3% in FY2009. ADR increased by more than 10.0% to S\$197 in FY2010 from S\$178 in FY2009, resulting in an increase of 24.3% in weighted average RevPAU to S\$182 in FY2010 from S\$146 in FY2009. Each of the Serviced Residences achieved increases in ADR in FY2010 as compared to FY2009.

In addition to the increase in revenue, the Serviced Residences were able to enhance cost efficiency and increased their Gross Operating Profit margin to 70.5% in FY2010 from 64.8% in FY2009.

### ***FY2011 over FY2010***

In FY2011, the Properties continued to experience a positive improvement in Gross Operating Revenue and Gross Operating Profit.

### *Hotels*

Despite the net addition of 1,944 new hotel rooms in Singapore, the Hotels recorded a 14.7% increase in Gross Operating Revenue to S\$138.7 million in FY2011 and a 7.8% increase in Gross Operating Profit to S\$79.2 million in FY2011, in line with the continued growth of the Singapore economy.

Room revenue increased by 14.4% to S\$116.0 million in FY2011, driven primarily by a 9.0% increase in ADR and the commencement of operations of Oasia Hotel in April 2011, which contributed S\$10.9 million to the Gross Operating Revenue and S\$4.0 million to the Gross Operating Profit of the Hotels.

For FY2011, the weighted average occupancy rate for the Hotels was 75.4%, ADR was S\$198 and the weighted average RevPAR for the Hotels was S\$150. Excluding Oasia Hotel, the weighted average occupancy rate, ADR and weighted average RevPAR for the Hotels were 84.9%, S\$199 and S\$169 respectively.

Each of the Hotels achieved an increase in ADR, while RevPAR for all Hotels, save for The Elizabeth Hotel, similarly increased, with Changi Village Hotel and Landmark Village Hotel

experiencing the highest increases of 13.8% and 9.2% respectively. The RevPAR for The Elizabeth Hotel declined by 2.5% to S\$167 in FY2011 from S\$172 in FY2010 as major refurbishments for 100 Executive Rooms (of a total inventory of 256 hotel rooms) were undertaken in 2H2011 to reposition and rebrand the executive wing, which in turn affected the occupancy rate of the Hotel.

Among the Hotels, Changi Village Hotel was the top performing hotel, achieving the highest Gross Operating Revenue growth rate of 16.7% in FY2011. This was due mainly to improvements in its customer profile, with the corporate segment accounting for more than half of its room revenue, as well as the growth of its F&B business by more than 45.0%, where Changi Village Hotel's ability to secure more residential meeting business during FY2011 was a significant contributing factor.

The Hotels' Gross Operating Profit margin decreased slightly to 57.1% in FY2011 from 60.7% in FY2010 due primarily to the newly-launched Oasia Hotel which commenced operations only in April 2011, which operated on a Gross Operating Profit margin of 37.1%. Excluding Oasia Hotel which only became fully operational in October 2011, the Hotels' Gross Operating Profit margin in FY2011 is 58.8%.

#### *Serviced Residences*

In line with the economic growth and the buoyant real estate industry which led to a corresponding increase in rental rate growth in Singapore, all the Serviced Residences continued to experience revenue growth in FY2011. The Serviced Residences recorded a 17.1% increase in Gross Operating Revenue to S\$28.9 million in FY2011 and a 20.2% increase in Gross Operating Profit to S\$20.9 million in FY2011. Rental revenue increased by 17.4% in FY2011 to S\$28.4 million, driven primarily by an increase of 17.9% in ADR.

The Serviced Residences were able to maintain the high weighted average occupancy rate of more than 92.0% achieved in FY2010. This, together with the higher ADR of S\$232 in FY2011, resulted in a 17.7% growth in weighted average RevPAU to S\$214 in FY2011 from S\$182 in FY2010. Each of the Serviced Residences achieved an increase in ADR, with a resultant increase in RevPAU for all the Serviced Residences individually, ranging from 14.1% to 28.8%.

The increase in rental revenue for Central Square Village Residences, Regency House and Riverside Village Residences was a result of higher ADR attributable to the sustained growth enjoyed by the financial services industry, one of the major customer business segments for these Serviced Residences. With the sustained growth experienced by its major customer segments and further developments of the Seletar Aerospace Park, Hougang Village Residences enjoyed a growth in RevPAU of 28.8% in FY2011.

Apart from the positive macroeconomic environment, the higher ADR was also a result of the Serviced Residences' dedicated yield management efforts. The Serviced Residences were also able to enhance cost efficiency and increased their Gross Operating Profit margin to 72.4% in FY2011 from 70.5% in FY2010.

## **1Q2012 over 1Q2011**

### *Hotels*

The Hotels recorded a 23.2% increase in Gross Operating Revenue to S\$38.1 million in 1Q2012 from S\$30.9 million in 1Q2011 and a 11.7% increase in Gross Operating Profit to S\$21.1 million in 1Q2012 from S\$18.9 million in 1Q2011.

Room revenue increased by 24.1% to S\$31.9 million in 1Q2012 from S\$25.7 million in 1Q2011, driven primarily by an increase of 1.3% in ADR, and the contribution from Oasia Hotel which commenced operations in April 2011. Oasia Hotel's contribution to the Gross Operating Revenue and the Gross Operating Profit of the Hotels in 1Q2012 was S\$6.8 million and S\$3.6 million respectively.

For 1Q2012, the weighted average occupancy rate for the Hotels was 83.5%, ADR was S\$194 and the weighted average RevPAR was S\$162. Excluding Oasia Hotel which commenced full operations only in October 2011, the weighted average occupancy rate, ADR and weighted average RevPAR were 84.5%, S\$196 and S\$165 respectively. For the corresponding period in 2011, the weighted average occupancy rate was 85.8%, ADR was S\$192 and the weighted average RevPAR was S\$165.

All of the Hotels, save for Albert Court Village Hotel and The Elizabeth Hotel, achieved an increase in RevPAR, with Changi Village Hotel experiencing the highest increase in RevPAR of 6.7% due mainly to the acquisition of higher-yielding corporate accounts. Albert Court Village Hotel's weaker RevPAR performance of S\$125 in 1Q2012, a decline of 6.7% from S\$134 in 1Q2011, was largely due to the increased competition from existing players as well as new players that contributed more than 1,000 new hotel rooms in the vicinity.

The major refurbishments undertaken by the Elizabeth Hotel in 2011 to reposition and rebrand the executive wing were completed in end 2011. The Elizabeth Hotel had registered a weaker RevPAR of S\$168 in 1Q2012, 7.3% lower than 1Q2011's RevPAR of S\$181, as the hotel had yet to realise the full positive impact brought about by the refurbished rooms.

The Hotels' Gross Operating Profit margin decreased to 55.5% in 1Q2012 from 61.2% in 1Q2011 due primarily to increased operation expenses associated with product enhancement initiatives undertaken in line with its strategy of focusing on higher-yielding corporate segments, and higher staff costs. Excluding Oasia Hotel, the Hotels' Gross Operating Profit margin in 1Q2012 was 55.9%.

### *Serviced Residences*

The Serviced Residences' Gross Operating Revenue remained substantially unchanged at S\$6.9 million in 1Q2011 and 1Q2012, while Gross Operating Profit declined slightly by 1.9% to S\$5.1 million in 1Q2012 from S\$5.2 million in 1Q2011. Rental revenue remained substantially unchanged at S\$6.8 million for 1Q2012.

The volatile macroeconomic outlook for 2012 had led to a generally cautious mood among corporate clients. In view of these macro-economic conditions, one of the key focuses of the Service Residences was to maximise asset yield through active management of the properties' occupancy and ADR to optimise RevPAU. The Serviced Residences achieved an increase of 5.0% in ADR to S\$239 in 1Q2012 from S\$228 in 1Q2011. The weighted average occupancy rate for 1Q2012 was 85.8%, lower than 1Q2011's weighted average occupancy rate of 91.4% due to refurbishment works. For 1Q2012, the Service Residences' weighted



average RevPAU was S\$206, 1.3% lower than 1Q2011's weighted average RevPAU of S\$208.

Through its dedicated yield management efforts, the majority of the Serviced Residences had achieved an increase in RevPAU in 1Q2012. Central Square Village Residences had registered a decline of 6.1% in RevPAU in 1Q2012 due mainly to the softening in demand from some of its key clients from the financial service industry, where the health of the financial service industry is closely related to the developments of the macro-economic environment.

The Serviced Residences' Gross Operating Profit margin decreased slightly to 73.4% in 1Q2012 from 74.7% in 1Q2011.

### **Indebtedness**

The Far East H-REIT Debt Facilities, being S\$725.0 million unsecured floating rate banking facilities for Far East H-REIT, comprise S\$650.0 million term loan facilities and S\$75.0 million revolving credit facilities from DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.

The S\$650.0 million term loan facilities have staggered loan maturities of three-year, five-year and seven-year terms as detailed below and will be drawn down in full on the Listing Date:

- S\$300.0 million (46.1%) repayable in three years;
- S\$250.0 million (38.5%) repayable in five years; and
- S\$100.0 million (15.4%) repayable in seven years.

The S\$75.0 million revolving credit facilities are uncommitted facilities.

An amount of S\$650.0 million of the Far East H-REIT Debt Facilities will be drawn down as of the Listing Date to partially fund the acquisition of the Properties. The balance of the Far East H-REIT Debt Facilities will be used to fund the short-term working capital needs and capital expenditure requirements of Far East H-REIT.

As at the Listing Date, based on the unaudited pro forma balance sheet of Far East H-REIT as at 31 December 2011, Far East H-REIT will have gross borrowings of S\$650.0 million, with an Aggregate Leverage of approximately 30.4% of the Far East H-REIT Deposited Property. The Property Funds Appendix allows Far East H-REIT to borrow up to 35.0% of the Far East H-REIT Deposited Property without a credit rating and up to a maximum of 60.0% of the value of the Far East H-REIT Deposited Property if a credit rating from Fitch Inc., Moody's or Standard & Poor's is obtained and disclosed to the public. The REIT Manager believes that Far East H-REIT will be able to enjoy flexibility in respect of future capital expenditure or acquisitions. Based on the 35.0% limit imposed by the Property Funds Appendix, Far East H-REIT will have an additional borrowing capacity of approximately S\$152.2 million.

The REIT Manager intends to employ an appropriate mix of debt and equity in financing acquisitions of properties and property enhancements. The REIT Manager will also utilise interest rate hedging strategies, where appropriate, in order to reduce exposure to market volatility.

(See "Strategy — Far East H-REIT's Strategy — Capital and Risk Management Strategy" for further details.)



## Liquidity and Capital Resources

Net cash from operations will be Far East H-REIT's primary source of liquidity for funding distributions, servicing of debt, payment of expenses and meeting the working capital and capital expenditure requirements of Far East H-REIT. Taking into account the Far East H-REIT Debt Facilities and the rental deposits received, the REIT Manager is of the opinion that Far East H-REIT's working capital is sufficient for its present requirements.

## Capital Expenditure

The unaudited pro forma statements of total return have been prepared based on the following capital expenditure (including FF&E expenses) incurred by Far East H-REIT during the relevant financial years:

	FY2009 (S\$'000)	FY2010 (S\$'000)	FY2011 (S\$'000)	1Q2011 (S\$'000)	1Q2012 (S\$'000)
<b>Hotels</b>					
Albert Court Village Hotel	276	76	794	250	235
Changi Village Hotel	317	901	611	60	25
The Elizabeth Hotel	208	52	3,964	238	159
Landmark Village Hotel	79	247	1,021	55	14
Oasia Hotel	-	-	286	-	80
Orchard Parade Hotel	1,523	543	1,556	39	566
The Quincy Hotel	304	94	77	19	23
<b>Sub-total</b>	<b>2,707</b>	<b>1,913</b>	<b>8,309</b>	<b>661</b>	<b>1,102</b>
<b>Serviced Residences</b>					
Central Square Village Residences	256	415	410	31	54
Hougang Village Residences	32	235	198	31	90
Regency House	102	147	372	44	22
Riverside Village Residences	90	105	236	29	28
<b>Sub-total</b>	<b>480</b>	<b>902</b>	<b>1,216</b>	<b>135</b>	<b>194</b>
<b>TOTAL</b>	<b>3,187</b>	<b>2,815</b>	<b>9,525</b>	<b>796</b>	<b>1,296</b>

The unaudited pro forma statement of cash flows in FY2011 has been prepared based on capital expenditure of S\$9.5 million incurred during the financial year.

## Accounting Policies

For a discussion of the principal accounting policies of Far East H-REIT, Far East H-BT and Far East H-Trust, see Appendix B, "Independent Accountants' Report on the Examination of the Unaudited Pro Forma Financial Information" for further details.

## PROFIT FORECAST AND PROFIT PROJECTION

*Far East H-BT will not make distributions for the period in which it is dormant. Therefore distributions by Far East H-Trust, when Far East H-BT is dormant, will comprise distributions by Far East H-REIT solely.*

*Statements contained in the “Profit Forecast and Profit Projection” section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out in this section of this Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners or any other person, or that these results will be achieved or are likely to be achieved (see “Forward-looking Statements” and “Risk Factors”). Prospective investors in the Stapled Securities are cautioned not to place any undue reliance on these forward-looking statements that are valid only as at the date of this Prospectus.*

***None of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators or the Joint Bookrunners guarantee the performance of Far East H-Trust, Far East H-REIT and Far East H-BT, the repayment of capital or the payment of any distributions, or any particular return on the Stapled Securities. The forecast and projected yields stated in the following tables are calculated based on:***

- ***the Minimum Offering Price and the Maximum Offering Price; and***
- ***the assumption that the Listing Date is 1 August 2012.***

***Such yields will vary accordingly if the Listing Date is not 1 August 2012, or for investors who purchase the Stapled Securities in the secondary market at a market price that differs from the Minimum Offering Price and Maximum Offering Price.***

The following tables show the forecast and projected statements of total return for Forecast Period 2012 and Projection Year 2013 of Far East H-REIT. The financial year-end of Far East H-REIT is 31 December. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of the Stapled Securities is other than 1 August 2012, being the assumed date of the issuance of the Stapled Securities for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out in Profit Forecast and Profit Projection” and have been examined by the Independent Accountants and should be read together with the report set out in Appendix A, “Independent Accountants’ Report on the Profit Forecast and Profit Projection”, as well as the assumptions and the sensitivity analysis set out in this section of the Prospectus.

While profit forecasts have been prepared for Forecast Period 2012, being the period commencing from 1 August 2012 and ending 31 December 2012, it should be noted that due to the seasonal nature of the hospitality business, the financial performance of hospitality properties is generally better in the second half of the year as compared to the first half of the year. Hence, comparisons between the annualised financial performance of the Properties from Forecast Period 2012 and Projection Year 2013 are unlikely to provide accurate reflections of the expected changes in financial performance from 2012 to 2013.

## Far East H-REIT Forecast and Projected Statements of Total Return

The forecast and projected statements of total return for Far East H-REIT based on the Maximum Offering Price, assuming the Over-Allotment Option is fully exercised, is as follows:

	Forecast Period 2012	Projection Year 2013
	(S\$'000)	(S\$'000)
Total Gross Revenue	49,752	124,831
Less: Property Expenses	(4,620)	(11,717)
<b>Net Property Income</b>	45,132	113,114
REIT Manager's management fees	(4,485)	(10,983)
REIT Trustee's fees	(179)	(431)
Other trust expenses	(17,444) <sup>(1)</sup>	(1,040)
Finance costs (net) <sup>(2)</sup>	(6,733)	(16,387)
<b>Net income before tax and fair value change</b>	16,291	84,273
Fair value change in investment properties	34,897	-
<b>Net income before tax</b>	51,188	84,273
Income tax expense	-	-
<b>Net income after tax</b>	51,188	84,273
Add / (Less): Non-tax (chargeable) / deductible items (net) <sup>(3)</sup>	(13,831)	9,880
<b>Income available for distribution to holders of Far East H-REIT Units</b>	<b>37,357<sup>(4)</sup></b>	<b>94,153</b>

	Forecast Period 2012		Projection Year 2013	
	Maximum Offering Price	Minimum Offering Price	Maximum Offering Price	Minimum Offering Price
Weighted average number of Stapled Securities in issue <sup>(5)</sup> ('000)	1,607,746	1,608,060	1,613,640	1,614,434
Distribution per Stapled Security (cents)	2.32	2.32	5.83	5.83
Offering Price (S\$)	0.93	0.86	0.93	0.86
<b>Distribution yield (%)</b>	<b>6.0<sup>(6)</sup></b>	<b>6.5<sup>(6)</sup></b>	<b>6.3</b>	<b>6.8</b>

### Notes:

- (1) Other trust expenses for Forecast Period 2012 include one-off non-capitalised issuance costs.
- (2) Finance costs comprise interest expenses, amortisation of upfront debt financing costs and other bank charges and fees.
- (3) "Non-tax (chargeable) / deductible items" comprise the REIT Manager's management fees paid or payable in Stapled Securities, the REIT Trustee's fees, amortisation of upfront debt financing costs, fair value change in investment properties and non-capitalised issuance costs.
- (4) Stapled Securityholders will not be entitled to distributable income from 1 August 2012 to the day preceding the actual Listing Date.
- (5) Includes the assumed payment of 80% of the REIT Manager's management fees for the relevant period in the form of Stapled Securities issued at the respective assumed offering price.
- (6) Annualised by extrapolating the Forecast Period 2012 figures for a year.

## Total Gross Revenue and Net Property Income Contribution of Individual Property

The forecast and projected contribution of the Properties to Total Gross Revenue<sup>(1)</sup> is as follows:

	Forecast Period 2012		Projection Year 2013	
	(S\$'000)	%	(S\$'000)	%
<b>Hotels</b>				
Albert Court Village Hotel	2,787	5.6	7,001	5.6
Changi Village Hotel	5,645	11.3	14,207	11.4
The Elizabeth Hotel	4,458	9.0	11,213	9.0
Landmark Village Hotel	5,619	11.3	14,126	11.3
Oasia Hotel	7,250	14.6	18,200	14.6
Orchard Parade Hotel	11,495	23.1	28,801	23.1
The Quincy Hotel	1,906	3.8	4,797	3.8
<b>Sub-Total</b>	<b>39,160</b>	<b>78.7</b>	<b>98,345</b>	<b>78.8</b>
<b>Serviced Residences</b>				
Central Square Village Residences	4,149	8.3	10,311	8.3
Hougang Village Residences	1,245	2.5	3,271	2.6
Regency House	2,996	6.0	7,520	6.0
Riverside Village Residences	2,202	4.5	5,384	4.3
<b>Sub-Total</b>	<b>10,592</b>	<b>21.3</b>	<b>26,486</b>	<b>21.2</b>
<b>Total</b>	<b>49,752</b>	<b>100.0</b>	<b>124,831</b>	<b>100.0</b>

**Note:**

(1) Includes the Excluded Commercial Premises.

The forecast and projected contribution of the Properties<sup>(1)</sup> to Net Property Income is as follows:

	Forecast Period 2012		Projection Year 2013	
	(S\$'000)	%	(S\$'000)	%
<b>Hotels</b>				
Albert Court Village Hotel	2,452	5.4	6,158	5.4
Changi Village Hotel	5,319	11.8	13,386	11.8
The Elizabeth Hotel	4,210	9.3	10,589	9.4
Landmark Village Hotel	5,283	11.7	13,281	11.7
Oasia Hotel	6,930	15.4	17,394	15.4
Orchard Parade Hotel	10,388	23.0	26,018	23.0
The Quincy Hotel	1,808	4.0	4,550	4.0
<b>Sub-Total</b>	<b>36,390</b>	<b>80.6</b>	<b>91,376</b>	<b>80.7</b>
<b>Serviced Residences</b>				
Central Square Village Residences	3,333	7.4	8,209	7.3
Hougang Village Residences	1,086	2.4	2,834	2.5
Regency House	2,420	5.4	6,071	5.4
Riverside Village Residences	1,903	4.2	4,624	4.1
<b>Sub-Total</b>	<b>8,742</b>	<b>19.4</b>	<b>21,738</b>	<b>19.3</b>
<b>Total</b>	<b>45,132</b>	<b>100.0</b>	<b>113,114</b>	<b>100.0</b>

**Note:**

(1) Includes the Excluded Commercial Premises.

## ASSUMPTIONS

The REIT Manager has prepared the profit forecasts of Far East H-REIT for Forecast Period 2012 and the profit projections for Projection Year 2013 based on the Maximum Offering Price and Minimum Offering Price and the assumptions listed below. The REIT Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these assumptions as well as the profit forecasts and profit projections and make their own assessment of the future performance of Far East H-REIT.

### Total Gross Revenue

The Total Gross Revenue comprises (i) gross rental income from the Properties under the Master Lease Agreements and (ii) commercial rental income.

The table below sets out a breakdown of contribution to Total Gross Revenue by type:

	Forecast Period 2012		Projection Year 2013	
	(S\$'000)	%	(S\$'000)	%
Hotels <sup>(1)</sup>	35,261	70.9	88,705	71.0
Serviced Residences <sup>(1)</sup>	7,428	14.9	18,665	15.0
Commercial rental income	7,063	14.2	17,461	14.0
<b>Total</b>	<b>49,752</b>	<b>100.0</b>	<b>124,831</b>	<b>100.0</b>

**Note:**

(1) Excludes the Excluded Commercial Premises.

A summary of the assumptions which have been used in calculating the Total Gross Revenue is set out below:

**Gross rental income from the Properties under the Master Lease Agreements**

Far East H-REIT will receive gross rental income under the terms of the Master Lease Agreements comprising a Fixed Rent and a Variable Rent, as set out in the table below:

	Fixed Rent	Variable Rent	
	(S\$'000)	% of Gross Operating Revenue	% of Gross Operating Profit
<b>Hotels</b>			
Albert Court Village Hotel	3,500	33.0	25.0
Changi Village Hotel	7,500	33.0	24.0
The Elizabeth Hotel	5,500	33.0	34.0
Landmark Village Hotel	7,000	33.0	29.0
Oasia Hotel <sup>(1)</sup>	8,000	33.0	28.0
Orchard Parade Hotel	10,000	33.0	37.0
The Quincy Hotel	2,500	33.0	23.0
<b>Serviced Residences</b>			
Central Square Village Residences	3,500	33.0	41.0
Hougang Village Residences	1,500	33.0	38.0
Regency House	2,500	33.0	40.0
Riverside Village Residences	2,500	33.0	40.0

**Note:**

(1) For Forecast Period 2012 and Projection Year 2013, the total rental income of Oasia Hotel under the relevant Master Lease Agreement is subject to a minimum guarantee of S\$7.3 million and S\$18.2 million, respectively.

Should the calculation of the Variable Rent yield a negative figure, the Variable Rent will be deemed to be zero.

(See "Certain Agreements Relating to Far East H-Trust, Far East H-REIT and Far East H-BT — Master Lease Agreements" for further details.)

### Gross Operating Revenue and Gross Operating Profit of the Hotels

The forecast and projected Gross Operating Revenue and Gross Operating Profit of each of the Hotels used in computing Far East H-REIT's rental income under the Master Lease Agreements for Forecast Period 2012 and Projection Year 2013 respectively are as follows:

Forecast Period 2012								
(S\$'000)	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel	Orchard Parade Hotel	The Quincy Hotel	Total
Room revenue	4,622	9,267	6,977	9,075	11,368	12,521	3,794	57,624
F&B revenue	85	1,274	117	457	297	701	40	2,971
Service charge	475	1,051	707	945	1,163	1,308	382	6,031
Other income	119	419	138	106	288	451	30	1,551
<b>Gross Operating Revenue</b>	<b>5,301</b>	<b>12,011</b>	<b>7,939</b>	<b>10,583</b>	<b>13,116</b>	<b>14,981</b>	<b>4,246</b>	<b>68,177</b>
Operating expenses	(2,413)	(5,591)	(2,973)	(4,570)	(5,976)	(5,140)	(2,049)	(28,712)
<b>Gross Operating Profit</b>	<b>2,888</b>	<b>6,420</b>	<b>4,966</b>	<b>6,013</b>	<b>7,140</b>	<b>9,841</b>	<b>2,197</b>	<b>39,465</b>

Projection Year 2013								
(S\$'000)	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel	Orchard Parade Hotel	The Quincy Hotel	Total
Room revenue	11,610	23,278	17,524	22,794	28,553	31,450	9,530	144,739
F&B revenue	215	3,209	295	1,150	748	1,766	100	7,483
Service charge	1,196	2,649	1,782	2,382	2,930	3,297	963	15,199
Other income	300	1,056	347	266	727	1,136	75	3,907
<b>Gross Operating Revenue</b>	<b>13,321</b>	<b>30,192</b>	<b>19,948</b>	<b>26,592</b>	<b>32,958</b>	<b>37,649</b>	<b>10,668</b>	<b>171,328</b>
Operating expenses	(6,023)	(13,955)	(7,420)	(11,407)	(14,915)	(12,829)	(5,115)	(71,664)
<b>Gross Operating Profit</b>	<b>7,298</b>	<b>16,237</b>	<b>12,528</b>	<b>15,185</b>	<b>18,043</b>	<b>24,820</b>	<b>5,553</b>	<b>99,664</b>

The Gross Operating Revenue and Gross Operating Profit of the Hotels are forecast and projected based on the following assumptions.

#### Gross Operating Revenue of the Hotels

The Gross Operating Revenue of the Hotels consists of (i) room revenue, (ii) F&B revenue, (iii) service charge and (iv) other income.

##### (i) Room revenue

The forecast and projected hotel revenue for Forecast Period 2012 and Projection Year 2013 respectively are based on each Hotel's RevPAR, which is in turn driven by the ADR and the Average Occupancy Rate assumptions.



The weighted average ADR, Average Occupancy Rate and weighted average RevPAR for the Hotels assumed in Forecast Period 2012 and Projection Year 2013 are as follows:

Weighted Average	Forecast Period 2012	Projection Year 2013
Average Occupancy Rate <sup>(1)</sup> (%)	84.9	84.9
ADR <sup>(2)</sup> (S\$)	205	216
RevPAR <sup>(3)</sup> (S\$)	174	183

**Notes:**

- (1) Weighted by the total number of Available Hotel Rooms of the Hotels for the relevant period.
- (2) Weighted by the total number of hotel rooms sold at the Hotels for the relevant period.
- (3) Computed based on the total room revenues of the Hotels divided by the total number of Available Hotel Rooms of the Hotels for the relevant periods.

Forecast and projected Average Occupancy Rate and ADR are derived after taking into account the historical and current operating performance of each of the Hotels. Other factors considered include the prospects of the Singapore hospitality industry, the expected demand and supply of hotel rooms in Singapore, the competitive position of competing hotels, major conventions and events that are scheduled to take place in Singapore, the historical and expected future renovations or refurbishments at the Hotels, the respective location of the Hotels and the materialisation rate of the existing and potential hotel room contracts.

In addition, the Hotels intend to continue to reposition themselves to adjust the customer mix and increase the contribution from the higher-yielding corporate market segment.

The RevPAR of each of the Hotels for Forecast Period 2012 and Projection Year 2013 are as follows:

	Forecast Period 2012 (S\$)	Projection Year 2013 (S\$)
Albert Court Village Hotel	144	151
Changi Village Hotel	159	168
The Elizabeth Hotel	178	188
Landmark Village Hotel	151	159
Oasia Hotel	174	183
Orchard Parade Hotel	211	222
The Quincy Hotel	230	242
<b>Weighted Average RevPAR<sup>(1)</sup></b>	<b>174</b>	<b>183</b>

**Note:**

- (1) Computed based on total room revenues of the Hotels divided by the total number of Available Hotel Rooms of the Hotels for the relevant periods.

(ii) *F&B revenue*

F&B revenue encompasses revenue from the lobby and poolside bars, catering services, banqueting sale, room service and room mini-bar sales. For Forecast Period 2012 and Projection Year 2013, F&B revenue is expected to constitute approximately 4.4% and 4.4% of the total revenue of the Hotels respectively.

The forecast and projected F&B revenue are estimated based on the historical performance of the F&B sales of the Hotels and taking into account the expected occupancy rates of the Hotels, the competitive position and location of the Hotels, as well as expected bookings for banquets, wedding dinners, corporate meetings and other corporate events.

(iii) *Service charge*

Service charge refers to the service charge typically levied on room revenue, F&B revenue and revenue from laundry services, and is forecast and projected based on 10.0% of such forecast and projected revenue.

(iv) *Other income*

Other income includes income from provision of telecommunication services, internet broadband services, laundry services, operation of carparks and the usage of business centres.

*Operating expenses of the Hotels*

The operating expenses of the Hotels include (i) cost of sales, (ii) staff costs, (iii) shared services costs, (iv) energy and utilities as well as (v) other expenses.

(i) *Cost of sales*

Cost of sales relates to direct costs incurred in the provision of F&B services, telecommunication services, internet broadband services and laundry services. Cost of sales has been forecast and projected to vary in proportion to room revenue and F&B revenue for Forecast Period 2012 and Projection Year 2013, taking into consideration cost efficiencies.

(ii) *Staff costs*

Staff costs relate to wages, salaries and the related staff benefits in connection with the hiring of full-time and temporary staff to carry out day-to-day operations at the Hotels including housekeeping services, reception services, security services, F&B, administrative, marketing, property operation and maintenance and other services.

For Forecast Period 2012 and Projection Year 2013, staff costs are estimated based on the Hotels' historical payroll costs and after adjusting for an expected increment in each year. In addition, consideration has been given to staffing requirements at the Hotels by taking into account the forecast and projected performance of the Hotels (in particular, expected occupancy levels, expected banqueting demand and expected operating efficiencies).

(iii) *Shared services costs*

Shared services costs refer to expenses incurred for accounting, internal audit, tax, human resources, IT, central reservations and revenue management functions. For Forecast Period 2012 and Projection Year 2013, shared services costs are estimated based on the costs incurred historically, after adjusting for an expected increment each year and taking into consideration cost efficiencies.

(iv) *Energy and utilities*

For Forecast Period 2012 and Projection Year 2013, it has been assumed that energy and utilities costs are based on the estimated utilities costs, taking into consideration historical rates, expected rate increments and expected utilisation.

(v) *Other expenses*

Other hotel expenses include costs of guest supplies, repair and maintenance expenses, selling and marketing expenses, and administrative and general expenses.

Costs of guest supplies include costs of linen laundry and room consumables. Guests supplies are assumed to be approximately 3.4% to 5.4% of each Hotel's Gross Operating Revenue, taking into consideration historical amounts incurred for each Hotel and expected occupancy levels.

Repair and maintenance expenses relate to costs incurred for the upkeep of the Hotels, including the cost of materials, supplies and contracts related to the general repair and maintenance of the Hotels, as well as maintenance contributions to MCST (where applicable). Repair and maintenance expenses are assumed to be approximately 1.6% to 9.4% of each Hotel's Gross Operating Revenue, based on historical and expected future renovations and refurbishments at each Hotel.

Selling and marketing expenses relate to costs incurred in marketing, advertising and promoting the Hotels as well as commission to third parties. Such expenses are assumed to be approximately 3.6% to 5.7% of each Hotel's revenue for Forecast Period 2012 and Projection Year 2013, taking into account expected selling and marketing efforts at each Hotel.

Administrative and general expenses include turnkey fees, security services, maintenance of IT systems and other general and administrative expenses. Such expenses are assumed to be approximately 0.8% to 1.7% of each Hotel's revenue taking into account historical amounts incurred for each Hotel.

*Gross Operating Revenue and Gross Operating Profit of the Serviced Residences*

The forecast and projected Gross Operating Revenue and Gross Operating Profit of each of the Serviced Residences used in computing Far East H-REIT's rental income under the Master Lease Agreements for Forecast Period 2012 and Projection Year 2013 respectively are as follows:

(S\$'000)	Forecast Period 2012				Total
	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences	
Rental revenue	4,012	2,227	3,059	2,704	12,002
Other income	93	3	74	27	197
<b>Gross Operating Revenue</b>	<b>4,105</b>	<b>2,230</b>	<b>3,133</b>	<b>2,731</b>	<b>12,199</b>
Operating expenses	(1,146)	(890)	(855)	(812)	(3,703)
<b>Gross Operating Profit</b>	<b>2,959</b>	<b>1,340</b>	<b>2,278</b>	<b>1,919</b>	<b>8,496</b>

**Projection Year 2013**

(\$'000)	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences	Total
Rental revenue	9,887	5,700	7,725	6,527	29,839
Other income	230	7	186	66	489
<b>Gross Operating Revenue</b>	<b>10,117</b>	<b>5,707</b>	<b>7,911</b>	<b>6,593</b>	<b>30,328</b>
Operating expenses	(2,639)	(2,055)	(2,134)	(1,865)	(8,693)
<b>Gross Operating Profit</b>	<b>7,478</b>	<b>3,652</b>	<b>5,777</b>	<b>4,728</b>	<b>21,635</b>

The Gross Operating Revenue and Gross Operating Profit of the Serviced Residences are forecast and projected based on the following assumptions.

*Gross Operating Revenue of the Serviced Residences*

The Gross Operating Revenue of the Serviced Residences consists of (i) rental revenue and (ii) other income.

(i) *Rental revenue*

The forecast and projected rental revenue for Forecast Period 2012 and Projection Year 2013 are based on each Serviced Residence's RevPAU, which in turn is driven by the ADR and the Average Occupancy Rate assumptions.

The weighted average ADR, Average Occupancy Rate and weighted average RevPAU for the Serviced Residences assumed in Forecast Period 2012 and Projection Year 2013 are as follows:

Weighted Average	Forecast Period 2012	Projection Year 2013
Average Occupancy Rate <sup>(1)</sup> (%)	89.5	90.0
ADR <sup>(2)</sup> (S\$)	242	250
RevPAU <sup>(3)</sup> (S\$)	216	225

**Notes:**

- (1) Weighted by the total number of Available Serviced Residence Units of the Serviced Residences for the relevant period.
- (2) Weighted by the total number of serviced residence units sold at the Serviced Residences for the relevant period.
- (3) Computed based on total serviced residence unit revenues of the Serviced Residences divided by the total number of Available Serviced Residence Units of the Serviced Residences for the relevant periods.

Forecast and projected occupancies and ADR are derived after taking into account the historical and current operating performance of each of the Serviced Residences. Other factors considered include the underlying forecast economic conditions in Singapore, the expected demand and supply of serviced residence units in Singapore, the competitive position of competing serviced residences, the historical and expected future renovations or refurbishments at the Serviced Residences, the respective location of the Serviced Residences and the materialisation rate of the existing and potential serviced residence contracts.

The RevPAU of each of the Serviced Residences for Forecast Period 2012 and Projection Year 2013 are as follows:

	Forecast Period 2012 (S\$)	Projection Year 2013 (S\$)
Central Square Village Residences	206	213
Hougang Village Residences	187	200
Regency House	230	243
Riverside Village Residences	249	252
<b>Weighted Average RevPAU<sup>(1)</sup></b>	<b>216</b>	<b>225</b>

**Note:**

(1) Computed based on total serviced residence unit revenues of the Serviced Residences divided by the total number of Available Serviced Residence Units of the Serviced Residences for the relevant periods.

(ii) *Other income*

Other income refers mainly to income from laundry services, operation of carparks and hiring of furniture and equipment by guests in addition to standard provisions.

*Operating expenses of the Serviced Residences*

The operating expenses of the Serviced Residences include (i) cost of sales, (ii) staff costs, (iii) shared services costs, (iv) energy and utilities as well as (v) other expenses.

(i) *Cost of sales*

Cost of sales includes costs of hiring of furniture and equipment, as well as costs incurred in the provision of telecommunication services and laundry services. Cost of sales has been forecast and projected to vary in proportion to rental revenue for Forecast Period 2012 and Projection Year 2013, taking into consideration cost efficiencies.

(ii) *Staff costs*

Staff costs relate to wages, salaries and the related staff benefits in connection with the hiring of full-time and temporary staff to carry out day-to-day operations at the Serviced Residences including reception services, property operation and maintenance and other services.

For Forecast Period 2012 and Projection Year 2013, staff costs are estimated based on the Serviced Residences' historical payroll costs and after adjusting for an expected increment in each year. In addition, consideration has been given to staffing requirements at the Serviced Residences by taking into account the forecast and projected performance of the Serviced Residences (in particular, expected occupancy levels and expected operating efficiencies).

(iii) *Shared services costs*

Shared services costs refer to expenses incurred for accounting, internal audit, tax, human resources, IT, and sales and marketing functions. For Forecast Period 2012 and Projection Year 2013, shared services costs are estimated based on the costs

incurred historically, after adjusting for an expected increment each year and taking into consideration cost efficiencies.

(iv) *Energy and utilities*

For Forecast Period 2012 and Projection Year 2013, it has been assumed that energy and utilities costs are based on the estimated utilities costs, taking into consideration historical rates, expected rate increments and expected utilisation.

(v) *Other expenses*

Other serviced residence expenses include costs of guest supplies, repair and maintenance expenses, advertising and promotion expenses, and administrative and general expenses.

Costs of guest supplies include costs incurred for airport transfers and shuttle services, breakfast provisions, linen laundry and cable subscriptions. Guests supplies are assumed to be approximately 4.2% to 5.0% of each Serviced Residence's Gross Operating Revenue, taking into consideration historical amounts incurred for each Serviced Residence and expected occupancy levels.

Repair and maintenance expenses relate to costs incurred for the upkeep of the Serviced Residences, including the cost of materials, supplies and contracts related to the general repair and maintenance of the Serviced Residences, as well as maintenance contributions to MCST (where applicable). Repair and maintenance expenses are assumed to be approximately 1.6% to 6.7% of each Serviced Residence's revenue, based on historical and expected future renovations and refurbishments at each Serviced Residence.

Selling and marketing expenses relate to costs incurred in marketing, advertising and promoting the Serviced Residences and includes commission to third parties. Such expenses are assumed to be approximately 1.2% to 2.0% of each Serviced Residence's revenue for Forecast Period 2012 and Projection Year 2013, taking into account expected selling and marketing efforts at each Serviced Residences.

Administrative and general expenses include security services, maintenance of IT systems and other general and administrative expenses. Such expenses are assumed to be approximately 0.4% to 0.7% of each Serviced Residence's revenue taking into account historical amounts incurred for each Serviced Residence.

***Commercial rental income***

Far East H-REIT will receive commercial rental income from the Excluded Commercial Premises in eight of the Properties, namely Albert Court Village Hotel, Changi Village Hotel, The Elizabeth Hotel, Landmark Village Hotel, Orchard Parade Hotel, Central Square Village Residences, Regency House and Riverside Village Residences. The commercial leases primarily have terms ranging from one to three years.

The commercial rental income is forecast and projected to contribute to 14.2% and 14.0% of Total Gross Revenue for Forecast Period 2012 and Projection Year 2013 respectively and 10.7% and 10.4% of Net Property Income for Forecast Period 2012 and Projection Year 2013 respectively.

In order to forecast and project commercial rental income, the rents payable by tenants under committed leases covering Forecast Period 2012 and Projection Year 2013 have been considered. The rents payable under the new leases (or renewed leases) is estimated to be approximately equal to the existing leases, having taken into account the assessment of the market rent for each lettable area, which considers, amongst others, the location and size of each lettable area, the effect of competing properties, likely market conditions, inflation levels and tenant demand levels. In respect of leases expiring in Forecast Period 2012 and Projection Year 2013, the REIT Manager has assumed that these leases will be renewed and will not experience any vacancy period.

## **Property Expenses**

Property Expenses for Far East H-REIT comprise (i) property tax for hospitality properties, (ii) insurance expenses, (iii) Sinking Fund Contributions, and (iv) other property expenses. A summary of the assumptions which have been used in calculating the Property Expenses is set out below.

### ***Property tax for hospitality properties***

Property tax is assessed on immovable property and is payable in advance in January by landowner or the registered leaseholder. It is generally computed as a percentage of the annual value of all houses, land, building and tenements. The annual value is the gross amount at which the property can be expected to be let from year to year having regard to the fact that all outgoings and maintenance are borne by the landlord.

#### *Property tax for hotels*

For hotels, property tax is payable at 10.0% of the total annual value of the hotel property. The annual value of hotel rooms is assessed on a fixed percentage of gross hotel room receipts for the preceding year. With effect from 1 January 2011, the annual value of hotel rooms will be set at 25.0% of the preceding year's gross room receipts.

For Forecast Period 2012 and Projection Year 2013, it is assumed that property tax will remain at 10.0% of the annual value of the Hotels and that no property tax rebate is given by the tax authorities for the periods presented.

#### *Property tax for serviced residences*

Property tax for serviced residences are payable at 10.0% of their total annual value. The annual values assessable to tax are based on their estimated prevailing market rentals, derived using valuation methods such as rental comparison or profit comparison. In estimating the market rent of the property using market rents of comparable properties, the Chief Assessor of the IRAS will take into account factors such as size, location and other physical attributes of the property.

For Forecast Period 2012 and Projection Year 2013, it is assumed that property tax will remain at 10.0% of the assessed annual values and that no property tax rebate will be given by the tax authorities.

### ***Insurance expenses***

Insurance expenses are incurred for certain insurance coverage, including fire insurance and physical damage for the Properties, as well as rental losses from business interruption for the



Excluded Commercial Premises. Insurance expenses are estimated based on the insurance contracts currently in place as of the Listing Date.

### ***Sinking Fund Contributions***

Landmark Village Hotel, together with the 54 strata-titled shop units within Golden Landmark Shopping Centre, forms part of a MCST. As such, the owner of the Landmark Village Hotel is required to pay its share value of contributions towards maintenance and other expenses of the development to the MCST. Under the Master Lease Agreements, the Master Lessee will bear the Maintenance Fund contributions levied for regular maintenance of the development, while Far East H-REIT will bear the Sinking Fund Contributions levied for the eventual replacement of a facility or asset.

Oasia Hotel, Hougang Village Residences and Riverside Village Residences are part of a MCST, after which Far East H-REIT will bear the contributions to the sinking fund of the MCST.

### ***Other property expenses***

Other property expenses comprise expenses incurred for the Excluded Commercial Premises such as staff costs, property management fees, property tax for the Excluded Commercial Premises, marketing expenses, utilities, repair and maintenance expenses, general and administrative expenses and other miscellaneous operating expenses. Other property expenses for Forecast Period 2012 and Projection Year 2013 have been forecast and projected based on the historical expenses and existing service and maintenance contracts with suppliers.

### **REIT Manager's management fee**

Pursuant to the Far East H-REIT Trust Deed, the REIT Manager is entitled to a management fee comprising a Base Fee of 0.3% per annum of the value of the Far East H-REIT Deposited Property and a Performance Fee of 4.0% of Net Property Income.

The REIT Manager has been assumed to receive 80.0% of its management fees in the form of Stapled Securities and the balance in cash for Forecast Period 2012 and Projection Year 2013. Where the management fees are payable in Stapled Securities, the REIT Manager has assumed that such Stapled Securities are issued at the Offering Price.

The portion of the management fees payable in cash shall be payable monthly in arrears and the portion of the management fees payable in the form of Stapled Securities shall be payable quarterly in arrears.

(See "Management and Corporate Governance — Fees Payable to the REIT Manager" for further details.)

### **REIT Trustee's fees**

Pursuant to the Far East H-REIT Trust Deed, the REIT Trustee's fees are charged on a scaled basis of up to 0.02% per annum of the Far East H-REIT Deposited Property, subject to a minimum of S\$20,000 per month, excluding out-of-pocket expenses and GST. The REIT Trustee will also be paid a one-time inception fee of S\$50,000.

(See “Management and Corporate Governance — Fees Payable to the REIT Trustee” for further details.)

### **Trustee-Manager’s fees**

Pursuant to the Far East H-BT Trust Deed, the Trustee-Manager is entitled to:

- (i) 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; and
- (ii) a trustee fee of a maximum of 0.1% per annum of the value of the Far East H-BT Trust Property if any, provided that the value of the Far East H-BT Trust Property is at least S\$50.0 million and Far East H-BT has become active.

For the Profit Forecast and Profit Projection, it has been assumed that Far East H-BT is dormant, and the value of the Far East H-BT Trust Property is less than S\$50.0 million in Forecast Period 2012 and Projection Year 2013, and that, as a result, no Trustee-Manager fees are payable.

(See “Management and Corporate Governance — Fees Payable to the Trustee-Manager” for further details.)

### **Other trust expenses**

Other expenses of Far East H-Trust include one-off non-capitalised issuance costs and recurring trust expenses such as annual listing fees, registry fees, audit and tax advisory fees, valuation fees, legal fees, costs associated with the preparation of annual reports, investor communication costs and other miscellaneous costs.

### **Finance costs**

Finance costs consist of interest expense, amortisation of upfront debt financing costs and other bank charges and fees. As of the Listing Date, Far East H-REIT has put in place the Far East H-REIT Debt Facilities.

The REIT Manager has assumed an effective interest rate for Forecast Period 2012 and Projection Year 2013 to be approximately 2.5% per annum using the effective interest rate method. Finance costs in relation to the Far East H-REIT Debt Facilities are assumed to be S\$6.7 million and S\$16.4 million in Forecast Period 2012 and Projection Year 2013 respectively.

### **Capital expenditure**

Certain forecast and projected capital expenditure has been included based on the REIT Manager’s budgets. The budgeted capital expenditure is intended to fund asset enhancement works such as the upgrading of lifts, room renovations and refurbishments and the renovation of the façade of the Properties.

It had been assumed that such capital expenditure will be funded by capital expenditure provisions and borrowings under the Far East H-REIT Debt Facilities. Capital expenditure incurred is capitalised as part of the value of the relevant Property and has no impact on the forecast and projected statements of total return or forecast and projected distributions other

than the interest incurred on borrowings and increasing the value of the Far East H-REIT Deposited Property for the purposes of computation of the REIT Manager's management fees and the REIT Trustee's fees.

Capital expenditure is expected to be S\$6.2 million for Forecast Period 2012 and S\$12.6 million for Projection Year 2013 respectively, and such capital expenditure is expected to be funded by working capital and/or borrowings under the Far East H-REIT Debt Facilities.

(See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure".)

### **Issue expenses**

The costs associated with the issue of the Stapled Securities will be paid by Far East H-REIT. Costs attributable to the Sponsor Stapled Securities are non-capitalised and are charged as a one-off expense under "other trust expenses". As proceeds have been raised for these costs, they are added back to net income after tax for distribution to Stapled Securityholders. Costs attributable to the Stapled Securities of other Stapled Securityholders are charged against net assets attributable to holders of Far East H-REIT Units in the balance sheet and have no impact on the forecast and projected statements of total return of Far East H-REIT.

### **Properties**

The aggregate value of the Properties as at 31 March 2012 was S\$2,139.9 million, based on average of the two independent valuations undertaken for each Property. For the purposes of the profit forecasts and profit projections, the REIT Manager has assumed an increase in the value of the Properties only to the extent of the budgeted capital expenditure described in "— Capital Expenditure" above for each of the relevant periods.

### **Accounting standards**

The REIT Manager has assumed that there will be no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected net income.

Significant accounting policies adopted by the REIT Manager in the preparation of the profit forecasts and profit projections are set out in Appendix B, "Independent Accountants' Report on the Examination of the Unaudited Pro Forma Financial Information".

### **Other Assumptions**

The REIT Manager has made the following additional assumptions in preparing the profit forecasts for Forecast Period 2012 and the profit projections for Projection Year 2013:

- (i) the Initial Portfolio remains unchanged throughout the periods;
- (ii) no further capital will be raised during the periods;
- (iii) there will be no material change in taxation legislation or other applicable legislation;
- (iv) there will be no material change to the Tax Ruling and that the terms and conditions of the Tax Ruling are complied with;

- (v) the Far East H-REIT Debt Facilities are available during the periods at the same effective interest rate;
- (vi) all leases are enforceable and will be performed in accordance with their terms;
- (vii) there will be no pre-termination of any committed leases;
- (viii) 100.0% of the Taxable Income will be distributed; and
- (ix) where derivative financial instruments are undertaken to hedge against interest rate movements, there is no change in the fair value of such instruments during Forecast Period 2012 and Projection Year 2013.

## SENSITIVITY ANALYSIS

The forecast and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in "Risk Factors".

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the profit forecasts and profit projections, a series of tables demonstrating the sensitivity of the distribution per Stapled Security to changes in the principal assumptions are set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

### Total Gross Revenue

Changes in Total Gross Revenue will impact the Net Property Income of Far East H-REIT and, consequently, the distribution yield. The assumptions for Total Gross Revenue have been set out earlier in this section.

The effect of variations in the Total Gross Revenue on the distribution yield is set out below:

	Forecast Period 2012 (%)		Projection Year 2013 (%)	
	Maximum Offering Price	Minimum Offering Price	Maximum Offering Price	Minimum Offering Price
5.0% above base case	6.4	6.9	6.7	7.2
<b>Base Case</b>	6.0	6.5	6.3	6.8
5.0% below base case	5.6	6.1	5.9	6.3

### Property Expenses

Changes in Property Expenses will impact the Net Property Income of Far East H-REIT and, consequently, the distribution yield. The assumptions for Total Gross Revenue have been set out earlier in this section.

The effect of variations in the Property Expenses on the distribution yield is set out below:

	Forecast Period 2012 (%)		Projection Year 2013 (%)	
	Maximum Offering Price	Minimum Offering Price	Maximum Offering Price	Minimum Offering Price
5.0% above base case	6.0	6.4	6.2	6.7
<b>Base Case</b>	6.0	6.5	6.3	6.8
5.0% below base case	6.0	6.5	6.3	6.8

### Finance Costs

Changes in finance costs will impact the net income of Far East H-REIT and, consequently, distribution yield. The assumptions for finance costs have been set out earlier in this section.

The effect of variations in the finance costs on the distribution yield is set out below:

	Forecast Period 2012 (%)		Projection Year 2013 (%)	
	Maximum Offering Price	Minimum Offering Price	Maximum Offering Price	Minimum Offering Price
5.0% above base case	5.9	6.4	6.2	6.7
<b>Base Case</b>	6.0	6.5	6.3	6.8
5.0% below base case	6.1	6.5	6.3	6.8

### REIT Manager's Management Fees Payable in Stapled Securities

The REIT Manager has assumed, for the Forecast Period 2012 and the Projection Year 2013, that 80.0% of the REIT Manager's management fees will be paid in Stapled Securities and the balance will be paid in cash. The REIT Manager has assumed that such Stapled Securities are issued at the Offering Price.

The effect of an increase in the level of portion of the Management Fees payable in Stapled Securities on the distribution yield is set out below:

	Forecast Period 2012 (%)		Projection Year 2013 (%)	
	Maximum Offering Price	Minimum Offering Price	Maximum Offering Price	Minimum Offering Price
100% of management fees payable in cash	5.4	5.9	5.7	6.2
<b>Base Case</b>	6.0	6.5	6.3	6.8
100% of management fees payable in Stapled Securities	6.1	6.6	6.4	6.9

## STRATEGY

### INVESTMENT POLICY

Far East H-REIT is a Singapore-based REIT and Far East H-BT is a Singapore-based business trust. Far East H-Trust is regulated by the Deeds as well as any legislation and regulations governing Far East H-Trust, Far East H-REIT and Far East H-BT.

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 in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing. Far East H-REIT is principally regulated by the SFA, the CIS Code, including the Property Funds Appendix, other relevant regulations as well as the Stapling Deed and the Far East H-REIT Trust Deed.

In accordance with the requirements of the Listing Manual, this principal investment strategy will be adhered to for at least three years following the Listing Date unless changed by Extraordinary Resolution passed by the holders of Far East H-REIT Units and/or holders of Far East H-BT Units. After the expiry of the three-year period, the REIT Manager may from time to time change the principal investment strategy of Far East H-REIT so long as the REIT Manager has given not less than 30 days' prior notice of the change.

### OBJECTIVES

The initial portfolio of Far East H-Trust will, on the Listing Date, comprise 11 properties consisting of seven Hotels and four Serviced Residences held through Far East H-REIT. The Managers' principal objectives are to deliver stable and growing distributions to Stapled Securityholders and to achieve long-term growth in DPS and in the NAV per Stapled Security, while maintaining an appropriate capital structure.

### KEY STRATEGIES

#### Far East H-REIT's Strategies

The REIT Manager plans to achieve its objectives through the following key strategies:

- **Acquisition Growth Strategy Supported by Acquisition Opportunities in respect of the Sponsor ROFR Properties and Other Third Party Properties** — The REIT Manager will source for and pursue asset acquisition opportunities which provide attractive cash flows and yields and which satisfy the REIT Manager's investment mandate for Far East H-REIT to enhance the returns to Stapled Securityholders and improve potential opportunities for future income and capital growth.
- **Active Asset Management and Enhancement Strategy** — The REIT Manager will implement pro-active measures to enhance the Properties and to improve their operational performance, so as to optimise the cash flow and value of the Properties.

Through such active management, the REIT Manager seeks to enhance the efficiency of the Properties to improve occupancy rates and average RevPAR and RevPAU, as well as to create a better lodging experience for their clientele.

- **Capital and Risk Management Strategy** — The REIT Manager will endeavour to maintain a strong balance sheet, employ an appropriate mix of debt and equity in

financing acquisitions of properties, secure diversified funding sources to access both financial institutions and capital markets, optimise its cost of debt financing and utilise interest rate hedging strategies, where appropriate, in order to reduce exposure to market volatility.

### **Far East H-BT's Strategies**

As at the Listing Date, Far East H-BT will be dormant. It will, however, become active if any of the following occurs:

- it is appointed by Far East H-REIT, in the absence of any other master lessee(s) being appointed, as a master lessee of one of the Properties. Far East H-BT exists primarily as “a master lessee of last resort”;
- Far East H-REIT acquires hotels or serviced residences in the future, and, if there are no other suitable master lessees, Far East H-REIT will lease these acquired hotels or serviced residences to Far East H-BT. Far East H-BT will then become a master lessee for that hotel or serviced residence and will appoint a professional manager to manage that hotel or serviced residence; or
- it undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for Far East H-REIT.

Far East H-BT will generally be considered to be active in the event that it carries on any business activity other than:

- activities which Far East H-BT is required to carry out under any applicable law, regulation, rule or directive of any agency, regulatory or supervisory body;
- the lending or use of the initial S\$30,000 working capital raised from the Offering; and
- equity fund-raising activities and issue of Far East H-BT Units carried out in conjunction with Far East H-REIT which are solely for the purposes of funding Far East H-REIT's business activities.

When Far East H-BT becomes active, the Trustee-Manager intends, where appropriate, to manage the exposure arising from adverse market movements in interest rates through appropriate hedging strategies.

Far East H-REIT will not guarantee any debt of Far East H-BT, and *vice versa*. This will help to shield each entity from the other's financial obligations because each entity's creditors will not have recourse to the other.

### **Acquisition Growth Strategy Supported by Acquisition Opportunities in respect of the Sponsor ROFR Properties and Other Third Party Properties**

The REIT Manager intends to meet its objectives of enhancing the returns to Stapled Securityholders and improving potential opportunities for future income and capital growth by carefully evaluating acquisition opportunities in accordance with the REIT Manager's strategy and investment mandate for Far East H-REIT.



In evaluating future acquisition opportunities, the REIT Manager will rely on the following investment criteria in relation to the property under consideration:

- ***Yield requirements***

The REIT Manager will seek to acquire only properties which are value-enhancing after taking into account regulatory, commercial, political and other relevant factors, with yields that are estimated to be above the cost of capital and which are expected to maintain or enhance returns to Stapled Securityholders while balancing the various risks associated with such an investment.

- ***Geographical location***

The REIT Manager will assess each property's location and the potential for business growth in its market, as well as its impact on the overall geographic diversification of its asset portfolio. The REIT Manager will also evaluate a range of location-related criteria, including, but not limited to, ease of access, connectivity to major business, tourist and transportation hubs, visibility of properties from the surrounding markets and the presence and concentration of competitors in the vicinity of the property.

- ***Strong fundamentals and organic growth potential***

The REIT Manager will seek to acquire properties with good potential for increasing RevPAR / RevPAU and occupancy rates going forward.

- ***Asset enhancement potential***

The REIT Manager may also seek to acquire properties which have the potential to add value through improved hotel and serviced residence management, market repositioning or other asset enhancements.

- ***Building and facilities specification***

With respect to potential properties to be acquired by Far East H-REIT, the REIT Manager will endeavour to conduct thorough property due diligence and adhere strictly to relevant legal and zoning regulations as well as quality specifications, with consideration given to the size and age of the buildings. The properties will be assessed by independent experts relating to repairs, maintenance and capital expenditure requirements in the short to medium term.

The acquisition strategy will be supported by opportunities arising from trends in the hospitality industry. The REIT Manager believes that hospitality service providers are increasingly looking to free up capital for business expansion, which may increase the availability of hotels and serviced residences for acquisition.

With the buoyant Singapore hospitality industry outlook, coupled with the increase in hospitality assets which are either new hospitality properties or existing properties that could present further enhancement opportunities, Far East H-Trust will focus primarily on the Singapore market to identify acquisition opportunities.

In addition, Far East H-Trust's acquisition strategy is complemented by the Sponsor ROFRs. Collectively, the Sponsor ROFRs will provide Far East H-Trust with access to future

acquisition opportunities of income-producing properties located in Singapore which are primarily used for hospitality and/or hospitality-related purposes.

Far East H-REIT may also leverage on the Sponsor's extensive industry experience, expertise in assessing potential acquisition opportunities and track record in developing integrated mixed-use developments, and may also tap into the established network of relationships which the Sponsor has developed in the local hospitality industry to pursue its growth strategy. Leveraging on this strategy, the REIT Manager believes that it will be able to source value-enhancing acquisitions within the Sponsor's immediate network of relationships.

As at 31 December 2011, the Sponsor has identified seven<sup>1</sup> Sponsor ROFR Properties, which could potentially be offered to Far East H-Trust as hotels or, as the case may be, serviced residences, under the Sponsor ROFRs.

The following location map sets out the location of these seven Sponsor ROFR Properties:



**Notes:**

- (1) To be converted from the existing Far East Square.
- (2) This picture is an artist's impression of the property and may differ from the actual view of the property.

1 Excluding Leonie View, which the Sponsor intends to redevelop into residential units for sale, and excluding Far East Plaza Residences which, in the Sponsor's view, consent from the subsidiary proprietors of Far East Plaza is unlikely to be obtained for the acquisition of common property to upgrade Far East Plaza Residences as full-service serviced residences.

Selected details of the seven Sponsor ROFR Properties identified as at 31 December 2011 which could potentially be offered to Far East H-Trust as hotels or, as the case may be, serviced residences, under the Sponsor ROFRs are set out in the table below:

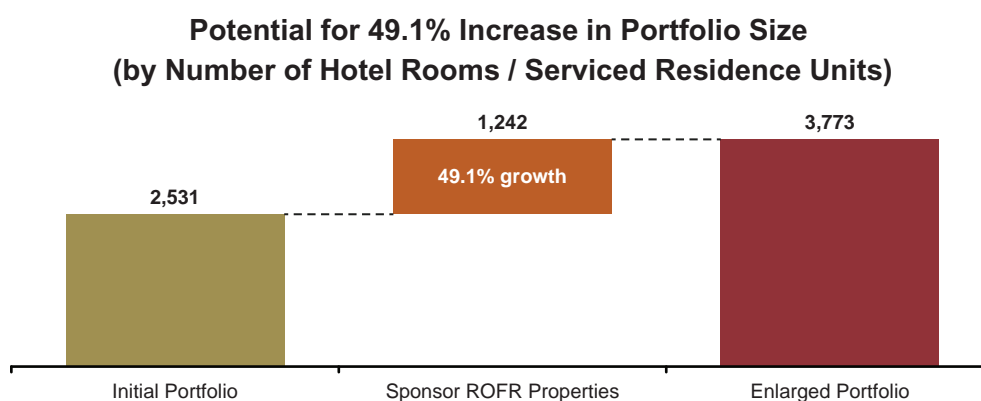
Name of Sponsor ROFR Property	Market segment	Hospitality segment	Expected completion date <sup>(1)</sup>	Estimated number of hotel rooms / serviced residence units
<b>Completed</b>				
Orchard Parksuites	Upscale	Serviced Residence	Completed	225
Orchard Scotts Residences	Upscale	Serviced Residence	Completed	207
West Coast Village Residences	Mid-tier	Serviced Residence	Completed	51
<b>Completed Total</b>				<b>483</b>
<b>Under development</b>				
The Amoy Hotel	Boutique Upscale	Hotel	1H2013	37
Oasia Downtown Hotel	Mid-tier / Upscale	Hotel	2H2015	314
Oasia West Residences	Mid-tier / Upscale	Serviced Residence	2H2015	116
The Outpost Hotel	Mid-tier / Upscale	Hotel	1H2016	292
<b>Under Development Total</b>				<b>759</b>
<b>Total estimated number of hotel rooms</b>				<b>643</b>
<b>Total estimated number of serviced residence units</b>				<b>599</b>
<b>Total estimated number of hotel rooms and serviced residence units</b>				<b>1,242</b>

**Note:**

(1) Subject to change, pending the finalisation of development plans at the discretion of the Sponsor.

Far East H-Trust is expected to benefit from the large identified pipeline of Sponsor ROFR Properties which could potentially be acquired from the Sponsor if the Sponsor chooses to divest them at the appropriate time.

The following graph illustrates the potential for growth of Far East H-Trust's portfolio based on the seven Sponsor ROFR Properties set out above:



The seven Sponsor ROFR Properties, totalling an estimated 643 hotel rooms and 599 serviced residence units, provide a visible pipeline to Far East H-Trust, offering potential opportunities for portfolio growth. Assuming Far East H-Trust proceeds with the acquisition of the seven Sponsor ROFR Properties, the total number of hotel rooms and serviced residence units of Far East H-Trust will increase by 29.7% and 162.8% respectively, resulting in a total increase in portfolio size of approximately 49.1%.

The Managers will therefore be able to leverage on and benefit from the Sponsor's network for a future pipeline of assets that Far East H-Trust could potentially acquire, where these assets meet Far East H-Trust's investment criteria. This will in turn further enhance Far East H-Trust's strong position in the Singapore hospitality market.

### **Active Asset Management and Enhancement Strategy**

The REIT Manager will implement pro-active measures to enhance the Properties and to improve their operational performance in order to optimise the cash flow and value of the Properties, as well as to leverage upon its strategic relationship with the Sponsor, which has extensive experience in the hospitality and real estate industries. Through such active management, the REIT Manager seeks to enhance the efficiency of the Properties to improve occupancy rates and average RevPAR and RevPAU, as well as to create a better lodging experience for its customers. The REIT Manager will conduct refurbishment programmes on selected Properties which will be aimed at maintaining and improving the image and attractiveness of the Properties to increase patronage, and potentially, the Properties' RevPAR and RevPAU.

Measures that the REIT Manager may implement to meet its objectives include, but are not limited to:

- ***Continuous portfolio optimisation***

The REIT Manager intends to hold assets on a long-term basis, but with a pro-active approach towards optimising the yield and value of Far East H-REIT's portfolio. This includes identifying assets for divestment within the portfolio which have reached their optimal maturity for sale and recycling capital from the sale proceeds towards higher yielding growth opportunities.

- ***Effective collaboration with the Master Lessees***

The Hospitality Management Agreements between the Master Lessees and the Hotel and Serviced Residence Operator enable the Master Lessees to closely monitor the performance of the Hotel and Serviced Residence Operator. The REIT Manager will work closely with the Master Lessees to ensure that the Hotel and Serviced Residence Operator uses its best efforts to optimise the performance of each Property. The Master Lessees, in consultation with the REIT Manager, will oversee the annual budgeting process for the Properties and will be responsible for devising strategies to improve the Properties' revenue and performance against competitors in similar market segments. This will include drawing upon the Sponsor's extensive industry experience to provide strategic direction in areas such as room yield management, optimising guest mix, developing marketing programmes, accessing global hospitality market intelligence, and leveraging upon the Sponsor's in-depth understanding of the latest hospitality industry trends to implement innovative hotel and F&B concepts.

In addition, the REIT Manager will work actively with the Master Lessees to create opportunities to enhance the Properties, such as by engaging the Master Lessees on discussions relating to renovation and refurbishment exercises designed to enhance guest experience and improve the overall market share, cash flow, and returns on invested capital of the Properties. It is intended that this close interaction and consultation between the REIT Manager and the Master Lessees, and in turn between the Master Lessees and the Hotel and Serviced Residence Operator, will ensure that the REIT Manager's asset management strategies are implemented.

- ***Refurbishments currently undertaken or being planned***

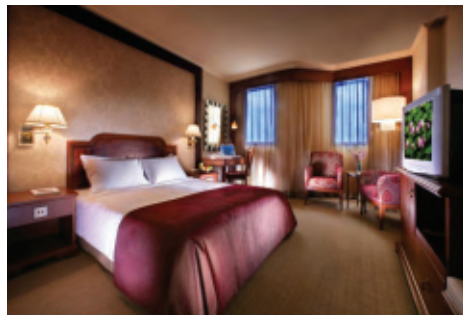
The Managers and the Hotel and Serviced Residence Operator intend to conduct refurbishment programs on selected Properties in a staged manner in order to ensure income stability. The refurbishments will be aimed at maintaining and improving the image and attractiveness of the Properties to increase patronage, and potentially, the Properties' RevPAR and RevPAU.

Certain recent and proposed refurbishment programmes on the Hotels include:

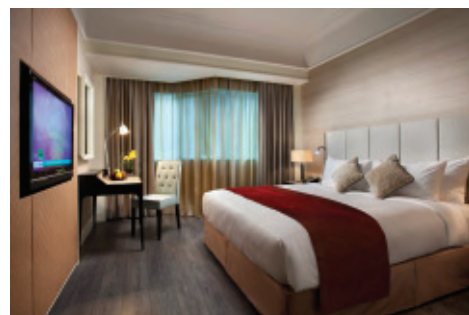
- *The Elizabeth Hotel*: major refurbishment was completed on 100 executive rooms (out of a total inventory of 256 hotel rooms) in 2H2011 with a view to repositioning and rebranding the executive wing of the Hotel as an attractive choice for higher-yield corporate customers, so as to optimise the Hotel's value in being located in the prime Orchard/Mount Elizabeth district.

#### **Refurbishment Works for The Elizabeth Hotel**

**Before**



**After**



- *Landmark Village Hotel*: major refurbishment works on the Landmark Village Hotel commenced in May 2012, and are expected to be completed in March 2013. 213 superior and deluxe hotel rooms (out of a total inventory of 393 hotel rooms) are being upgraded.

#### **Refurbishment Works for Landmark Village Hotel**

**Before**



**After**



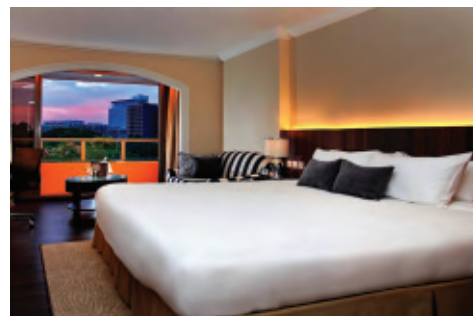
- *Orchard Parade Hotel*: major refurbishment to upgrade Orchard Parade Hotel is expected to occur over two phases, with 40 hotel rooms being upgraded between August 2012 and September 2012, and another 61 hotel rooms to be upgraded between December 2012 and February 2013. In all, 101 superior hotel rooms (out of a total inventory of 388 hotel rooms) will be upgraded.

#### **Refurbishment Works for Orchard Parade Hotel**

**Before**



**After**



Post-refurbishment, the upgraded Hotels are expected to show an improvement in their operating performance.



Certain upcoming refurbishments on the Serviced Residences include:

- *Central Square Village Residences*: minor refurbishment mainly involving the replacement of soft furnishings in the living rooms is currently ongoing on 127 serviced residence units (out of a total inventory of 128 serviced residence units) of Central Square Village Residences. It is expected to be completed in 2H2012.

#### **Refurbishment Works for Central Square Village Residences**

**Before**



**After**



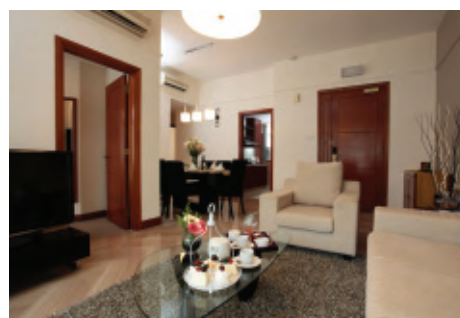
- *Riverside Village Residences*: minor refurbishment mainly involving the replacement of soft furnishings in the living rooms is currently ongoing on 71 serviced residence units (out of a total inventory of 72 serviced residence units, of which one serviced residence unit has been designated as the breakfast lounge). It is expected to be completed in 2H2012.

#### **Refurbishment Works for Riverside Village Residences**

**Before**



**After**



The refurbishment works for Landmark Village Hotel, Orchard Parade Hotel, Central Square Village Residences and Riverside Village Residences as described in this section will be fully funded by the respective Vendors.

- ***Optimisation of commercial spaces through repositioning***

The REIT Manager believes that there is potential within the Initial Portfolio to further identify development works to optimise the use of the commercial spaces. This may possibly be done by improving tenant mix and by repositioning the commercial spaces for alternative uses for other income-generating opportunities, so as to potentially improve returns to Stapled Securityholders.



## **Capital and Risk Management Strategy**

The REIT Manager will endeavour to maintain a strong balance sheet, employ an appropriate mix of debt and equity in financing acquisitions of properties, secure diversified funding sources to access both financial institutions and capital markets, optimise its cost of debt financing and utilise interest rate hedging strategies, where appropriate, in order to reduce exposure to market volatility.

The REIT Manager intends to achieve the above by pursuing the following strategies:

- ***Optimal capital structure strategy***

The REIT Manager endeavours to optimise the capital structure and cost of capital, within the borrowing limits set out in the Property Fund Appendix, by employing an optimal capital structure comprising an appropriate mix of debt and equity in financing acquisitions of properties and any asset enhancement activities. The REIT Manager's capital management strategy involves adopting and maintaining appropriate aggregate leverage levels to ensure optimal returns to Stapled Securityholders, while maintaining flexibility in respect of future capital expenditures or acquisitions.

In the event that Far East H-REIT incurs any future borrowings, the REIT Manager will periodically review Far East H-REIT's capital management policy with respect to its Aggregate Leverage and modify its strategy in the light of prevailing market conditions. The REIT Manager will endeavour to match the maturity of Far East H-REIT's indebtedness with the maturity of its investment assets, and to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time. As and when appropriate, the REIT Manager will consider diversifying its sources of debt financing in the future, including by way of accessing the public debt capital markets. The public debt capital markets may also provide Far East H-REIT with the ability to secure longer-term funding options in a more cost efficient manner. Nevertheless, the REIT Manager intends to maintain a prudent level of borrowings while maximising returns for Stapled Securityholders.

As at the Listing Date, Far East H-REIT is expected to have incurred borrowings of S\$650.0 million.

(See "Capitalisation and Indebtedness" for further details.)

- ***Proactive interest rate management strategy***

The REIT Manager endeavours to utilise interest rate hedging strategies, where appropriate, in order to reduce exposure to market volatility. The REIT Manager will adopt a proactive interest rate management policy to manage the risk associated with changes in interest rates on Far East H-REIT's borrowings while also seeking to ensure that Far East H-REIT's ongoing cost of debt capital remains competitive.

- ***Other financing strategies***

The REIT Manager may, in future, consider other opportunities to raise additional equity capital for Far East H-REIT through the issue of new Stapled Securities, for example to finance acquisitions of properties. The decision to raise additional equity will also take into account the stated strategy of maintaining an optimal capital structure.

## BUSINESS AND PROPERTIES

### OVERVIEW

The Managers' principal objectives are to deliver regular and stable distributions to Stapled Securityholders and to achieve long-term growth in DPS and in the NAV per Stapled Security, while maintaining an appropriate capital structure.

### INITIAL PORTFOLIO OF FAR EAST H-TRUST

The Initial Portfolio will, on the Listing Date, comprise 11 Properties consisting of seven Hotels and four Serviced Residences located in Singapore. Each of the Properties will be leased to a Master Lessee<sup>1</sup>. The Vendors of the Properties will, as at the Listing Date, be the Master Lessees of the Properties.

The table below sets out the Properties and the respective Vendors / Master Lessees as at the Listing Date:

Name of Property	Market Segment	Vendor / Master Lessee
<b>Hotels</b>		
Albert Court Village Hotel	Mid-tier	First Choice Properties Pte Ltd
Changi Village Hotel	Mid-tier	Far East Organization Centre Pte. Ltd.
The Elizabeth Hotel	Mid-tier	Golden Development Private Limited
Landmark Village Hotel	Mid-tier	Golden Landmark Pte Ltd
Oasia Hotel	Mid-tier /Upscale	Transurban Properties Pte. Ltd.
Orchard Parade Hotel	Mid-tier /Upscale	Far East Orchard Limited
The Quincy Hotel	Upscale	Golden Development Private Limited
<b>Serviced Residences</b>		
Central Square Village Residences	Mid-tier	OPH Riverside Pte Ltd
Hougang Village Residences	Mid-tier	Serene Land Pte Ltd
Regency House	Upscale	Oxley Hill Properties Pte Ltd
Riverside Village Residences	Mid-tier	Riverland Pte Ltd

According to CBRE, hospitality properties are generally classified into four categories, as set out below:

- (i) **“Economy-scale”** hospitality properties generally comprise hospitality properties which provide comfortable, no-frills and well-equipped accommodation with standard facilities, internet connection and an en-suite bath or shower room. Bedrooms are simple, with basic furnishings and sizes ranging from 12 to 18 sq m. In-house restaurants serve breakfast, lunch and dinner.
- (ii) **“Mid-tier”** hospitality properties generally comprise hospitality properties which have greater quality and a broad range of facilities, such as bars, restaurants, meeting

<sup>1</sup> Excluding the Excluded Commercial Premises.

rooms and in-room dining. Bedrooms will be spacious with fully en-suite bathrooms, and offer a good standard of comfort and amenities.

- (iii) **“Upscale”** hospitality properties generally comprise hospitality properties which have a degree of luxury and quality in the furnishings, décor and equipment used in the hospitality property. Bedrooms will offer more space and are usually well-designed. Such hospitality properties would also provide services such as concierge and porter services, 24-hour room service, laundry and dry cleaning services, while in-house restaurants will provide high-quality cuisine.
- (iv) **“Luxury-scale”** hospitality properties generally comprise hospitality properties in the luxury segment and are predominantly found in prime locations and/or historical buildings.

(See Appendix D, “Independent Hospitality Industry Report” for further details.)

The Master Lessor will receive rental payments for each Property from the relevant Master Lessee comprising (i) a Fixed Rent and (ii) a Variable Rent. The Master Lease Agreements will be entered into between Far East H-REIT and the relevant Master Lessees on the Listing Date.

Each of the Master Lease Agreements has an initial term of 20 years from the Listing Date, with an option exercisable by the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions, save for amendments required due to any change in law.

(See “Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Master Lease Agreements” for further details.)

### **Hotel and Serviced Residence Operator**

As at the Listing Date, the Hotel and Serviced Residence Operator is Jelco, which is a company incorporated in Singapore on 6 October 1989. Jelco will purchase the entire hospitality management business of Far East Hospitality Services Pte Ltd, the current operator of the hospitality assets in Far East Organization, and such purchase will be completed on the completion date of the acquisition of the Properties. The hospitality management business to be acquired by Jelco will include the transfer of employees employed by Far East Hospitality Services Pte Ltd in connection with the hospitality management business, the transfer of all hospitality management agreements to which Far East Hospitality Services Pte Ltd is a party as the operator of the 18 completed hospitality assets in Far East Organization (including the Properties to be owned by Far East H-REIT) and the transfer of licences for the use of certain information technology systems and computer software as well as certain intellectual property used and/or owned by Far East Hospitality Services Pte Ltd in connection with its hospitality management business. These include hospitality brands “Oasia”, “Village” and “Quincy”. In addition, the REIT Manager has engaged Jelco to be the property manager of the Excluded Commercial Premises, which will not be subject to any master lease arrangement upon acquisition by Far East H-REIT.

Jelco will run the day-to-day operations, managing and marketing of the Properties. In addition, Jelco will be responsible for identifying and capitalising on opportunities to enhance and improve the operating performance of the Properties, through active operational improvements and asset enhancements. Its registered address is 14 Scotts Road #06-01, Far

East Plaza, Singapore 228213. As at 31 March 2012, Jelco has an issued and paid-up capital of approximately S\$396.1 million. Jelco is a wholly-owned subsidiary of Far East Orchard.

Jelco will be engaged by the Master Lessees under management contracts as the Hotel and Serviced Residence Operator for a period of 20 years from the Listing Date, with an option exercisable by Jelco to renew the contract for a further 20 years on the same terms. It will provide, among others, the following services for the Properties<sup>1</sup>:

- hotel and serviced residence management services such as the daily running and managing of each Property and related activities (e.g. the management of hotel rooms or serviced residence units, banquet and function rooms, F&B services, laundry services etc.);
- marketing services, including the planning, preparation and conduct of marketing, advertising, promotion, public relations, publicity and related activities for the purpose of promoting the business and enhancing the reputation of each Property;
- sales and distribution activities, including signing corporate accounts, running a central reservation system, managing a booking engine on the internet, contracting with online travel agents and wholesalers, and signing up with a global distribution system to make the hotel room inventory available to agents worldwide;
- development of programmes and policies to maximise patronage of the facilities of each Property;
- collecting charges, rents and other amounts due from hotel guests, patrons and tenants;
- employing, supervising and training the hospitality employees and staff required to operate, manage, market and maintain the Properties in accordance with the annual budget agreed with each Master Lessee;
- establishing the details of the refurbishment plans for each Property, in consultation with each Master Lessee;
- purchasing all FF&E for the Properties in accordance with capital refurbishment programmes or the approved annual budget for the Properties;
- preparing the annual business plans of the Properties, including the annual budget and marketing strategy;
- negotiating new or renewed lease / licence agreements;
- establishing the cash management and banking arrangements for the Properties;
- establishing each Property's policy regarding its association with any credit card system; and
- allowing its existing brands to be used on the Properties.

Jelco will also be engaged by Far East H-REIT under management contracts as the property manager of the Excluded Commercial Premises for a period of 20 years from the Listing Date. Six months prior to expiry of the initial term of the management contracts, Jelco may request to extend its appointment for a further 20 years on the same terms and conditions, except for revision of all fees payable to Jelco to revised rates determined by the REIT Trustee on the

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<sup>1</sup> Excluding the Excluded Commercial Premises.

recommendation of the REIT Manager, having regard to prevailing market rates. Jelco will provide property management services, lease management services, property tax services and marketing coordination services in relation to the Excluded Commercial Premises.

## **OUTLOOK FOR THE HOSPITALITY SECTOR IN SINGAPORE**

### **Rising repute as a key regional financial centre and global MICE destination**

In the view of the Managers, Far East H-Trust's Singapore-focused strategy will benefit from the strength of Singapore's economy. Singapore remains one of the world's most vibrant business and tourism destinations, with multiple demand drivers and solid growth prospects. The Managers believe that the three main drivers of growth for the hospitality market in Singapore are:

- (i) Business travel, given Singapore's rising repute as a key regional financial centre and its increased profile as a global MICE destination;
- (ii) The tourism industry, which experienced a growth of 58.4% in tourist arrivals and a growth of 126.5% in tourism receipts between 2004 and 2011, with 2011 being a record year for Singapore's tourism and hospitality sector with 13.2 million visitors; and
- (iii) Medical tourism, which is one of the fastest-growing industries in Singapore and is expected to attract 1 million medical tourists by the end of 2012, a 37.9% growth from 2010.

(See Appendix D, "Independent Hospitality Industry Report" for further details.)

### **Continued Development as a Premier Tourist Destination**

According to STB, the Singapore government continues to actively enhance the business and tourism landscape of Singapore to meet STB's target of 17 million tourist arrivals and S\$30 billion in tourism revenue by 2015<sup>1</sup>.

STB reported that preliminary tourism receipts for 2011 reached S\$22.3 billion, a 17.8% growth over 2010. International visitor arrivals for 2011 stood at 13.2 million, charting a new high and exceeding the year's forecast range of 12 to 13 million after achieving a 20.2% year-on-year increase in 2010<sup>1</sup>. According to CBRE, all major components of tourism receipts posted double-digit growth in 2011. Accommodation, shopping, sightseeing and entertainment made up 44.1% of tourism receipts for 2011.

In 2011, the top five countries by visitor arrivals, namely Indonesia, China, Malaysia, Australia and India, contributed to 54.2% of all international visitors arriving in Singapore. The strength of economies in the Asia-Pacific region has supported the growth in visitors from these countries, coupled with their enhanced ability to travel due to rising levels of affluence. In

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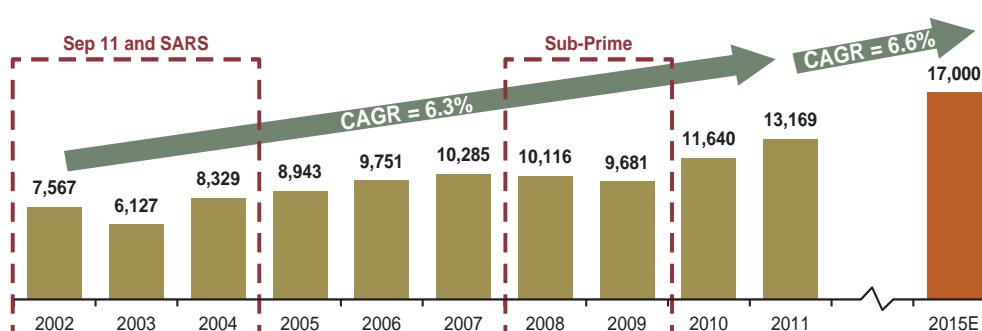
<sup>1</sup> Source: STB, Tourism Performance Report — Quarter Four and Full Year 2011, Tourism Sector Performance for 2011. STB has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the report published by STB is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

FY2011, 57.8% of Far East H-Trust's hotel customers originated from Asian countries<sup>1</sup>, with the majority electing to stay in mid-tier to upscale hospitality accommodation for their travels. The Managers believe that Far East H-Trust will be able to benefit from the growth in influx of arrivals from these regions.

The "Village"-branded Properties are known for their locations in distinctive neighbourhoods in Singapore which are also tourist hotspots, thus enabling them to capture the upside from rising tourist arrivals. Albert Court Village Hotel is located adjacent to Little India, with its wide variety of ethnic food, places of worship and shopping. Landmark Village Hotel is located in the Arab Street-Kampong Glam district, the Malaysian and Muslim heritage centre of Singapore. Both Central Square Village Residences and Riverside Village Residences offer convenient access to both the rich cultural district of Chinatown and the trendy dining and entertainment options along the riverside at Robertson Quay and Clarke Quay.

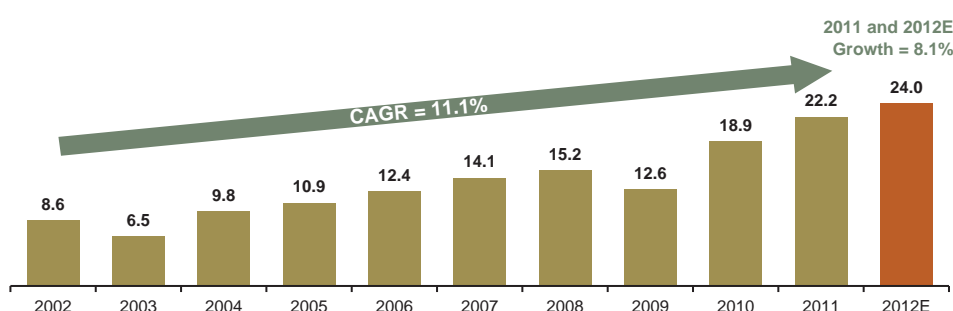
The following graphs show certain information on the visitor arrivals in Singapore for 2002 to 2015E and the historical tourism receipts for 2002 to 2012E:

**Historical and Forecast Visitor Arrivals in Singapore ('000)**



Source: CBRE Hotels.

**Historical Tourism Receipts (S\$ billion)**



Source: CBRE Hotels.

### Growth of business travellers and the MICE sector

According to Business Monitor International, growth in the arrival of business travellers to Singapore increased by 19.0% in 2011, consistent with the Singapore government's initiatives to promote Singapore as a financial and high value-add services hub. Singapore is also a leading hub for the oil and gas and IT sectors, which are two industries that generate a significant amount of project-based work. The share of business travellers as a percentage of

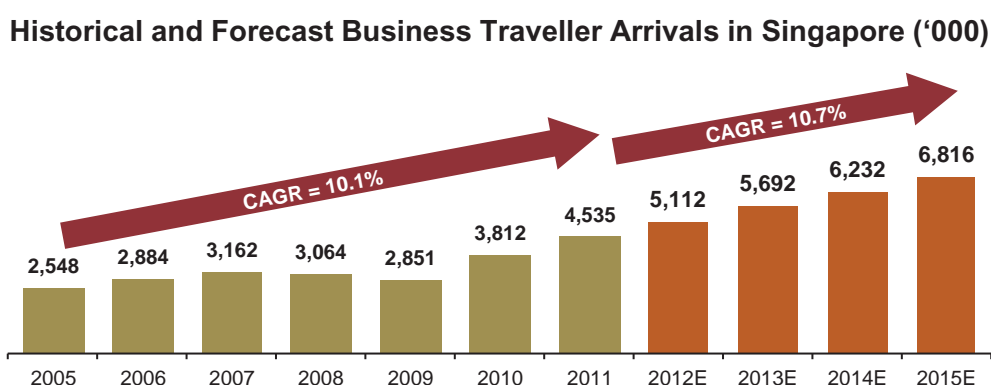
<sup>1</sup> Comprising Indonesia, China, Malaysia, India, Singapore, Taiwan, Hong Kong, South Korea, Japan, Thailand and Vietnam.



total visitors to Singapore increased rapidly from 28.5% in 2005 to 34.4% in 2011, and is expected to reach 40.1% by 2015<sup>1</sup>.

According to CBRE, Singapore is a premier global convention destination and has received multiple awards in recent years, including Asia's Top Convention City for the past 10 years (ICCA Global Rankings 2011), Top International Meeting City for the fourth consecutive year and Asia's Top Country and City for Meetings for 28 consecutive years (Union of International Associations 2011). According to CBRE, hotels in Singapore with high room capacity would benefit from this increase in business traveller arrivals. (See Appendix D, "Independent Hospitality Industry Report" for further details.)

The following diagram sets out the historical and forecast business traveller arrivals in Singapore for 2005 to 2015E:



Source: Business Monitor International.<sup>1</sup>

### Growing number of MNCs

Singapore's stature as a key financial destination in Asia and globally, as well as the presence of many regional offices of major global corporations in Singapore, ensures that there are a large number of business visitors to Singapore. According to CBRE, as at 31 December 2011, there were approximately 14,000 MNCs in Singapore, including 8,400 MNCs with their regional headquarters in Singapore. This number is expected to grow as Singapore continues to attract international companies and international talent.

### Growth in Medical Tourism

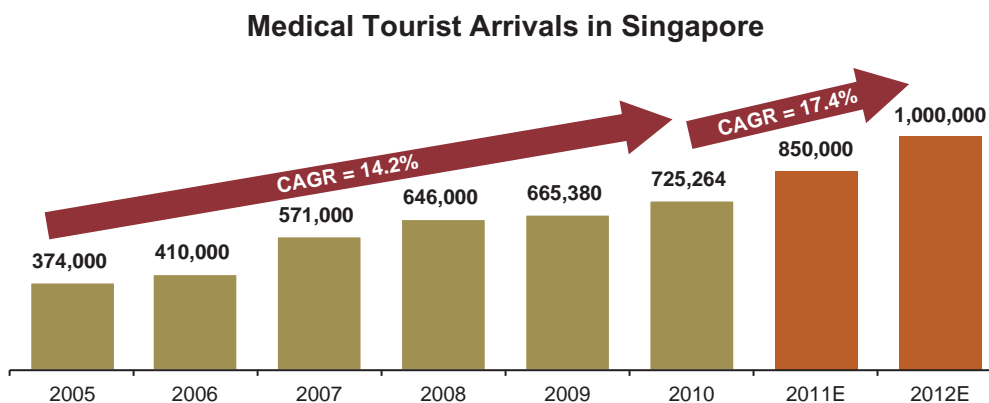
The Singapore government developed the Singapore Medicine Initiative in 2003 to promote Singapore as a destination for medical tourism, which is targeted at strengthening Singapore's position as Asia's leading medical hub, and promoting Singapore as a world-class destination for advanced patient care. Some of the Properties, being strategically located near various reputable private hospitals such as Mount Elizabeth Hospital, Gleneagles Hospital and Novena Medical Center, are expected to be able to greatly benefit

<sup>1</sup> Business Monitor International has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the report published by Business Monitor International is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.



from the growing number of medical tourists going forward. According to CBRE, Singapore aims to attract one million medical tourists by 2012, representing a CAGR of 17.4% from 2010.

The following diagram sets out the historical and forecast foreign patient arrivals in Singapore according to CBRE from 2005 to 2012E:



Source: CBRE Hotels.

## COMPETITIVE STRENGTHS OF THE PROPERTIES

The REIT Manager believes that the Properties enjoy the following competitive strengths:

### Hotels

#### ***Albert Court Village Hotel***

Albert Court Village Hotel is a pre-war conservation building and its architecture comprises restored pre-war shop houses with Straits Chinese carvings and motifs, reflecting the cultural heritage of its surroundings. It is situated in the Bras Basah-Bugis district, which has been designated as the “arts, design, culture, learning and entertainment hub” of Singapore by URA and is an area rich in history, religion, art and cultural and architectural diversity reflecting Singapore’s diverse ethnic identity, and is located in close proximity to the popular Sim Lim Square electronics and computer shopping centre. Its rooms and suites offer modern facilities and amenities catering to both business and leisure travellers. The Hotel is easily accessible by public transport and within walking distance of Little India and Bugis MRT stations. There is a complimentary shuttle bus service daily from the Hotel to City Hall MRT station.

#### ***Changi Village Hotel***

Changi Village Hotel is situated by the sea, with a wellness centre, infinity pool and function rooms that support meetings and events. It is one of the few hotels in the Changi area and is an attractive venue for wedding events.

Changi Business Park, Loyang Industrial Park and Changi South Logistics Park, with their multitude of MNCs such as Honeywell, IBM, Citibank and Standard Chartered Bank, and Singapore Expo, are in close proximity to the Hotel, making the Hotel a popular choice for business and MICE guests. There is a complimentary shuttle bus service available daily from the Hotel to Changi International Airport, making the Hotel a popular choice for stop-over passengers.

### ***The Elizabeth Hotel***

The Elizabeth Hotel is situated in the private enclave of Mount Elizabeth, with a prime location adjacent to Mount Elizabeth Hospital, one of Singapore's leading hospitals, and a short walk away from the Orchard Road shopping and entertainment belt. There are numerous shopping malls located conveniently nearby, which provide hotel guests with a wide range of shopping, dining, and entertainment options. The Hotel is also within walking distance to Orchard MRT station for easy access to the CBD and other areas of Singapore. With its close proximity to both Mount Elizabeth Hospital and Paragon Medical Centre, the Hotel appeals to medical tourists, in addition to business and leisure travellers.

### ***Landmark Village Hotel***

Landmark Village Hotel is located in the Arab Street-Kampong Glam area, the Malay heritage district of Singapore, with convenient access to a variety of modern shopping malls and a popular destination for tourists and locals alike. As with Albert Court Village Hotel, Landmark Village Hotel is located in the Bras Basah-Bugis district. Refurbishment works on the Hotel commenced in May 2012 and are expected to be completed in March 2013, and such refurbishment works will be fully funded by the Vendor.

The Hotel is within walking distance from Bugis MRT station, and is located in close proximity to the popular Sim Lim Square electronics and computer shopping centre and various shopping malls such as Parco Bugis Junction, Bugis Village and Iluma. It is also a short drive to two major MICE facilities in Singapore, namely Marina Bay Sands and Suntec Singapore International Convention & Exhibition Centre. In addition, Raffles Hospital is located across the road from the Hotel, making Landmark Village Hotel a popular accommodation option for the growing number of medical tourists.

### ***Oasia Hotel***

Oasia Hotel is the maiden hotel of the new hospitality brand, Oasia. Oasia Hotel was opened in April 2011 and became fully operational in October 2011. The Hotel's interior was partly designed in collaboration with internationally-renowned interior design firm Super Potato, and the rooms feature an interactive TV service and iPod docking system.

The Hotel is strategically located in the prime Novena district next to Novena MRT station, which is Singapore's premier medical hub and two MRT stations away from Orchard Road, Singapore's prime shopping district. The medical hub is made up of key medical facilities, including the National Skin Centre, Novena Medical Center, Novena Specialist Center, Tan Tock Seng Hospital and the Mount Elizabeth Novena Hospital, which opened in July 2012. The surrounding malls, which include Square 2, United Square and Novena Square Velocity, provide a wide variety of dining and shopping options. Anchor tenants at the adjacent Novena Square office building include Procter & Gamble and CPG Corporation Pte Ltd. Given its location, the Hotel is popular amongst medical tourists and corporate travellers.

### ***Orchard Parade Hotel***

Orchard Parade Hotel is located on Orchard Road with easy access to the CBD and is within walking distance to the Singapore Botanic Gardens. Its location along the Orchard Road shopping belt provides guests with a wide variety of dining and shopping options, appealing to both business and leisure travellers. In addition, the Hotel is in the vicinity of Camden Medical Centre and Gleneagles Hospital, making the Hotel an attractive choice for medical tourists.

The Hotel's MICE facilities are a popular venue for meetings and conferences. The Hotel will undergo refurbishment in two phases between August 2012 and February 2013, which will be fully funded by the Vendor.

### ***The Quincy Hotel***

The Quincy Hotel is an award-winning boutique club hotel featuring a distinctive façade with bold colours, a glass-enclosed pool and LED-illuminated pool deck and an iMac station in the lobby. The Hotel was the winner of TripAdvisor® Travelers' Choice® awards in 2011 and 2012 and offers guests an all-inclusive package, in which hotel guests pay a flat rate which includes room, meals and drinks, and limousine airport pickup service.

The Quincy Hotel is located in close proximity to Orchard Road and is within walking distance from Orchard MRT station. There are numerous shopping malls nearby, providing guests with a wide variety of dining and shopping options.

## **Serviced Residences**

### ***Central Square Village Residences***

Central Square Village Residences is located strategically near the historic Chinatown, the trendy entertainment hub of Clarke Quay and the CBD, providing residents with easy access to both work and play venues. It is within walking distance to many restaurants along Clarke Quay, which is an entertainment district situated near the mouth of the Singapore River, providing patrons with a range of restaurants, wine bars, entertainment spots and retail shops set amongst rows of shophouses. Chinatown retains historical and cultural significance with its many conservation shophouses. The Serviced Residence is near Clarke Quay MRT station and also provides a shuttle bus service to Raffles Place, Suntec City, Marina Bay Financial Centre and City Hall.

### ***Hougang Village Residences***

Hougang Village Residences is located in the northeast of Singapore in the Hougang residential neighbourhood. The Serviced Residence is located adjacent to Hougang 1 shopping mall, which provides residents with convenient access to a shopping mall with food courts, supermarkets and fashion outlets.

Hougang Village Residences is a short drive from the electronics and manufacturing hub in Ang Mo Kio, as well as Seletar Aerospace Park, which houses tenants such as Rolls Royce, ST Aerospace, Bell Helicopter and Eurocopter. In addition, it is the only serviced residence in the northern part of Singapore according to CBRE.

### ***Regency House***

Regency House is an upscale serviced residence popular with young professionals, and is located at the junction of Penang Road and Oxley Road, within close proximity to Orchard Road, Singapore's prime shopping belt. The Serviced Residence is within walking distance from the University of Chicago Booth School of Business and is a short drive away from entertainment hotspots such as Robertson Quay and Clarke Quay. It is also within walking distance from Somerset and Dhoby Ghaut MRT stations, connecting residents with the rest of Orchard Road and the CBD.

### ***Riverside Village Residences***

Riverside Village Residences is located on the banks of the Singapore River, in the trendy dining and entertainment district of Robertson Quay. The Serviced Residence is within walking distance from the CBD and is a short drive away from Orchard Road. Residents are connected to the rest of the island by Clarke Quay MRT station, which is within walking distance from the Serviced Residence. The Serviced Residence also provides residents with a daily shuttle service to Raffles Place, DBS Building, Temasek Tower, Suntec City, Marina Bay Financial Centre and City Hall.

### **RECENT OR UPCOMING REFURBISHMENTS CARRIED OUT ON THE PROPERTIES**

The Managers and the Hotel and Serviced Residence Operator intend to conduct refurbishment programs on selected Properties in a staged manner in order to ensure income stability. The Sponsor undertakes refurbishment and repositioning works of its properties on a regular basis, in order to ensure that they are in a good state of upkeep and are able to meet the changing demands of their target markets. The refurbishments will be aimed at maintaining and improving the image and attractiveness of the Properties to increase patronage, and potentially, the Properties' RevPAR and RevPAU, thereby optimising the Properties' revenue-generating capabilities.

The Sponsor plans to fund refurbishments amounting to approximately S\$9.8 million in FY2012. The REIT Manager believes that the refurbishments will allow the relevant Properties to increase their current RevPARs or, as the case may be, their RevPAUs.

### **Recent or upcoming refurbishments on the Hotels funded by the respective Vendors**

#### ***The Elizabeth Hotel***

Major refurbishment was completed on 100 executive rooms (out of a total inventory of 256 hotel rooms) in 2H2011 with a view to repositioning and rebranding the executive wing of the Hotel as an attractive choice for higher-yield corporate customers, so as to optimise the Hotel's value in being located in the prime Orchard/Mount Elizabeth district. The full benefits are expected to be realised during the strong corporate months between May to November in 2012.

#### ***Landmark Village Hotel***

The Sponsor has commenced major refurbishment works in May 2012, and such refurbishment works are expected to be completed in March 2013. 213 superior and deluxe hotel rooms (out of a total inventory of 393 hotel rooms) will be upgraded. After the refurbishment, the ADR of the refurbished room categories is expected to improve.

#### ***Orchard Parade Hotel***

The Sponsor also plans to carry out refurbishment works to upgrade Orchard Parade Hotel over two phases, with 40 hotel rooms being upgraded between August 2012 and September 2012, and another 61 hotel rooms to be upgraded between December 2012 and February 2013. In all, 101 superior hotel rooms (out of a total inventory of 388 hotel rooms) will be upgraded. After the refurbishment, the ADR of the refurbished room categories is expected to improve.

## **Upcoming refurbishments on the Serviced Residences funded by the respective Vendors**

### ***Central Square Village Residences***

Minor refurbishment is to be completed on 127 serviced residence units (out of a total inventory of 128 serviced residence units) of the Serviced Residence in 2H2012 to upgrade the Serviced Residence to meet market expectations and optimise value, involving mainly the replacement of soft furnishings in the living rooms.

### ***Riverside Village Residences***

Minor refurbishment is to be completed on 71 serviced residence units (out of a total inventory of 72 serviced residence units, of which one serviced residence unit has been designated as the breakfast lounge) in 2H2012 to upgrade the Serviced Residence to meet market expectations and optimise value, involving mainly the replacement of soft furnishings in the living rooms.

## **Upcoming refurbishments on the Hotels and Serviced Residences funded by Far East H-Trust**

Capital expenditure is expected to be S\$6.2 million for Forecast Period 2012 and S\$12.6 million for Projection Year 2013 respectively, and such capital expenditure is expected to be funded by working capital and/or borrowings under the Far East H-REIT Debt Facilities. The budgeted capital expenditure is intended to fund asset enhancement works such as the upgrading of lifts, room renovations and refurbishments and the renovation of the façade of the Properties. Room refurbishments will be undertaken at Albert Court Village Hotel, Changi Village Hotel, Landmark Village Hotel, and Orchard Parade Hotel, and refurbishment of serviced residence units will be carried out at Regency House and Hougang Village Residences.

## CERTAIN INFORMATION ON THE PROPERTIES

The table below sets out certain information with respect to each of the Hotels as at 31 March 2012:

	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel	Orchard Parade Hotel	The Quincy Hotel	Total
<b>Location</b>	180 Albert Street, Singapore 189971	1 Netheravon Road, Singapore 508502	24 Mount Elizabeth, Singapore 228518	390 Victoria Street, Singapore 188061	8 Sinaran Drive, Singapore 307470	1 Tanglin Road, Singapore 247905	22 Mount Elizabeth, Singapore 228517	<b>N.A.</b>
<b>Completion Date</b>	3 October 1994	30 January 1990 <sup>(2)</sup>	3 May 1993	19 October 1988	2 June 2011 <sup>(1)</sup>	20 June 1987 <sup>(2)</sup>	27 November 2008	<b>N.A.</b>
<b>Market Segment</b>	Mid-tier	Mid-tier	Mid-tier	Mid-tier	Mid-tier / Upscale	Mid-tier / Upscale	Upscale	<b>N.A.</b>
<b>Leasehold Tenure<sup>(3)</sup></b>	Leasehold of 75 years commencing from Listing Date	Leasehold of 65 years commencing from Listing Date	Leasehold of 75 years commencing from Listing Date	Leasehold of 66 years commencing from Listing Date	Leasehold of 92 years commencing from Listing Date	Leasehold of 50 years commencing from Listing Date	Leasehold of 75 years commencing from Listing Date	<b>N.A.</b>
<b>Approximate GFA / Strata Area<sup>(4)</sup> (sq m)</b>	11,426	22,826	11,723	21,676 <sup>(5)</sup>	22,457 <sup>(6)</sup>	34,072	4,810	<b>128,990<sup>(5)(6)</sup></b>
<b>Retail and Office NLA (sq m)</b>	Retail: 1,002	Retail: 778	Retail: 595	Retail: 1,164	N.A.	Retail: 3,694 Office: 2,509	N.A.	<b>Retail: 7,233 Office: 2,509</b>
<b>Number of Available Rooms</b>	210	380	256	393	428	388	108	<b>2,163</b>
<b>Carpark Lots</b>	65	107	97 <sup>(7)</sup>	217 <sup>(7)</sup>	148 <sup>(7)</sup>	176	N.A. <sup>(8)</sup>	<b>810</b>
<b>RevPAR (FY2011) (S\$)</b>	142	153	167	148	117 <sup>(9)</sup>	203	229	<b>150<sup>(10)</sup></b>
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	126.0	257.0	193.0	227.0	322.0	419.0	84.0	<b>1,628.0</b>
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	107.3	228.0	186.6	217.0	324.9	409.0	83.4	<b>1,556.2</b>
<b>Purchase Price (based on Minimum Offering Price) (S\$m)</b>	110.0	222.1	173.9	203.3	296.3	412.0	76.7	<b>1,494.3</b>
<b>Purchase Price (based on Maximum Offering Price) (S\$m)</b>	120.7	238.5	186.7	218.4	318.2	412.5	82.3	<b>1,577.3</b>

	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel	Orchard Parade Hotel	The Quincy Hotel	Total
<b>Fixed Rent (per annum) (S\$m)</b>	3.5	7.5	5.5	7.0	8.0 <sup>(11)</sup>	10.0	2.5	<b>44.0</b>
<b>Variable Rent (per annum)</b>	33% of Gross Operating Revenue and 25% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 24% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 34% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 29% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 28% of Gross Operating Profit less Fixed Rent	33% of Gross Operating Revenue and 37% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 23% of Gross Operating Profit less the Fixed Rent	<b>N.A.</b>
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	2.3	5.3	4.1	5.3	1.7 <sup>(11)</sup>	9.8	2.1	<b>30.6</b>
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(12)</sup> (FY2011) (%)</b>	39.9	41.6	42.9	43.2	36.4 <sup>(11)</sup>	49.5	45.3	<b>44.0</b>
<b>Vendor and Master Lessee<sup>(13)(14)</sup></b>	First Choice Properties Pte Ltd	Far East Organization Centre Pte. Ltd.	Golden Development Private Limited	Golden Landmark Pte Ltd	Transurban Properties Pte. Ltd.	Far East Orchard Limited	Golden Development Private Limited	<b>N.A.</b>
<b>Term of Master Lease (years)</b>	20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)							

**Notes:**

- (1) The TOP for the entire development comprising Oasia Hotel was issued on 2 June 2011. An earlier TOP for the said development, excluding water features and landscape planters at certain parts of the development, was issued on 7 March 2011.
- (2) Date of acquisition by Sponsor, as property is not developed by Sponsor.
- (3) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreements.
- (4) For Landmark Village Hotel and Oasia Hotel.
- (5) In addition, Landmark Village Hotel also includes accessory lots with an aggregate area of 85 sq m.
- (6) In addition, Oasia Hotel also includes an accessory lot with an area of 30 sq m.
- (7) These carpark lots belong to the MCST and will not be acquired by Far East H-REIT.
- (8) Guests at The Quincy Hotel may use the carpark lots at the Elizabeth Hotel.
- (9) Oasia Hotel commenced operations in April 2011 and was fully operational only in October 2011.
- (10) The weighted average RevPAR of the Hotels. The weighted average RevPAR of the Hotels excluding Oasia Hotel would be S\$169.
- (11) As Oasia Hotel's operations have yet to be stabilised, the total rental income of Oasia Hotel under the relevant Master Lease Agreement is subject to a minimum guarantee of S\$7.3 million and S\$18.2 million for Forecast Period 2012 and Projection Year 2013 respectively. As Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011, the pro-rated pro forma Fixed Rent for Oasia Hotel in FY2011 was assumed to be S\$3 million.
- (12) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.
- (13) The Properties being leased to the respective Master Lessees excludes the Excluded Commercial Premises.
- (14) The Vendors are members of the Sponsor.



The table below sets out certain information with respect to each of the Serviced Residences as at 31 March 2012:

	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences	Total
<b>Location</b>	20 Havelock Road, Singapore 059765	1 Hougang Street 91, Singapore 538692	121 Penang Road, Singapore 238464	30 Robertson Quay, Singapore 238251	N.A.
<b>Completion Date</b>	19 February 1998	30 December 1999	24 October 2000	12 July 1996	N.A.
<b>Market segment</b>	Mid-tier	Mid-tier	Upscale	Mid-tier	N.A.
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 80 years commencing from Listing Date	Leasehold of 81 years commencing from Listing Date	Leasehold of 81 years commencing from Listing Date	Leasehold of 78 years commencing from Listing Date	N.A.
<b>Approximate GFA / Strata Area<sup>(2)</sup> (sq m)</b>	17,858	14,635	10,723	10,570 <sup>(3)</sup>	53,786 <sup>(3)</sup>
<b>Retail and Office NLA (sq m)</b>	Retail: 2,213 Office: 1,474 Serviced Office: 696	N.A.	Retail: 539 Office: 2,322	Retail: 1,179	Retail: 3,931 Office: 3,796 Serviced Office: 696
<b>Number of Serviced Residence Units</b>	128	78	90	72	368
<b>Carpark Lots</b>	205	364	102	87	758
<b>RevPAU (FY2011) (S\$)</b>	208	191	223	240	214 <sup>(4)</sup>
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	208.0	66.0	170.0	117.0	561.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	187.6	65.5	168.3	113.1	534.5
<b>Purchase Price (based on Minimum Offering Price) (S\$m)</b>	180.0	60.2	154.9	105.4	<b>500.5</b>
<b>Purchase Price (based on Maximum Offering Price) (S\$m)</b>	183.3	64.7	166.4	113.2	<b>527.6</b>
<b>Fixed Rent (per annum) (S\$m)</b>	3.5	1.5	2.5	2.5	10.0
<b>Variable Rent (per annum)</b>	33% of Gross Operating Revenue and 41% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 38% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 40% of Gross Operating Profit less the Fixed Rent	33% of Gross Operating Revenue and 40% of Gross Operating Profit less the Fixed Rent	N.A.
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	2.8	1.6	2.1	1.4	7.9

	Central Square Village Residences	Hougang Village Residences	Regency House	Riverside Village Residences	Total
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(5)</sup> (FY2011) (%)</b>	44.8	52.3	45.1	35.2	44.1
<b>Vendor and Master Lessee<sup>(6)(7)</sup></b>	OPH Riverside Pte Ltd	Serene Land Pte Ltd	Oxley Hill Properties Pte Ltd	Riverland Pte Ltd	N.A.
<b>Term of Master Lease (years)</b>	20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)				

**Notes:**

- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreements.
- (2) For Hougang Village Residences and Riverside Village Residences.
- (3) In addition, Riverside Village Residences also includes an accessory lot with an area of 22 sq m.
- (4) The weighted average RevPAU of the Serviced Residences.
- (5) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.
- (6) The Properties being leased to the respective Master Lessees excludes the Excluded Commercial Premises.
- (7) The Vendors are members of the Sponsor.

## OPERATIONAL DATA OF THE PROPERTIES

The weighted average ADR, weighted average occupancy rate and weighted average RevPAR of the Hotels for FY2009, FY2010 and FY2011:

Weighted Average	FY2009	FY2010	FY2011	
			Including Oasia Hotel <sup>(1)</sup>	Excluding Oasia Hotel <sup>(1)</sup>
ADR <sup>(2)</sup> (S\$)	144	182	198	199
Occupancy Rate <sup>(3)</sup> (%)	83.7	87.9	75.4	84.9
RevPAR <sup>(4)</sup> (S\$)	121	160	150	169

### Notes:

- (1) Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011.
- (2) Weighted by the total number of hotel rooms sold at the Hotels for the relevant period.
- (3) Weighted by the total number of Available Rooms of the Hotels for the relevant period.
- (4) Computed based on total room revenue of the Hotels divided by the total number of available hotel rooms for the Hotels for the relevant period.

The weighted average ADR, weighted average occupancy rate and weighted average RevPAU for the Serviced Residences for FY2009, FY2010 and FY2011:

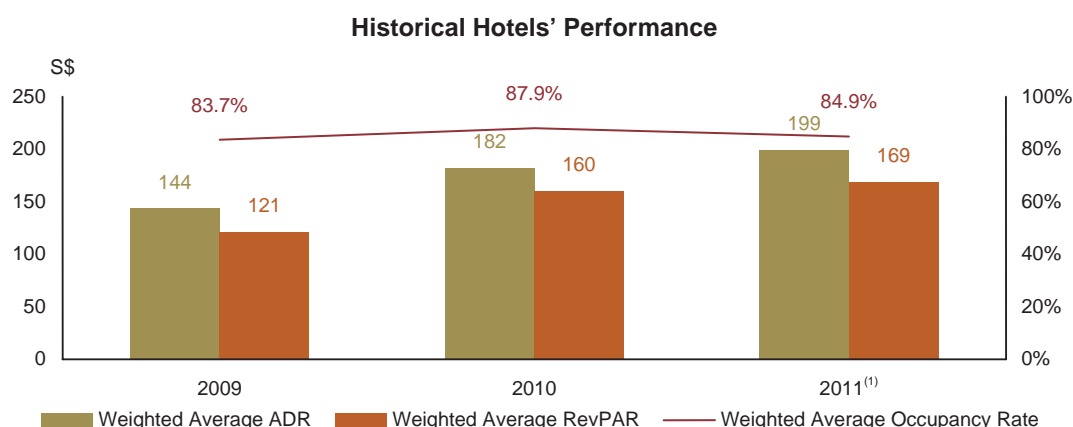
Weighted Average	FY2009	FY2010	FY2011
ADR <sup>(1)</sup> (S\$)	178	197	232
Occupancy Rate <sup>(2)</sup> (%)	82.3	92.3	92.2
RevPAU <sup>(3)</sup> (S\$)	146	182	214

### Notes:

- (1) Weighted by the total number of serviced residence units sold at the Serviced Residences for the relevant period.
- (2) Weighted by the total number of Available Serviced Residence Units at the Serviced Residences for the relevant period.
- (3) Computed based on total rental revenue of the Serviced Residences divided by the total number of available serviced residence units for the relevant period.

## Operational Data of the Hotels

The graph below shows weighted average ADR, weighted average occupancy rate and weighted average RevPAR of the Hotels for FY2009, FY2010 and FY2011:

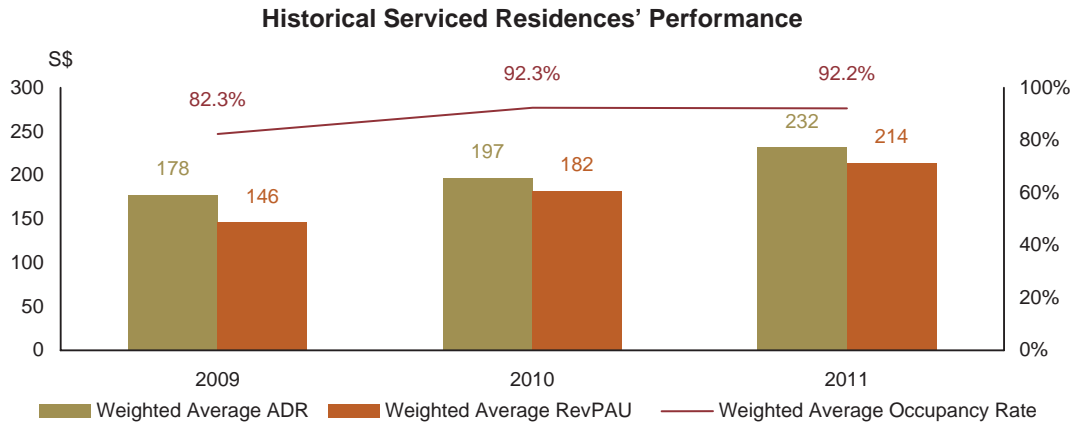


### Note:

- (1) Excludes Oasia Hotel, which commenced operations in April 2011 and was fully operational only in October 2011.

## Operational Data of the Serviced Residences

The graph below shows weighted average ADR, weighted average occupancy rate and weighted average RevPAU of the Serviced Residences for FY2009, FY2010 and FY2011:

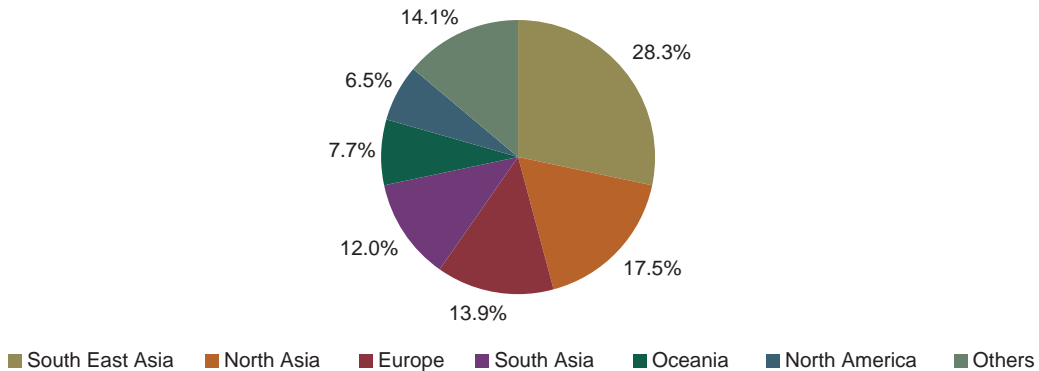


## Hotel Guest Profile

The following table sets out a breakdown of the guest profile of the Properties by country of origin as of FY2011:

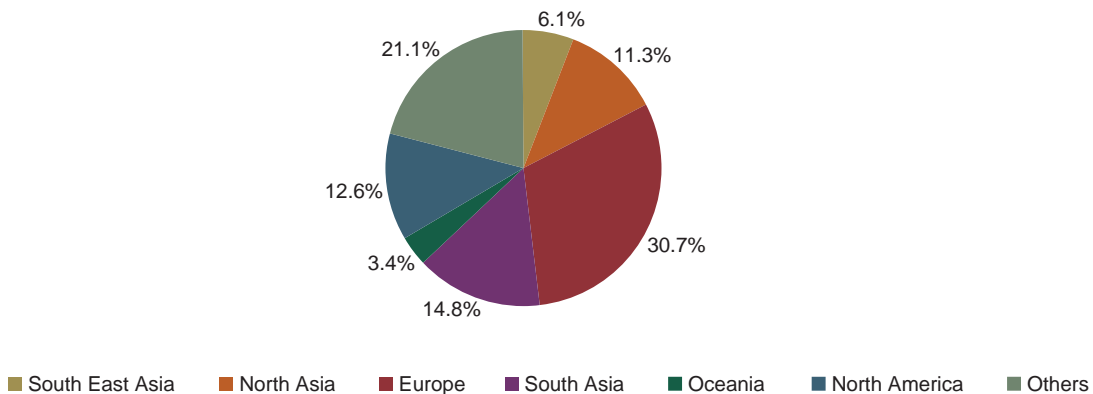
### Geographic Breakdown by Room Nights of the Hotels (FY2011)

FY2011 Geographic Breakdown by Room Nights



### Geographic Breakdown by Room Nights of the Serviced Residences (FY2011)

FY2011 Geographic Breakdown by Room Nights



#### Notes:

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.

- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

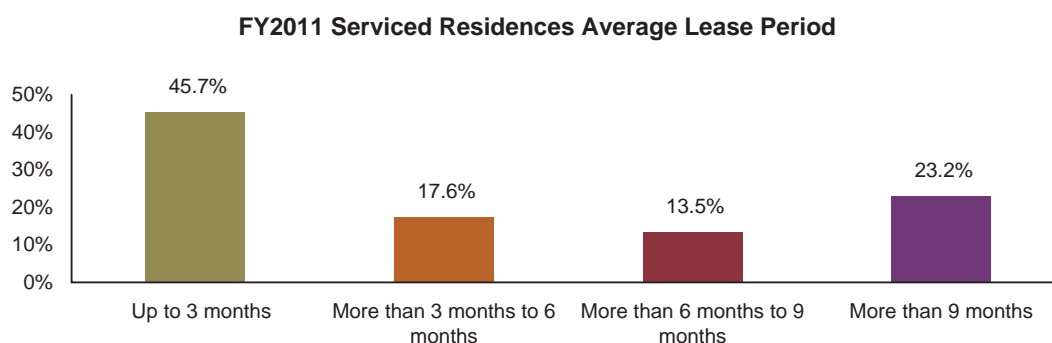
### Top 10 Corporate Clients of the Serviced Residences

The top ten corporate clients of the Serviced Residences comprise less than 30% of the Gross Operating Revenue of the Serviced Residences.

### Length of Stay Profile for the Serviced Residences

The leases or licences entered into for the serviced residence units in the Serviced Residences may be for a week or up to several years. In line with normal commercial practice, renewals are generally on the same terms and conditions as the original lease/licence agreements except for the rental rate, which will be revised to the prevailing market rate.

The graph below sets out the length of stay profile of the Serviced Residences on a portfolio basis, in terms of rental income generated from the serviced residence units for FY2011:



### Fire Protection

The fire protection and security measures for each of the Properties are manned on a 24-hour basis at the fire control centre. Each of the Properties is equipped with fire protection systems which may include an automatic sprinkler system with water tank and accessories, smoke detectors, hoses, dry and wet risers, fire extinguishers and break-glass alarm systems. Each of the Properties has maintenance contractors for these fire protection systems.

### Capital Expenditure

During each fiscal year, the Master Lessee at each of the Properties will submit an FF&E plan to the REIT Manager for review, discussion and approval (“**Agreed FF&E Plan**”) listing out the existing FF&E items, the anticipated FF&E works proposed for the year, including acquisitions, replacements and estimated costs, and a rolling three-year FF&E forward plan.

The Master Lessee at each of the Properties, save for Oasia Hotel, will also set aside, in an FF&E reserve, an amount equal to 2.5% of the anticipated revenue (“**FF&E Reserve**”) as set out in the agreed budget for that year. As Oasia Hotel is a new property, its FF&E Reserve will amount to 1.0% of the anticipated revenue for the first three years of the Master Lease Agreement, and 2.5% thereafter. The FF&E Reserve will be used and disbursed only in accordance with the Agreed FF&E Plan. Any unused amount in the FF&E Reserve at the end

of a fiscal year will be carried forward to the next year, but does not reduce the required contribution to the FF&E Reserve for that year. At the end of the initial Master Lease term (or option term), any outstanding balance in the FF&E Reserve will become the property of, and will be transferred to, Far East H-REIT.

## **Insurance**

Far East H-REIT has put in place for the Properties fire insurance and all risks policies and insurance policies against physical damage and rental losses from business interruption (in relation to the Excluded Commercial Premises). The insurance policies taken out by Far East H-REIT do not cover certain types of risks such as acts of war, contamination or other environmental breaches. Far East H-REIT would also be responsible for the deductibles to its policies.

Currently, the Sponsor also maintains various policies on a group basis. For cost efficiency reasons, Far East H-REIT may participate and insure against public liability under these policies up to certain limits. The Sponsor has given an undertaking to Far East H-REIT that it is able, or would continue, to allow Far East H-REIT to participate in the Sponsor's policies and that it would keep these policies in full force and effect, continue to pay premiums in a timely manner and ensure that they are not voidable or breached on the part of the Sponsor.

## **Legal Proceedings**

None of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the Trustee-Manager or the Master Lessees are currently involved in any material litigation nor, to the best of the knowledge of the REIT Manager and the Trustee-Manager, is any material litigation currently contemplated or threatened against Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the Trustee-Manager, or any of the Master Lessees.

## **Encumbrances**

### ***Albert Court Village Hotel***

Title searches show that, as at 2 August 2012, there is (i) a mortgage (IA/510146S) created in favour of Oversea-Chinese Banking Corporation Limited and (ii) a variation of mortgage (IC/854909L) in favour of United Overseas Bank Limited over Lots 797T and 813N of Town Subdivision 12, which is the official address of Albert Court Village Hotel. This mortgage will be discharged on the Listing Date upon the acquisition of Albert Court Village Hotel by Far East H-REIT.

### ***Changi Village Hotel***

Title searches show that, as at 2 August 2012, there is (i) a mortgage (IA/63201N) created in favour of Oversea-Chinese Banking Corporation Limited and (ii) a mortgage (IA/119494S) created in favour of Oversea-Chinese Banking Corporation Limited over Lot 1215V of Mukim 31, which is the official address of Changi Village Hotel. This mortgage will be discharged on the Listing Date upon the acquisition of Changi Village Hotel by Far East H-REIT.

### ***The Elizabeth Hotel***

Title searches show that, as at 2 August 2012, there is a mortgage (IA/694843J) created in favour of United Overseas Bank Limited over Lot 552N of Town Subdivision 27, which is the

official address of The Elizabeth Hotel. This mortgage will be discharged on the Listing Date upon the acquisition of The Elizabeth Hotel by Far East H-REIT.

### ***Landmark Village Hotel***

Title searches show that, as at 2 August 2012, there is (i) a mortgage (I/64943M) created in favour of The Development Bank of Singapore Limited, (ii) a mortgage (I/80302Q) created in favour of The Development Bank of Singapore Limited, (iii) a mortgage (IA/655079G) created in favour of DBS Bank Ltd. and (iv) a mortgage (IB/804599D) created in favour of DBS Bank Ltd. over Lot U573M and Accessory Lots A1N, A2X, A3L and A4C of Town Subdivision 13, which is the official address of Landmark Village Hotel. These mortgages will be discharged on the Listing Date upon the acquisition of Landmark Village Hotel by Far East H-REIT.

### ***Oasia Hotel***

Title searches show that, as at 2 August 2012, there is (i) a mortgage (IA/905831U) created in favour of Oversea-Chinese Banking Corporation Limited and (ii) a mortgage (IC/821278W) in favour of Overseas-Chinese Banking Corporation Limited over Lot 928T of Town Subdivision 29, which is the official address of Oasia Hotel. This mortgage will be discharged on the Listing Date upon the acquisition of Oasia Hotel by Far East H-REIT.

### ***Orchard Parade Hotel***

Title searches show that, as at 2 August 2012, there is a mortgage (IC/736378P) created in favour of Oversea-Chinese Banking Corporation Limited over Lots 653V, 656A, 659X and 769W of Town Subdivision 24, which is the official address of Orchard Parade Hotel. This mortgage will be discharged on the Listing Date upon the acquisition of Orchard Parade Hotel by Far East H-REIT.

### ***The Quincy Hotel***

Title searches show that, as at 2 August 2012, there is (i) a mortgage (IA/694843J) created in favour of United Overseas Bank Limited and (ii) a variation of mortgage (IC/854909L) in favour of United Overseas Bank Limited over Lots 544V, 547A and 550A of Town Subdivision 27, which is the official address of The Quincy Hotel. This mortgage will be discharged on the Listing Date upon the acquisition of The Quincy Hotel by Far East H-REIT.

### ***Central Square Village Residences***

Title searches show that, as at 2 August 2012, there is (i) a mortgage (I/1587Q) created in favour of The Development Bank of Singapore Limited, (ii) a mortgage (IA/442712J) created in favour of DBS Bank Ltd. and (iii) a mortgage (IC/672810E) in favour of DBS Bank Ltd. over Lot 320N of Town Subdivision 8, which is the official address of Central Square Village Residences. These mortgages will be discharged on the Listing Date upon the acquisition of Central Square Village Residences by Far East H-REIT.

### ***Hougang Village Residences***

Title searches show that, as at 2 August 2012, there is a mortgage (IB/792230A) created in favour of Oversea-Chinese Banking Corporation Limited over Lot 8532C of Mukim 22, which is the official address of Hougang Village Residences. This mortgage will be discharged on the Listing Date upon the acquisition of Hougang Village Residences by Far East H-REIT.



### **Regency House**

Title searches show that, as at 2 August 2012, there is a mortgage (IB/856274N) created in favour of Australia and New Zealand Banking Group Limited, Singapore Branch over Lot 485A of Town Subdivision 20, which is the official address of Regency House. This mortgage will be discharged on the Listing Date upon the acquisition of Regency House by Far East H-REIT.

### **Riverside Village Residences**

Title searches show that, as at 2 August 2012, there is a mortgage (IB/913691F) created in favour of Sumitomo Mitsui Banking Corporation, Singapore Branch over Lot 177W of Town Subdivision 9, which is the official address of Riverside Village Residences. This mortgage will be discharged on the Listing Date upon the acquisition of Riverside Village Residences by Far East H-REIT.

### **Competition**

The following table sets out some of the competition faced by the Properties:

<b>Hotels</b>	<b>Competition</b>
Albert Court Village Hotel	Parkroyal on Kitchener Road, Rendezvous Hotel, Ibis Bencoolen Hotel, Parc Sovereign Hotel
Changi Village Hotel	Grand Mercure Roxy Hotel, Crowne Plaza Changi Airport
The Elizabeth Hotel	Concorde Hotel, York Hotel, Copthorne Kings Hotel
Landmark Village Hotel	Peninsular Excelsior Hotel, Furama (City Center), Parkroyal on Beach Road, Rendezvous Hotel
Oasia Hotel	Novotel Clarke Quay, Swissotel Merchant Court Hotel, Royal Plaza on Scotts, Sheraton Towers Singapore
Orchard Parade Hotel	Traders Hotel Singapore, Orchard Hotel, Royal Plaza on Scotts, Carlton Hotel Singapore, Swissotel Merchant Court Hotel
The Quincy Hotel	Sheraton Towers Singapore, Naumi Hotel, Royal Plaza on Scotts, Pan Pacific Orchard, Grand Park Orchard
<b>Serviced Residences</b>	<b>Competition</b>
Central Square Village Residences	Somerset Liang Court, Fraser Place Robertson Walk, Park Avenue Robertson
Hougang Village Residences	No comparable competitors
Regency House	Lanson Place Winsland House, Somerset Grand Cairnhill, Pan Pacific Serviced Suites
Riverside Village Residences	Somerset Liang Court, Fraser Place Robertson Walk, Park Avenue Robertson

The hospitality sector in Singapore is highly competitive. The Properties are likely to face competition in attracting and retaining staff due to high demand in the hospitality sector, as well as potential competition from the entry of new hotels and serviced residences into the market.

(See Appendix D, "Independent Hospitality Industry Report" for further details.)

### **Future Competing Developments**

An estimated 21 new mid-tier and upscale hotels, with a net supply totalling approximately 5,348 hotel rooms, are expected to enter the market by the end of 2014. Net supply of approximately 1,579 mid-tier and upscale hotel rooms is expected to be completed in 2012.

The table below sets out the new supply of mid-tier and upscale hotel rooms expected from 2012 to 2014:

Name of Hotel	Location	Segment	Number of Hotel Rooms
<b>Hotels expected to commence operations in 2012</b>			
Parkroyal @ CBD	Downtown	Mid-tier	363
Bay Hotel	Marina South	Upscale	333
Capri by Fraser @ Changi City	Changi	Mid-tier	313
Dorsett Regency Singapore	Outram	Mid-tier	285
W Singapore Sentosa Cove	Sentosa	Upscale	250
Equarius Hotel	Sentosa	Upscale	172
UE Park Avenue Changi	Changi	Mid-tier	170
Movenpick Hotel (additional rooms)	Sentosa	Upscale	61
Beach Villas	Sentosa	Upscale	22
Hotel Grand Central <sup>(1)</sup>	Orchard	Mid-tier	-390
<b>Sub-total</b>			<b>1,579</b>
<b>Hotels expected to commence operations in 2013</b>			
Traders Hotel (formerly known as "Phoenix Hotel")	Orchard	Upscale	502
Ramada Singapore	Novena	Mid-tier	396
Carlton Project	Marina East	Mid-tier	387
Connexion at Farrer Park	Rochor	Upscale	230
Fairy Hill Point Hotel	East Region	Mid-tier	186
Sofitel Singapore (Ogilvy Centre)	CBD	Upscale	134
<b>Sub-total</b>			<b>1,835</b>
<b>Hotels expected to commence operations in 2014</b>			
Hotel Grand Central Project 1	Orchard	Mid-tier	488
Hotel to be named	Singapore River	Mid-tier	310
Hotel to be named	Rochor	Upscale	339
Westin SG Marina Bay	CBD	Upscale	305
Hotel Grand Central Project 2	Orchard	Mid-tier	264
Laguna Golf Green Hotel	Changi	Mid-tier	191
Amoy Hotel	CBD	Upscale	37
<b>Sub-total</b>			<b>1,934</b>
<b>TOTAL</b>			<b>5,348</b>

**Note:**

(1) Hotel expected to close in 2012.

Source: CBRE Hotels.

An estimated seven new mid-tier and upscale serviced residences, totalling approximately 783 serviced residence units, are expected to enter the market by the end of 2014, with approximately 158 mid-tier and upscale serviced residence units expected to be completed in 2012.

The table below sets out the new supply of mid-tier and upscale serviced residence units expected from 2012 to 2014:

Name of Serviced Residence	Location	Number of Serviced Residence Units
<b>Serviced residences expected to commence operations in 2012</b>		
Park Avenue Changi	Changi	130
CherryLoft	Rangoon Road	28
<b>Sub-total</b>		<b>158</b>
<b>Serviced residences expected to commence operations in 2013</b>		
Modena Frasers Suites	Changi	313
Pan Pacific Serviced Apartments	Beach Road	180
Heritage Residences	Telok Kurau	34
Farrer Park Serviced Apartments	Race Course Road	30
<b>Sub-total</b>		<b>557</b>
<b>Serviced residences expected to commence operations in 2014</b>		
Dorsett Residences	New Bridge Road	68
<b>Sub-total</b>		<b>68</b>
<b>TOTAL</b>		<b>783</b>

Source: CBRE Hotels.

## Seasonality

Generally, the Singapore hospitality sector experiences higher activity levels and better performance in the second half of the year as compared to the first half. Different seasonality trends impact different segments of Singapore's hospitality sector. For the Hotels, the months of May, June, October, and November typically experience the highest demand from corporate hotel guests, while the highest demand from leisure guests occurs during the Christmas and New Year festive season, as well as during Hari Raya, the holiday that marks the end of Ramadan. Hotel demand is also driven by major MICE events such as the annual Singapore Formula 1 race in September, the biennial Singapore Airshow which typically takes place in February, the annual CommunicAsia which typically takes place in June, and the biennial Food&HotelAsia which typically takes place in April.

The Serviced Residences typically experience the highest demand during the months of July and August, which are the peak months for corporate relocations.

## Marketing Activities

The Hotel and Serviced Residence Operator will engage in sales and marketing activities targeted at the Properties' main sources of bookings as broken down by industry segment

and channel, including corporate procurement and human resource departments, corporate secretaries, travel agents, relocation agents, housing agents and customers.

Examples of marketing activities undertaken by the Hotel and Serviced Residence Operator include:

- participation in international and local trade-related shows;
- sales trips to key countries, such as Indonesia, Malaysia, Australia, China, India and Hong Kong;
- “Village Experience” activities on site at Properties under the “Village” brand;
- participation in wedding shows for hotel catering segments;
- e-marketing, social media marketing and partnership marketing;
- lifestyle activities with respect to Oasia Hotel and The Quincy Hotel; and
- Far East Rewards, a loyalty programme for members making frequent bookings at any of the properties managed by the Hotel and Serviced Residence Operator.

### **Far East H-BT**

Far East H-BT will be dormant as at the Listing Date. It exists primarily as “a master lessee of last resort” and will only become active if Far East H-REIT is unable to appoint a master lessee for any of the Properties in its portfolio at the expiry of the relevant master lease agreement or for a newly acquired property. The Trustee-Manager expects Far East H-BT to be dormant for the period from the Listing Date to 31 December 2013. Save as disclosed in this Prospectus and based on the prevailing market conditions as at the date of this Prospectus, the Trustee-Manager is not aware of any event which may materially affect Far East H-BT’s business prospects in the current financial year.

## **ALBERT COURT VILLAGE HOTEL**

**180 Albert Street, Singapore 189971**

### **General Description**

Albert Court Village Hotel is a pre-war conservation building and its architecture comprises restored pre-war shop houses with Straits Chinese carvings and motifs, reflecting the cultural heritage of its surroundings. It is located in the Bras Basah-Bugis district, which has been designated as the “arts, design, culture, learning and entertainment hub” of Singapore by URA and is an area rich in history, religion, art and cultural and architectural diversity reflecting Singapore’s diverse ethnic identity, and is located in close proximity to the popular Sim Lim Square electronics and computer shopping centre. Its hotel rooms and suites offer modern facilities and amenities catering to both business and leisure travellers.

Cultural, civic, and arts attractions within walking distance from the Hotel include the Singapore Art Museum, National Library, LaSalle College of the Arts and Nanyang Academy of Fine Arts. Little India, with its wide variety of ethnic food, places of worship and shopping, is located across the street from the Hotel, and Waterloo Street is also a short walk away, with its juxtaposition of various religious sites including a Chinese Goddess of Mercy temple, a Hindu temple, a Catholic church, and a synagogue.

The Hotel is easily accessible by public transport within walking distance of Little India and Bugis MRT stations, and is close to the popular Sim Lim Square electronics and computer shopping centre and a short walk away from numerous shopping malls such as Parco Bugis Junction, Mustafa Centre and the Orchard Road shopping district. It is also conveniently located within a short drive to two of the major MICE facilities in Singapore, namely Marina Bay Sands and Suntec Singapore International Convention & Exhibition Centre. There is a complimentary shuttle bus service daily from the Hotel to City Hall MRT station.

Access to the upper floors of Albert Court Village Hotel is facilitated by three passenger lifts, while two service lifts are also provided to serve the various floors. The hotel room sizes range from approximately 20 to 30 sq m for a typical standard room to approximately 40 sq m for a suite or family room.

Facilities and amenities available to the guests include recreational facilities such as a gymnasium, jacuzzi and steam room, as well as shops, restaurants, beauty salons and boutiques, on the first storey and a café and two meeting rooms on the second storey. The Albert Café & Restaurant, Shish Mahal Restaurant, the new Kookaburra Restaurant and the Lobby Lounge also provide guests with the opportunity to sample International, Australian and Indian cuisines.

In 2011, minor refurbishment works were completed on Albert Court Village Hotel’s lobby, guest rooms, corridors and chiller room in relation to its cooling system.

A summary of selected information on Albert Court Village Hotel is set out in the table below:

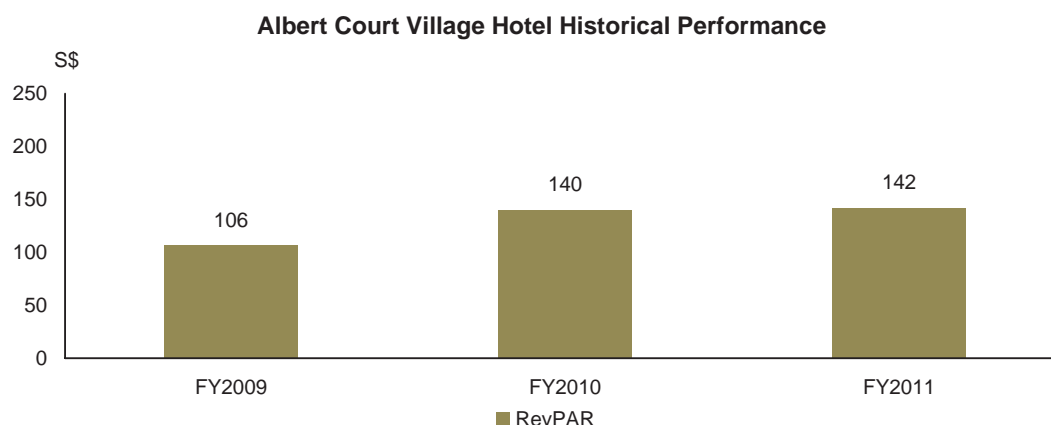
<b>Completion Date</b>	3 October 1994
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 75 years commencing from Listing Date
<b>Market segment</b>	Mid-tier
<b>Approximate GFA (sq m)</b>	11,426
<b>Retail NLA (sq m) / Number of Lettable Units</b>	1,002 / 25
<b>Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Number of Available Hotel Rooms</b>	210
<b>Carpark Lots</b>	65
<b>RevPAR (FY2011) (S\$)</b>	142
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	2.3
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(2)</sup> (FY2011) (%)</b>	39.9
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	126.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	107.3
<b>Master Lessee</b>	First Choice Properties Pte Ltd

**Notes:**

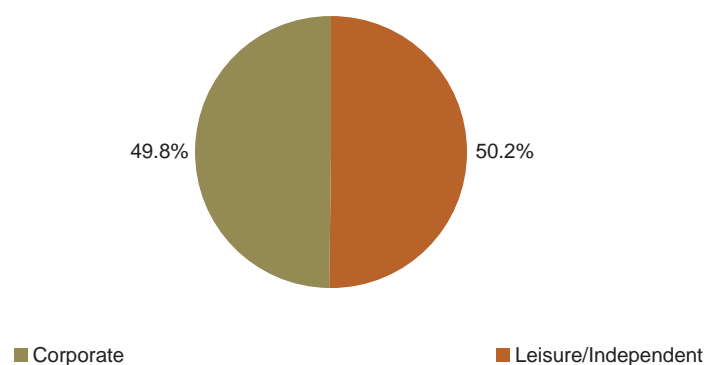
- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (2) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

## Operating Statistics

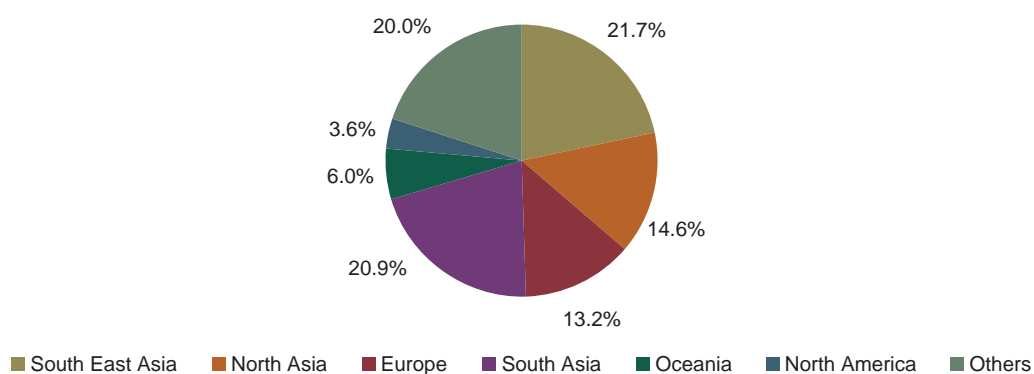
The following charts show certain information on the operations of Albert Court Village Hotel, including the RevPAR of the Hotel for FY2009, FY2010 and FY2011 and a breakdown of the guest profile of the Hotel by market segment and country of origin:



### FY2011 Customer Profile Breakdown by Room Revenue



### FY2011 Geographic Breakdown by Room Nights



#### Notes:

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

### Hotel Rooms

The following table sets out selected information on the Hotel's available hotel rooms as at 31 March 2012:

Type of Hotel Room	Size (sq m)	Number of Hotel Rooms
Superior / Deluxe Room	22	55
Executive Room	24	76
Family Room	26	5
Premier Room	25	27
Club Room	28	45
Club Suite	40	2
<b>TOTAL</b>		<b>210</b>



## Meeting and Function Rooms

Albert Court Village Hotel has a variety of meeting and function rooms to cater to events of up to 80 persons. The following table sets out selected information on the Hotel's meeting and function rooms:

Meeting and Function Rooms	Size (sq m)	Capacity <sup>(1)</sup>
Meeting Room 1	65	80
Meeting Room 2	40	40

**Note:**

(1) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

## F&B Facilities

The Hotel features a selection of F&B options on its premises, such as:

- Albert Café, serving international cuisine;
- Shish Mahal Restaurant, serving Northern Indian cuisine; and
- Kookaburra Restaurant, serving Australian cuisine.

## Recreational and Other Facilities

Recreational and other facilities available at the Hotel include:

- A gymnasium;
- A twin jacuzzi; and
- A steam room.

## Overview of Retail Tenants

There are 15 retail tenants of Albert Court Village Hotel as at 31 March 2012. In addition to the F&B outlets, tenants include a souvenir shop, a tailor, a florist and a travel agent.

## **CHANGI VILLAGE HOTEL**

**1 Nettevaron Road, Singapore 508502**

### **General Description**

Changi Village Hotel is a 380-room hotel situated by the sea, with a wellness centre, infinity pool and function rooms that support meetings and events. An urban resort overlooking the sea, it is one of the few hotels in the Changi area and is a popular venue for wedding events.

Changi Beach's boardwalk and the shops, pubs and restaurants of Changi Village are within walking distance from the Hotel. The Hotel is adjacent to Changi Point Ferry Terminal to provide easy access to the island of Pulau Ubin, one of Singapore's most popular getaways for hiking, cycling and fishing amidst nature. Tanah Merah Country Club, National Service Resort & Country Club, Laguna National Golf & Country Club and Changi Golf Club are all minutes' drive away for golfing enthusiasts. The Hotel is also situated close to various cultural landmarks, such as the Changi Chapel & Museum, a WWII gun battery and Selarang Barracks.

Changi Business Park, Loyang Industrial Park and Changi South Logistics Park, with their multitude of multinational, banking, IT and R&D firms such as Honeywell, IBM, Citibank and Standard Chartered Bank, and Singapore Expo, one of Southeast Asia's largest exhibition centres, are a short drive from the Hotel, making the Hotel a popular choice for business and MICE guests as it is one of the few hotels in close proximity to these landmarks. The Hotel has a well-equipped business centre that makes the Hotel a popular choice for business meetings and corporate retreats in a more leisurely setting. There is a complimentary shuttle bus service available daily from the Hotel to Changi International Airport, Changi Business Park and Loyang Industrial Estate.

Access to the upper floors of Changi Village Hotel is facilitated by four glass passenger lifts, while four service lifts are also provided to serve the various floors. The hotel room sizes range from approximately 24 sq m for the superior room to approximately 35 to 75 sq m for the suites.

Facilities and amenities available to the guests include five F&B outlets, namely the Saltwater Café with its popular International buffet spreads, Vau Wine Bar, The Wine Company, La Cantina in Venezia and Chou Bei Japanese Restaurant. There are 17 meeting rooms, two retail units located on the first storey, two swimming pools, a rooftop jacuzzi, a gymnasium, a spa and an exclusive club lounge.

In 2011, there were minor refurbishments to Changi Village Hotel's meeting rooms, square ballroom and meeting facilities.

A summary of selected information on Changi Village Hotel is set out in the table below:

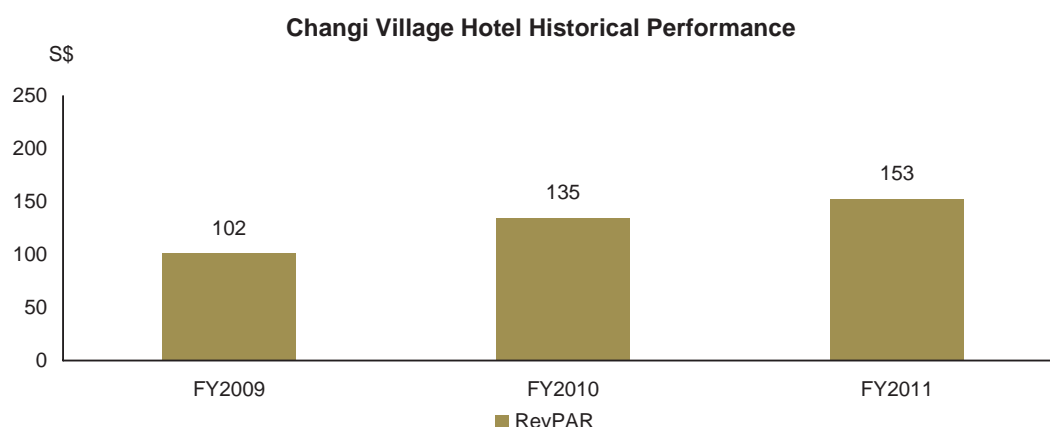
<b>Completion Date</b>	30 January 1990 <sup>(1)</sup>
<b>Leasehold Tenure<sup>(2)</sup></b>	Leasehold of 65 years commencing from Listing Date
<b>Market segment</b>	Mid-tier
<b>Approximate GFA (sq m)</b>	22,826
<b>Retail NLA (sq m) / Number of Lettable Units</b>	778 / 8
<b>Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Number of Available Hotel Rooms</b>	380
<b>Carpark Lots</b>	107
<b>RevPAR (FY2011) (S\$)</b>	153
<b>Pro Forma Variable Rent (FY2011) (S\$'m)</b>	5.4
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(3)</sup> (FY2011) (%)</b>	41.6
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$'m)</b>	257.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$'m)</b>	228.0
<b>Master Lessee</b>	Far East Organization Centre Pte. Ltd.

**Notes:**

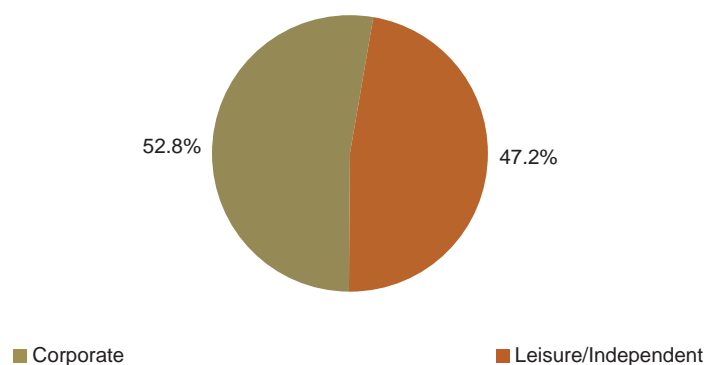
- (1) Date of acquisition by Sponsor, as property is not developed by Sponsor.
- (2) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (3) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

**Operating Statistics**

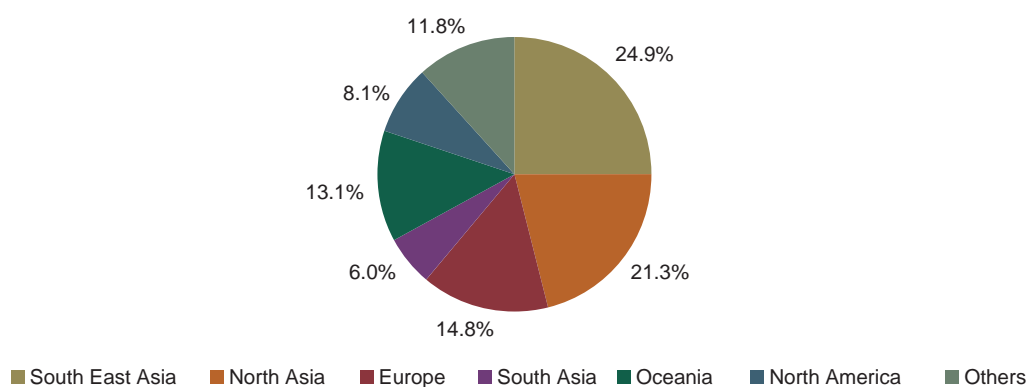
The following charts show certain information on the operations of Changi Village Hotel, including the RevPAR of the Hotel for FY2009, FY2010 and FY2011 and a breakdown of the guest profile of the Hotel by market segment and country of origin:



### FY2011 Customer Profile Breakdown by Room Revenue



### FY2011 Geographic Breakdown by Room Nights



#### Notes:

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

### Hotel Rooms

The following table sets out selected information on the Hotel's available hotel rooms as at 31 March 2012:

Type of Hotel Room	Size (sq m)	Number of Hotel Rooms
Superior Room	24-25	102
Deluxe Room	24-25	201
Executive Club Room	24-25	61
Junior Suite	35-41	10
Executive Suite	51	5
Royal Suite	75	1
<b>TOTAL</b>		<b>380</b>

## Meeting and Function Rooms

Changi Village Hotel has a variety of meeting and function rooms to cater to events of up to 350 persons. The following table sets out selected information on the Hotel's meeting and function rooms:

Meeting and Function Rooms		Size (sq m)	Capacity <sup>(1)</sup>
Lower Lobby	Cube 1-6	36-48	20-40
	Square-Square 2	101-335	90-350
Lower Level	Creek	202	50
	Oval 1-Oval 4	15-31	N.A.
	Oval Foyer	N.A.	N.A.
	Quad 1-Quad 3	46-55	40-70
	Sphere 1-Sphere 3	58-101	48-60
Level 8	Poolside	N.A.	90

**Note:**

(1) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

## F&B Facilities

The Hotel features a selection of F&B options on its premises, such as:

- Saltwater Café, serving international cuisine;
- Vau Wine Bar, serving mainly wine, cocktails and bar bites;
- La Cantina de Venezia Restaurant, serving Italian cuisine;
- Chou Bei Restaurant, serving Japanese cuisine; and
- The Wine Company, serving mainly wine and appetisers.

## Recreational and Other Facilities

Recreational and other facilities available at the Hotel include:

- A creek pool;
- A gymnasium;
- An infinity pool;
- The Retreat Spa and Thalasso Centre; and
- A club lounge.

## Overview of Retail Tenants

There are two retail tenants of Changi Village Hotel in two sectors as at 31 March 2012. In addition to the F&B outlets, tenants include a convenience store and spa.

## THE ELIZABETH HOTEL

24 Mount Elizabeth, Singapore 228518

### General Description

The Elizabeth Hotel is a 256-room hotel situated in the private enclave of Mount Elizabeth, with a prime location adjacent to Mount Elizabeth Hospital, one of Singapore's leading hospitals, and a short walk away from the Orchard Road shopping and entertainment belt. There are numerous shopping malls located conveniently nearby, which provide hotel guests with a wide range of shopping, dining, and entertainment options. The Hotel is also within walking distance to Orchard MRT station for easy access to the CBD and other areas of Singapore. With its close proximity to both Mount Elizabeth Hospital and Paragon Medical Centre, the Hotel appeals to medical tourists, in addition to business and leisure travellers. The Hotel's executive wing recently completed a refurbishment programme in 2011, providing 100 upgraded rooms positioned to attract higher-yield corporate customers.

Access to the upper floors of The Elizabeth Hotel is facilitated by four passenger lifts, while two service lifts and one car park lift are also provided to serve the various floors. The Hotel room sizes range from approximately 24 sq m for the superior hotel room to approximately 55 sq m for the suites.

Facilities and amenities available to the guests include an outdoor swimming pool as well as two in-house restaurants. F&B outlets located on the first storey include the Elizabeth Pub & Lounge, a popular venue for the Arsenal Fan Club, Modesto's @ Elizabeth and the poolside terrace and bar. The three function rooms are located on the first and second storeys, while there is also a landscaped garden and waterfall feature within the external compound of the Hotel. Other amenities are conveniently available in the Orchard Road shopping district nearby.

In 2011, renovation works were done on all hotel rooms on the fifth to eight storeys, in order to upgrade them to executive rooms.

A summary of selected information on The Elizabeth Hotel is set out in the table below:

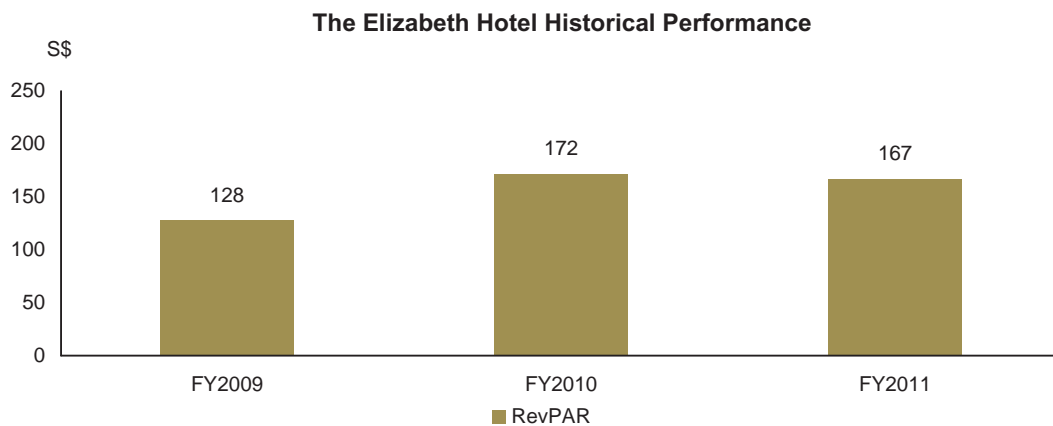
<b>Completion Date</b>	3 May 1993
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 75 years commencing from Listing Date
<b>Market segment</b>	Mid-tier
<b>Approximate GFA / (sq m)</b>	11,723
<b>Retail NLA (sq m) / Number of Lettable Units</b>	595 / 5
<b>Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Number of Available Hotel Rooms</b>	256
<b>Carpark Lots</b>	97 <sup>(2)</sup>
<b>RevPAR (FY2011) (S\$)</b>	167
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	4.1
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(3)</sup> (FY2011) (%)</b>	42.9
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	193.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	186.6
<b>Master Lessee</b>	Golden Development Private Limited

**Notes:**

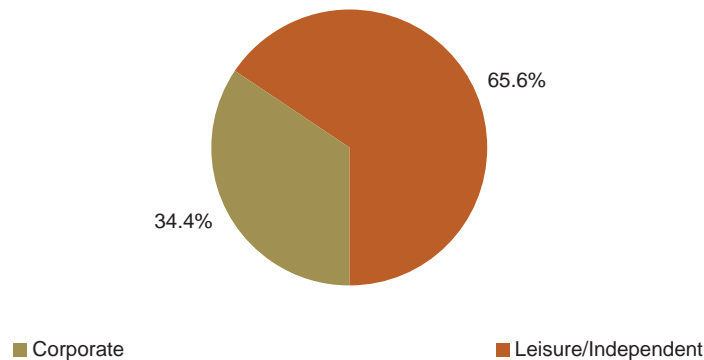
- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (2) These carpark lots belong to the MCST and will not be acquired by Far East H-REIT.
- (3) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

**Operating Statistics**

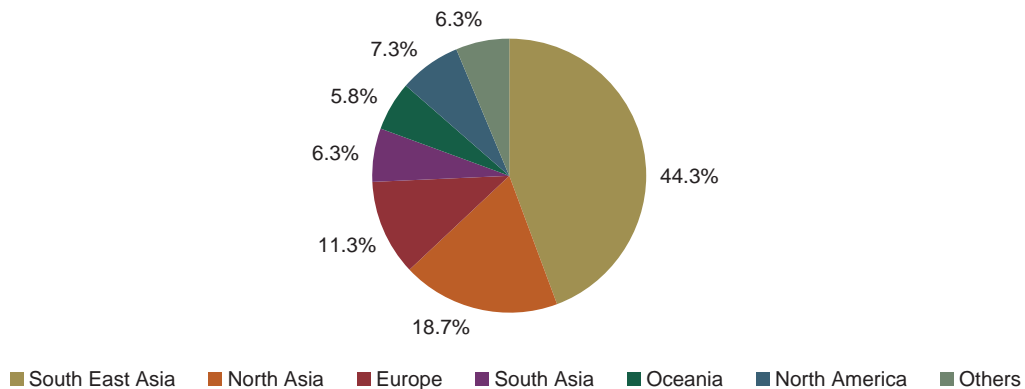
The following charts show certain information on the operations of The Elizabeth Hotel, including the RevPAR of the Hotel for FY2009, FY2010 and FY2011 and a breakdown of the guest profile of the Hotel by market segment and country of origin:



**FY2011 Customer Profile Breakdown by Room Revenue**



**FY2011 Geographic Breakdown by Room Nights**



**Notes:**

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.



## Hotel Rooms

The following table sets out selected information on the Hotel's available hotel rooms as at 31 March 2012:

Type of Hotel Room	Size (sq m)	Number of Hotel Rooms
Superior Room	24	64
Deluxe Room	24	80
Executive Room	24	100
Premier Room	36	7
Suite	55	5
<b>TOTAL</b>		<b>256</b>

## Meeting and Function Rooms

The Elizabeth Hotel has a variety of meeting and function rooms to cater to events of up to 80 persons. The following table sets out selected information on the Hotel's meeting and function rooms:

Meeting and Function Rooms	Size (sq m)	Capacity <sup>(1)</sup>
Windsor I/Windsor II	49	40
Windsor I and Windsor II	98	80

**Note:**

(1) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

## F&B Facilities

The Hotel features a selection of F&B options on its premises, such as:

- Modesto's @ Elizabeth, serving international cuisine; and
- Elizabeth Pub and lounge.

## Recreational and Other Facilities

Recreational and other facilities available at the Hotel include:

- An outdoor swimming pool.

## Overview of Retail Tenants

There are three retail tenants of The Elizabeth Hotel in two sectors as at 31 March 2012. In addition to the F&B outlet, tenants include a souvenir and convenience shop.

## LANDMARK VILLAGE HOTEL

390 Victoria Street, Singapore 188061

### General Description

Landmark Village Hotel is a 393-room hotel located in the Arab Street-Kampong Glam area, the Malay heritage district of Singapore, with convenient access to a variety of modern shopping malls. With its rows of conserved shophouses that house vibrant coffee shops, craft shops, art galleries and boutiques, the Arab Street-Kampong Glam area is a popular destination for tourists and locals alike. As with Albert Court Village hotel, the Landmark Village Hotel is located in the Bras Basah-Bugis district, which has been designated as the “arts, design, culture, learning and entertainment hub” of Singapore by URA.

The hotel is easily accessible by public transport within walking distance from Bugis MRT station, and is located in close proximity to the popular Sim Lim Square electronics and computer shopping centre and various shopping malls such as Parco Bugis Junction, Bugis Village and Iluma. It is also a short drive to two of the major MICE facilities in Singapore, Marina Bay Sands and Suntec Singapore International Convention & Exhibition Centre. In addition, Raffles Hospital is located across the road from the Hotel, making Landmark Village Hotel a popular accommodation option for the growing number of medical tourists.

Access to the upper floors of Landmark Village Hotel is facilitated by four passenger lifts, while two service lifts are also provided to serve the various floors. The standard room size for all superior, deluxe and executive club rooms is approximately 32 sq m, while the suites are approximately 64 sq m in size.

Facilities and amenities available to the guests include authentic Chinese, Indian, as well as international cuisines available in the hotel’s two restaurants, namely the Riverwalk Tandoor and Mooi Chin. Services offered at Landmark Village Hotel include concierge and security, in-room dining service, laundry, dry cleaning, travel and tour reservation services.

In 2011, refurbishment was undertaken on the meeting rooms on the fifth and sixth storeys.

A summary of selected information on Landmark Village Hotel is set out in the table below:

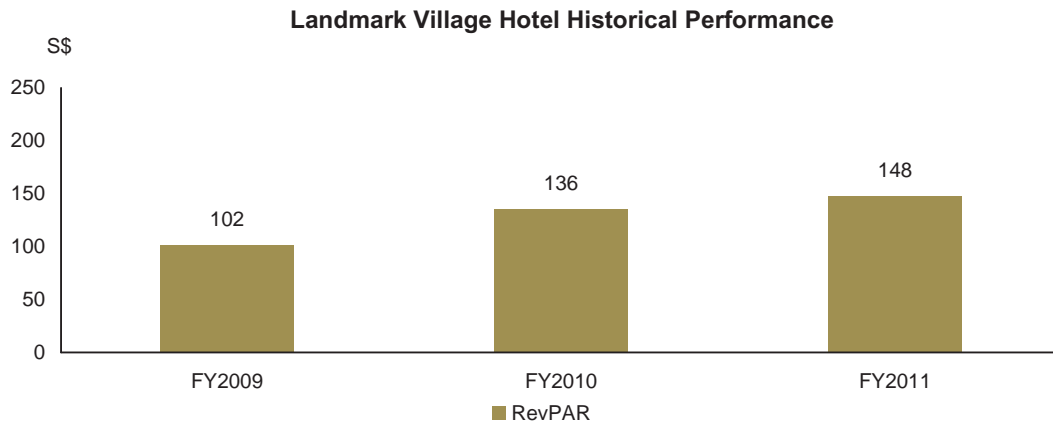
<b>Completion Date</b>	19 October 1988
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 66 years commencing from Listing Date
<b>Market segment</b>	Mid-tier
<b>Approximate Strata Area (sq m)</b>	21,676 <sup>(2)</sup>
<b>Retail NLA (sq m) / Number of Lettable Units</b>	1,164 / 9
<b>Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Number of Available Hotel Rooms</b>	393
<b>Carpark Lots</b>	217 <sup>(3)</sup>
<b>RevPAR (FY2011) (S\$)</b>	148
<b>Pro Forma Variable Rent (FY2011) (S\$’m)</b>	5.3
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(4)</sup> (FY2011) (%)</b>	43.2
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$’m)</b>	227.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$’m)</b>	217.0
<b>Master Lessee</b>	Golden Landmark Pte Ltd

**Notes:**

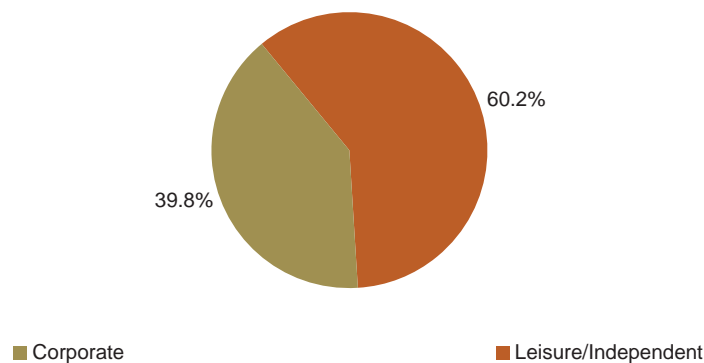
- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (2) In addition, Landmark Village Hotel also includes accessory lots with an aggregate area of 85 sq m.
- (3) These carpark lots belong to the MCST and will not be acquired by Far East H-REIT.
- (4) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

**Operating Statistics**

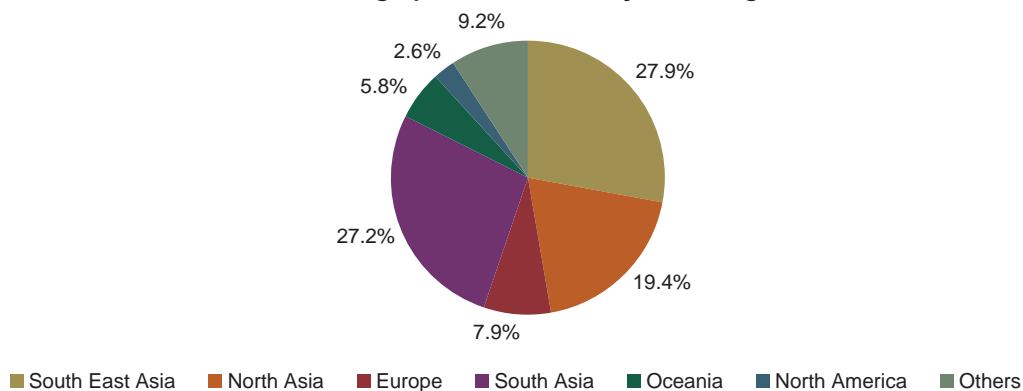
The following charts show certain information on the operations of Landmark Village Hotel, including the RevPAR of the Hotel for FY2009, FY2010 and FY2011 and a breakdown of the guest profile of the Hotel by market segment and country of origin:



**FY2011 Customer Profile Breakdown by Room Revenue**



**FY2011 Geographic Breakdown by Room Nights**



**Notes:**

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.

(5) Oceania comprises Australia and New Zealand.

(6) Others include Africa, Middle East and others.

## Hotel Rooms

The following table sets out selected information on the Hotel's available hotel rooms as at 31 March 2012:

Type of Hotel Room	Size (sq m)	Number of Hotel Rooms
Superior Room	32	152
Deluxe Room	32	155
Executive Club Room	32	82
Executive Club Suite	64	4
<b>TOTAL</b>		<b>393</b>

## Meeting and Function Rooms

Landmark Village Hotel has a variety of meeting and function rooms to cater to events of up to 500 persons. The following table sets out selected information on the Hotel's meeting and function rooms:

Meeting and Function Rooms	Size (sq m)	Capacity <sup>(1)</sup>
Poolside (Lower Deck-Upper Deck)	400-500	N.A.
Galaxy Room	144	170
Landmark 1-Landmark 2	102	120

**Note:**

(1) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

## F&B Facilities

The Hotel features a selection of F&B options on its premises, such as:

- The Riverwalk Tandoor, serving Northern Indian cuisine; and
- Mooi Chin, serving Chinese cuisine.

## Recreational and Other Facilities

Recreational and other facilities available at the Hotel include:

- A gymnasium; and
- An outdoor swimming pool.

## Overview of Retail Tenants

There are eight retail tenants of Landmark Village Hotel as at 31 March 2012. In addition to the F&B outlets, these include travel agents and a wellness centre.

## OASIA HOTEL

8 Sinaran Drive, Singapore 307470

### General Description

Oasia Hotel is the 428-room maiden hotel of the new hospitality brand, Oasia which opened in April 2011 and became fully operational in October 2011. Part of the Hotel interior was designed in collaboration with internationally-renowned interior design firm Super Potato and the rooms feature an interactive TV service and iPod docking system. Oasia Hotel provides guests with a 24-hour club lounge and gymnasium access, sky terrace and two lap pools, one of which is an exclusive infinity pool on the club floor.

The Hotel is strategically located in the prime Novena district next to Novena MRT station, which is Singapore's premier medical hub and two MRT stations away from Orchard Road, Singapore's prime shopping district. The medical hub is made up of key medical facilities, including the National Skin Centre, Novena Medical Center, Novena Specialist Center, Tan Tock Seng Hospital and the Mount Elizabeth Novena Hospital, which opened in July 2012. The surrounding malls, which include Square 2, United Square and Novena Square Velocity, provide a wide variety of dining and shopping options. Anchor tenants at the adjacent Novena Square office building include Procter & Gamble and CPG Corporation Pte Ltd. Given its location, the Hotel is popular amongst medical tourists and corporate travellers. The Hotel has a restaurant named Zaffron serving International cuisine. Additionally, there are three other restaurants located within the same building, namely Rakuichi, Doodles and Old Hong Kong Essence serving Japanese, Western and Chinese cuisines respectively.

Access to the upper floors of Oasia Hotel is facilitated by six passenger lifts, while one service lift and one fireman lift are also provided to serve the various floors. The average room size of a typical hotel room is approximately 25 sq m. The hotel room sizes range from approximately 25 sq m for the superior room to approximately 54 sq m for the suites.

A summary of selected information on Oasia Hotel is set out in the table below:

<b>Completion Date</b>	2 June 2011
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 92 years commencing from Listing Date
<b>Market segment</b>	Mid-tier / Upscale
<b>Approximate Strata Area (sq m)</b>	22,457 <sup>(2)</sup>
<b>Retail NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Number of Available Hotel Rooms</b>	428
<b>Carpark Lots</b>	148 <sup>(3)</sup>
<b>RevPAR (FY2011) (S\$)</b>	117 <sup>(4)</sup>
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	1.7 <sup>(5)</sup>
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(6)</sup> (FY2011) (%)</b>	36.4
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	322.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	324.9
<b>Master Lessee</b>	Transurban Properties Pte. Ltd.

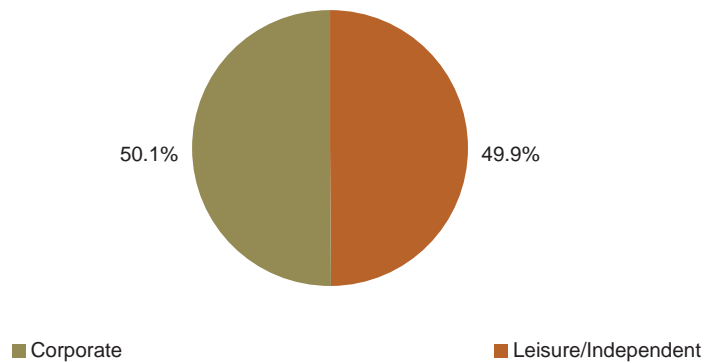
**Notes:**

- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (2) In addition, Oasia Hotel also includes an accessory lot with an area of 30 sq m.
- (3) These carpark lots belong to the MCST and will not be acquired by Far East H-REIT.
- (4) Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011.
- (5) As Oasia Hotel commenced operations only in April 2011 and became fully operational only in October 2011, the pro-rated pro forma Fixed Rent for Oasia Hotel was assumed to be S\$3 million.
- (6) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

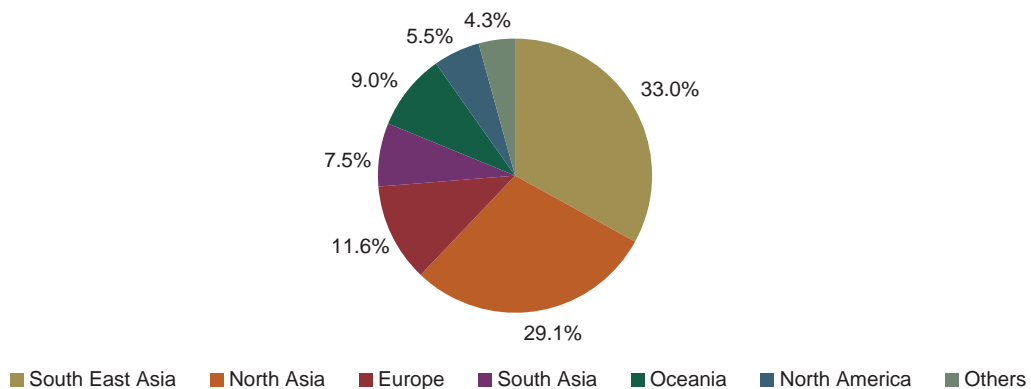
**Operating Statistics**

The following charts show certain information on the operations of Oasia Hotel, and a breakdown of the guest profile of the Hotel by market segment and country of origin:

**FY2011 Customer Profile Breakdown by Room Revenue**



**FY2011 Geographic Breakdown by Room Nights**



**Notes:**

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

## Hotel Rooms

The following table sets out selected information on the Hotel's available hotel rooms as at 31 March 2012:

Type of Hotel Room	Size (sq m)	Number of Hotel Rooms
Superior Room	25	88
Deluxe Room	25	224
Club Room	25	100
Club Suite	54	4
Handicap-friendly Rooms	25	12 (11 with connecting rooms)
<b>TOTAL</b>		<b>428</b>

## Meeting and Function Rooms

Oasia Hotel has three meeting rooms that can accommodate a maximum of 150 guests and a VIP meeting room that can accommodate a maximum of 20 guests. The following table sets out selected information on the Hotel's meeting and function rooms:

Meeting and Function Rooms	Size (sq m)	Capacity <sup>(1)</sup>
The Courtyard One/The Courtyard Three	53-55	55
The Boardroom	59	20

**Note:**

- (1) Based on a theatre setting for the Courtyard meeting rooms and based on a boardroom setting for the Boardroom. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

## Medical Facilities

The Hotel is situated within a medical hub, which includes:

- The National Skin Centre;
- Novena Medical Center;
- Novena Specialist Center;
- Tan Tock Seng Hospital; and
- Mount Elizabeth Novena Hospital.

## F&B Facilities

The Hotel features a restaurant named Zaffron serving International cuisine with a variety of other cuisines located adjacent to the hotel premises.

## Recreational and Other Facilities

Recreational and other facilities available at the Hotel include:

- A swimming pool and landscape garden on the eighth storey;
- A sky terrace with an infinity pool on the 22<sup>nd</sup> storey;
- A gymnasium; and
- The Oasia Club Lounge.



## **ORCHARD PARADE HOTEL**

**1 Tanglin Road, Singapore 247905**

### **General Description**

Orchard Parade Hotel is a 388-room hotel located on Orchard Road and is within walking distance to Orchard MRT station. Its location along the Orchard Road shopping belt provides guests with a wide variety of dining and shopping options, appealing to both business and leisure travellers. In addition, the Hotel is in the vicinity of Camden Medical Centre and Gleneagles Hospital, making the Hotel an attractive choice for medical tourists. The Hotel's MICE facilities are a popular venue for meetings and conferences. The Hotel is set for further refurbishment between August 2012 and September 2012 and between December 2012 and February 2013, with the Hotel's executive club rooms, lobby and lobby lounge having been refurbished in 2006. The Hotel features seven F&B outlets, including Tung Lok Classic, Modesto's, Stuart Anderson's Black Angus, Akashi, Akanoya, Kam Boat Teochew Restaurant and Starbucks. Other amenities in the Hotel include a spacious pool-side terrace ideal for corporate retreats or evening cocktail receptions. The Hotel has also received several awards recognising the hotel's excellent service.

The Hotel is within walking distance to the Botanic Gardens and is also situated close to shopping malls such as the Tanglin Shopping Centre, Forum, Far East Shopping Centre, Orchard Towers, Orchard Ion, Shaw House and Shaw Centre, appealing to both business and leisure travellers. In addition, the Hotel is also in close proximity to Camden Medical Centre and Gleneagles Hospital, making the Hotel an attractive choice for medical tourists.

Access to the upper floors of Orchard Parade Hotel is facilitated by seven passenger lifts, while three service lifts are also provided to serve the various floors. The average size of the hotel rooms is approximately 30 sq m. The hotel room sizes range from approximately 26 sq m for the superior rooms to approximately 120 sq m for the Presidential suite.

Services offered at Orchard Parade Hotel include concierge, in-room dining service, laundry, dry cleaning, valet, travel and tour reservation services. Orchard Parade Hotel incorporates a 6-storey office arcade known as the Orchard Parade Hotel Office Podium which has function rooms and a swimming pool on the top floor. The office podium's main entrance is along Tanglin Road.

In 2011, minor refurbishment works were done on the meeting and function rooms in relation to the carpets and the AV system.

A summary of selected information on Orchard Parade Hotel is set out in the table below:

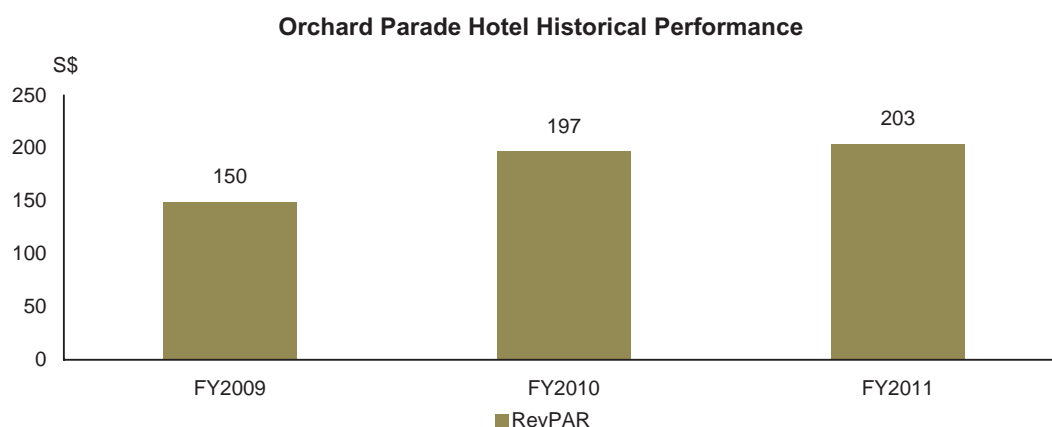
<b>Completion Date</b>	20 June 1987 <sup>(1)</sup>
<b>Leasehold Tenure<sup>(2)</sup></b>	Leasehold of 50 years commencing from Listing Date
<b>Market segment</b>	Mid-tier / Upscale
<b>Approximate GFA (sq m)</b>	34,072
<b>Retail NLA (sq m) / Number of Lettable Units</b>	3,694 / 33
<b>Office NLA (sq m) / Number of Lettable Units</b>	2,509 / 52
<b>Number of Available Hotel Rooms</b>	388
<b>Carpark Lots</b>	176
<b>RevPAR (FY2011) (S\$)</b>	203
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	9.8
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(3)</sup> (FY2011) (%)</b>	49.5
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	419.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	409.0
<b>Master Lessee</b>	Far East Orchard Limited

**Notes:**

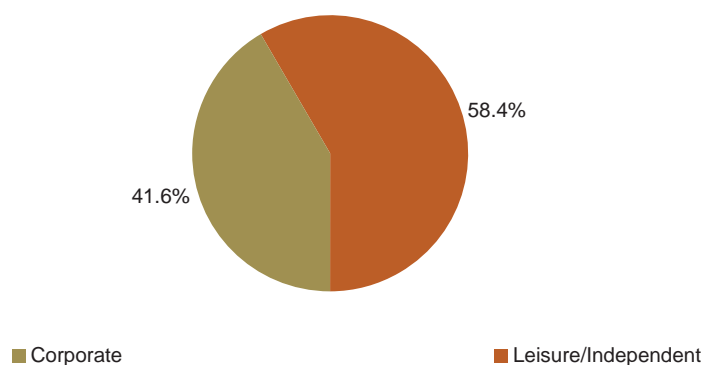
- (1) Date of acquisition by Sponsor, as property is not developed by Sponsor.
- (2) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (3) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

## Operating Statistics

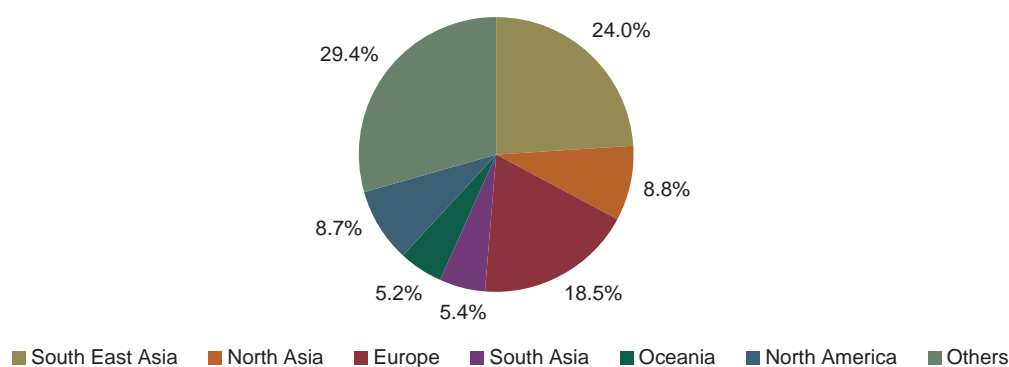
The following charts show certain information on the operations of Orchard Parade Hotel, including the RevPAR of the Hotel for FY2009, FY2010 and FY2011 and a breakdown of the guest profile of the Hotel by market segment and country of origin:



### FY2011 Customer Profile Breakdown by Room Revenue



### FY2011 Geographic Breakdown by Room Nights



#### Notes:

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

### Hotel Rooms

The following table sets out selected information on the Hotel's available hotel rooms as at 31 March 2012:

Type of Hotel Room	Size (sq m)	Number of Hotel Rooms
Superior Room	26	101
Deluxe Room	28	122
Executive Room	30	60
Club Room	30	58
Family Room	58-67	33
Suite	42-76	13
Presidential Suite	120	1
<b>TOTAL</b>		<b>388</b>

## Meeting and Function Rooms

Orchard Parade Hotel has a variety of meeting and function rooms to cater to events of up to 300 persons. The following table sets out selected information on the Hotel's meeting and function rooms:

Meeting and Function Rooms	Size (sq m)	Capacity <sup>(1)</sup>
Antica I/Antica III	81-185	50-80
Antica I and Antica II	280	250
Antica II and Antica III	176	80
Antica I, Antica II and Antica III	361	300
Antica V	89	60

**Note:**

- (1) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

## F&B Facilities

The Hotel features a selection of F&B options on its premises, such as:

- Tung Lok Classic, serving Chinese cuisine;
- Modesto's, serving Italian cuisine;
- Stuart Anderson's Black Angus, serving Western cuisine;
- Akashi, serving Japanese cuisine;
- Akanoya, serving Japanese cuisine;
- Kam Boat Teochew Restaurant, serving Chinese cuisine;
- Starbucks Coffee; and
- Lobby bar.

## Recreational and Other Facilities

Recreational and other facilities available at the Hotel include:

- A gymnasium;
- An outdoor swimming pool; and
- A tour desk.

## Overview of Retail and Office Tenants

There are 15 retail and 33 office tenants of Orchard Parade Hotel as at 31 March 2012. In addition to the F&B outlets, retail tenants include a souvenir shop, tailor, wine shop and hair salon. Office tenants include companies in the education and healthcare sectors, as well as members of Far East Organization.

## THE QUINCY HOTEL

22 Mount Elizabeth, Singapore 228517

### General Description

The Quincy Hotel is a 108-room boutique club hotel featuring a distinctive façade with bold colours, a glass-enclosed cantilevered pool, an LED-illuminated pool deck and an iMac station in the lobby. The Hotel was the winner of TripAdvisor's® Travelers' Choice® awards in 2011 and 2012 and also won the HA+D Award for Hotel Architecture and the SIA Architectural Design Award in 2011. The Hotel offers guests an all-inclusive package in which Hotel guests pay a flat rate that includes hotel room, meals and drinks and exclusive limousine airport pickup service.

The Quincy Hotel is located in close proximity to Orchard Road and is within walking distance from Orchard MRT station. There are numerous shopping malls nearby, providing guests with a wide range of facilities and shopping opportunities.

Access to the upper floors of The Quincy Hotel is facilitated by three passenger lifts, while one service lift is also provided to serve the various floors. The hotel room sizes range from approximately 26 sq m for the studio room to approximately 32 sq m for the deluxe studio room.

Facilities and amenities available to the guests include iMac stations in the lobby, a gymnasium, sauna and steam room with sauna facilities and swimming pool on the 12<sup>th</sup> storey. There is an all-day dining restaurant serving international cuisine.

A summary of selected information on The Quincy Hotel is set out in the table below:

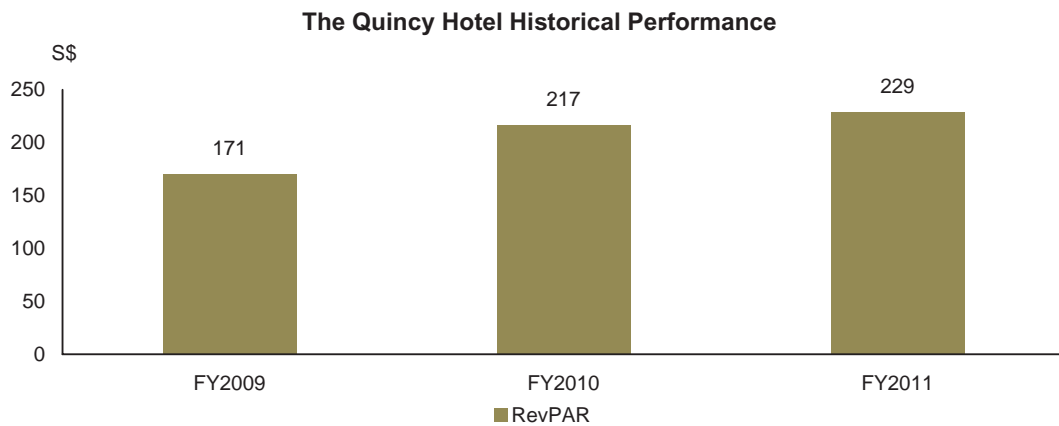
<b>Completion Date</b>	27 November 2008
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 75 years commencing from Listing Date
<b>Market segment</b>	Upscale
<b>Approximate GFA (sq m)</b>	4,810
<b>Retail NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Number of Available Hotel Rooms</b>	108
<b>Carpark Lots</b>	N.A. <sup>(2)</sup>
<b>RevPAR (FY2011) (S\$)</b>	229
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	2.1
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(3)</sup> (FY2011) (%)</b>	45.3
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	84.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	83.4
<b>Master Lessee</b>	Golden Development Private Limited

#### Notes:

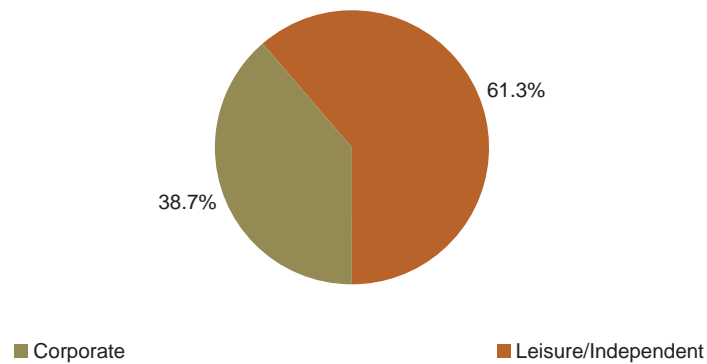
- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (2) Guests at The Quincy Hotel may use the carpark lots at the Elizabeth Hotel.
- (3) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

## Operating Statistics

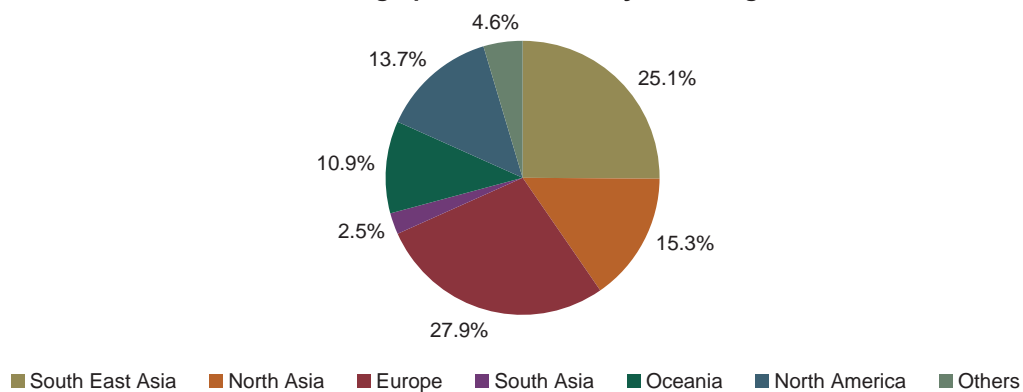
The following charts show certain information on the operations of The Quincy Hotel, including the RevPAR of the Hotel for FY2009, FY2010 and FY2011 and a breakdown of the guest profile of the Hotel by market segment and country of origin:



### FY2011 Customer Profile Breakdown by Room Revenue



### FY2011 Geographic Breakdown by Room Nights



#### Notes:

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

## Hotel Rooms

The following table sets out selected information on the Hotel's available hotel rooms as at 31 March 2012:

Type of Hotel Room	Size (sq m)	Number of Hotel Rooms
Studio Room	26	84
Deluxe Studio Room	32	24
<b>TOTAL</b>		<b>108</b>

## F&B Facilities

The Hotel features an all-day dining restaurant on its premises, which serves international cuisine.

## Recreational and Other Facilities

Recreational and other facilities available at the Hotel include:

- A gymnasium;
- A steam and sauna room; and
- A cantilevered swimming pool.



## **CENTRAL SQUARE VILLAGE RESIDENCES**

**20 Havelock Road, Singapore 059765**

### **General Description**

Central Square Village Residences, which comprises 128 self-contained serviced residence units, is part of a residential development comprising commercial and residential components, which accommodates several shops and restaurants. In addition to the immediate F&B options available, residents are within walking distance to many restaurants along Clarke Quay. The Serviced Residence provides a shuttle bus service which provides residents with daily shuttle service to Raffles Place and Marina Bay Financial Centre, and is within walking distance to Clarke Quay MRT station, which connects residents with the rest of Singapore. The Serviced Residence features a business centre, swimming pool and outdoor jacuzzi, gymnasium and sauna.

The Serviced Residence is located strategically near the historic Chinatown, the trendy entertainment hub of Clarke Quay and the CBD, providing residents with easy access to both work and play venues. It is within walking distance to many restaurants along Clarke Quay, which is an entertainment district situated near the mouth of the Singapore River, providing patrons with a range of restaurants, wine bars, entertainment spots and retail shops set amongst rows of shophouses. Chinatown retains historical and cultural significance within its many conservation shophouses. Clarke Quay is an entertainment district situated at the mouth of the Singapore River, providing patrons with a range of restaurants, wine bars, entertainment spots and retail shops set amongst rows of shophouses.

Access to the upper floors of Central Square Village Residences is facilitated by three passenger lifts to the serviced residence and two passenger lifts to the serviced office, while two service lifts are also provided to serve the various floors. The sizes of serviced residence units in the Serviced Residence range from approximately 67 sq m for a one-bedroom serviced residence unit to approximately 95 sq m for a 3-bedroom serviced residence unit.

Each serviced office is provided with standard office equipment and other amenities provided include complimentary usage of meeting rooms, office cleaning services and general maintenance services

Central Square Village Residences has F&B outlets serving Indian, Thai and Western cuisine.

A summary of selected information on Central Square Village Residences is set out in the table below:

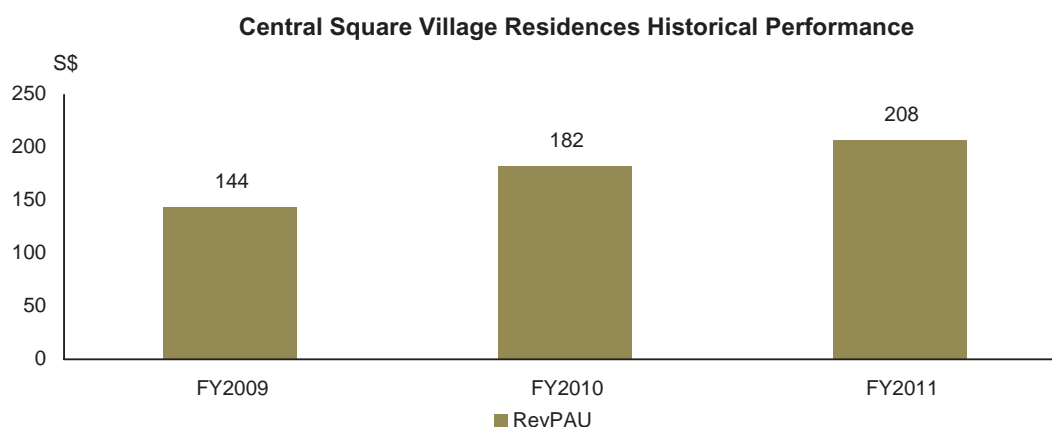
<b>Completion Date</b>	19 February 1998
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 80 years commencing from Listing Date
<b>Market segment</b>	Mid-tier
<b>Approximate GFA (sq m)</b>	17,858
<b>Retail NLA (sq m) / Number of Lettable Units</b>	2,213 / 25
<b>Office NLA (sq m) / Number of Lettable Units</b>	1,474 / 24
<b>Serviced Office NLA (sq m) / Number of Lettable Units</b>	696 / 52
<b>Number of Serviced Residence Units</b>	128
<b>Carpark Lots</b>	205
<b>RevPAU (FY2011) (S\$)</b>	208
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	2.8
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(2)</sup> (FY2011) (%)</b>	44.8
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	208.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	187.6
<b>Master Lessee</b>	OPH Riverside Pte Ltd

**Notes:**

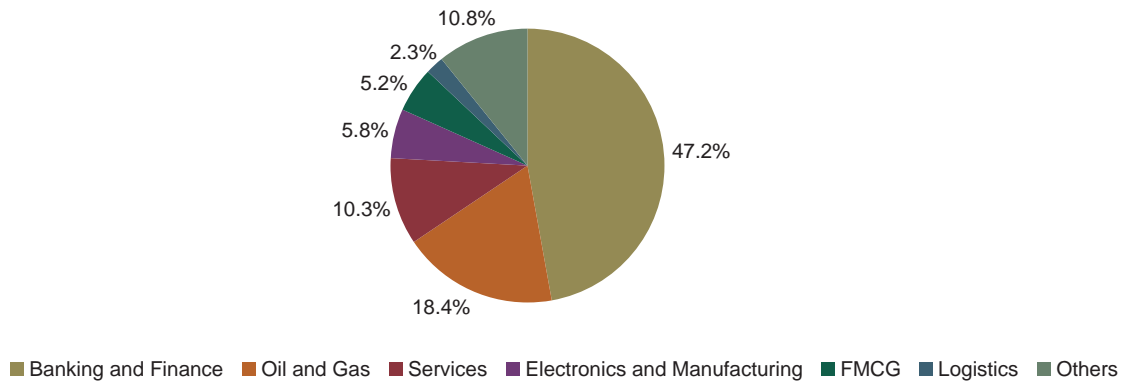
- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (2) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

**Operating Statistics**

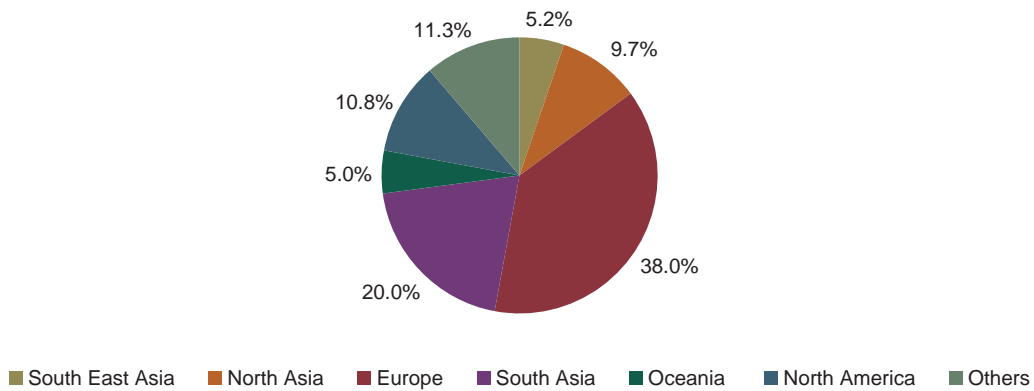
The following charts show certain information on the operations of Central Square Village Residences, including the RevPAU of the Serviced Residence for FY2009, FY2010 and FY2011, breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence's rental income:



### FY2011 Tenant industry breakdown by Rental Revenue



### FY2011 Geographic Breakdown by Room Nights

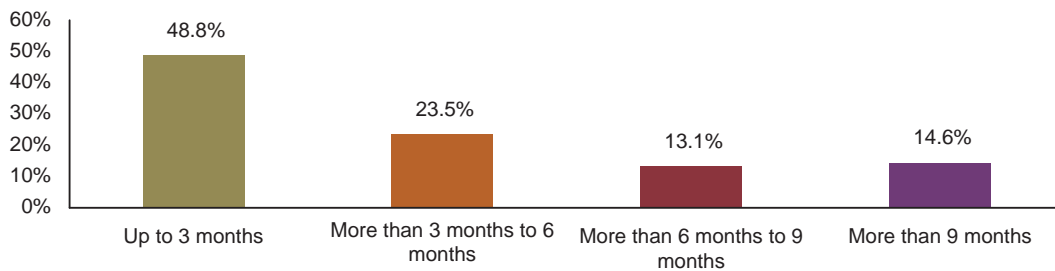


**Notes:**

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

The chart below shows the breakdown of average lease period for FY2011 for Central Square Village Residences:

### FY2011 Average Lease Period



### **Serviced Residence Units**

The following table sets out selected information on the Serviced Residence's serviced residence units as at 31 March 2012:

<b>Type of Serviced Residence Unit</b>	<b>Size (sq m)</b>	<b>Number of Serviced Residence Units</b>
Studio Suite	67	4
One Bedroom Suite	55-64	52
Two Bedroom Suite	73-76	64
Three Bedroom Suite	94-95	8
<b>TOTAL</b>		<b>128</b>

### **Recreational and Other Facilities**

Recreational and other facilities available at Central Square Village Residences include:

- A business centre;
- A swimming pool and outdoor jacuzzi;
- A gymnasium;
- A sauna; and
- BBQ pits.

### **F&B Facilities**

The Serviced Residence features a selection of F&B options on its premises, such as:

- Annalashmi Group, serving Indian cuisine;
- Spicy Route, serving Indian cuisine;
- Sky Lucky Café, serving Thai cuisine; and
- Clermont Bakery, serving Western cuisine.

### **Overview of Retail, Office and Serviced Office Tenants**

There are 12 retail, 22 office and 47 serviced office tenants of Central Square Village Residences as at 31 March 2012. Retail tenants include a convenience shop, jewellery shop, florist and travel agency. Office tenants include tenants in the real estate, legal and professional services sectors.

## HOUGANG VILLAGE RESIDENCES

1 Hougang Street 91, Singapore 538692

### General Description

Hougang Village Residences is a 78-unit Serviced Residence located in the northeast of Singapore in the Hougang residential neighbourhood. According to CBRE, it is the only serviced residence in the northern part of Singapore. Facilities at the Serviced Residence include a swimming pool, jacuzzi, sauna, gymnasium, children's playground and tennis court. The Serviced Residence is located adjacent to Hougang Shopping Mall, which provides residents with convenient access to a shopping mall with food courts, supermarkets and fashion outlets.

Hougang Village Residences is a short drive away from the electronics and manufacturing hub in Ang Mo Kio, which is in close proximity to Seletar Aerospace Park which houses tenants such as Rolls Royce, ST Aerospace and Bell Helicopter.

Access to the upper floors of Hougang Village Residences is facilitated by one passenger lift, while one fireman lift are also provided to serve the various floors. The sizes of serviced residence units in the Serviced Residence range from approximately 79 sq m for a two-bedroom unit to approximately 148 sq m for a three-bedroom unit.

A summary of selected information on Hougang Village Residences is set out in the table below:

<b>Completion Date</b>	30 December 1999
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 81 years commencing from Listing Date
<b>Market segment</b>	Mid-tier
<b>Approximate Strata Area (sq m)</b>	14,635
<b>Retail NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Serviced Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Number of Serviced Residence Units</b>	78
<b>Carpark Lots</b>	364
<b>RevPAU (FY2011) (S\$)</b>	191
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	1.6
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(2)</sup> (for FY2011) (%)</b>	52.3
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	66.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	65.5
<b>Master Lessee</b>	Serene Land Pte Ltd

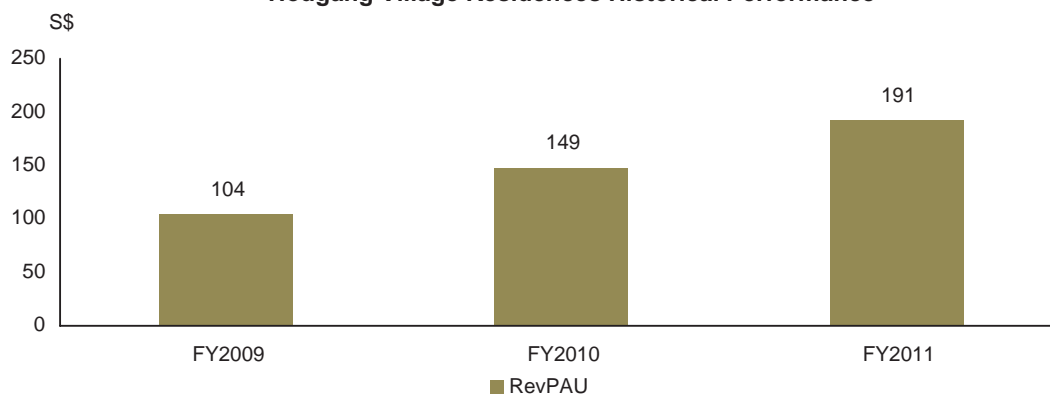
#### Notes:

- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (2) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

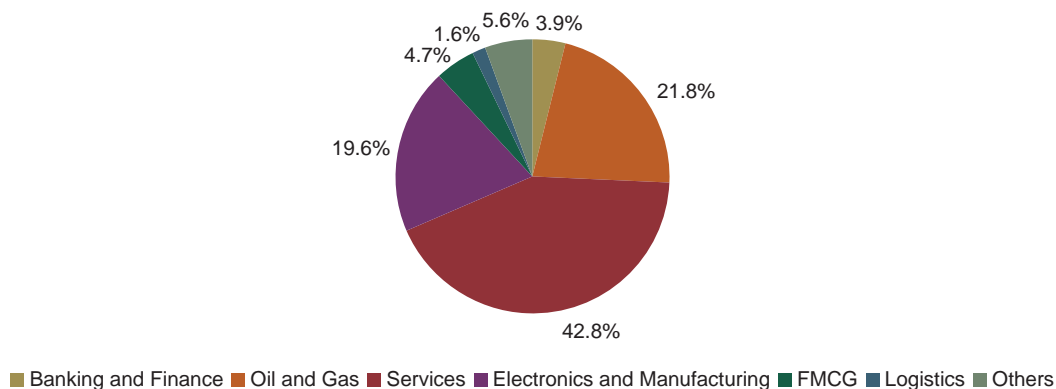
## Operating Statistics

The following charts show certain information on the operations of Hougang Village Residences, including the RevPAU of the Serviced Residence for FY2009, FY2010 and FY2011 and breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence's rental income:

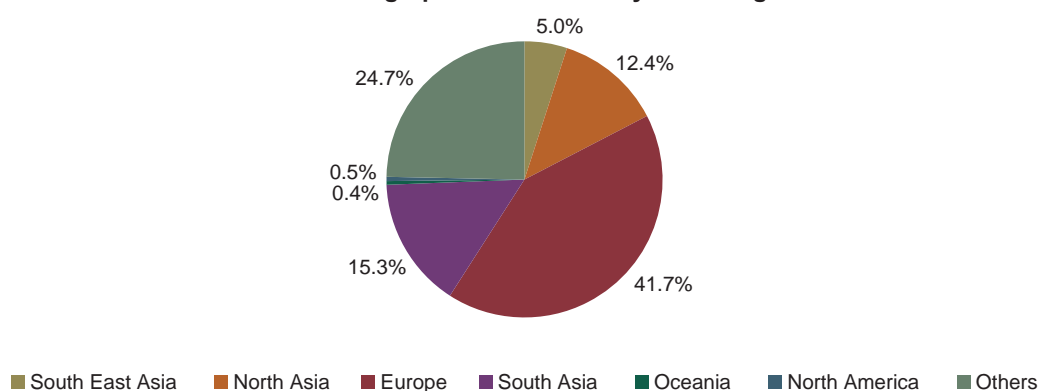
**Hougang Village Residences Historical Performance**



**FY2011 Tenant Industry Breakdown by Rental Revenue**



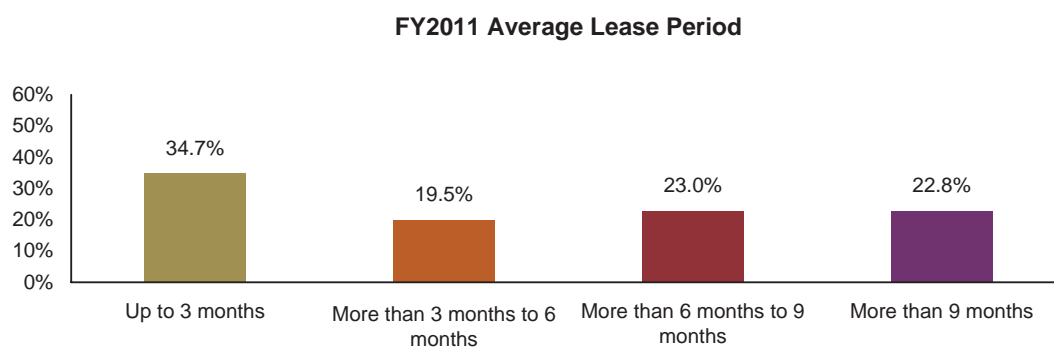
**FY2011 Geographic Breakdown by Room Nights**



### Notes:

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

The chart below shows the breakdown of average lease period for FY2011 for Hougang Village Residences:



### **Serviced Residence Units**

The following sets out selected information on the Serviced Residence's serviced residence units as at 31 March 2012:

Type of Serviced Residence Unit	Size (sq m)	Number of Serviced Residence Units
Two Bedroom Suite	79-82	30
Three Bedroom Suite	99-148	48
<b>TOTAL</b>		<b>78</b>

### **Recreational and Other Facilities**

Recreational and other facilities available at Hougang Village Residences include:

- Swimming and wading pools;
- A sun-tanning timber pool deck;
- A jacuzzi and sauna;
- A gymnasium;
- A tennis court;
- A roof garden with BBQ pits; and
- A children's playground.



## REGENCY HOUSE

121 Penang Road, Singapore 238464

### General Description

Regency House is a an upscale serviced residence popular with young professionals, and is located at the junction of Penang Road and Oxley Road, and is within close proximity to Orchard Road, Singapore's prime shopping belt. The Serviced Residence also contains commercial components. Its facilities include a newly renovated rooftop recreation area, pool and jacuzzi, as well as a cascading water feature, exercise room and business centre.

The Serviced Residence is also within walking distance from the Chicago Booth School of Business and is a short drive away from entertainment hot spots Robertson and Clarke Quay. It is within walking distance from Somerset and Dhoby Ghaut MRT stations, connecting residents with the rest of Orchard Road and the CBD.

Access to the upper floors of Regency House is facilitated by three passenger lifts, while two service lifts are also provided to serve the various floors. The sizes of serviced residence units in the Serviced Residence range from approximately 36 sq m for a studio unit to approximately 112 sq m for a three-bedroom unit.

Services offered at Regency House include housekeeping services, continental breakfast, wireless broadband channels, one way airport transfer and shuttle services to Raffles Place MRT and Suntec City. Regency House incorporates an eight-storey shopping and office arcade.

In 2011, refurbishment was undertaken on the pool deck.

A summary of selected information on Regency House is set out in the table below:

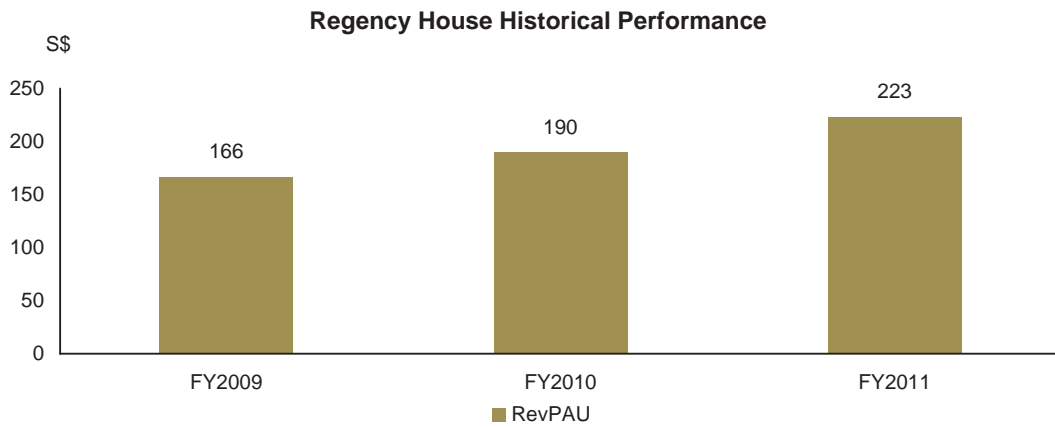
<b>Completion Date</b>	24 October 2000
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 81 years commencing from Listing Date
<b>Market segment</b>	Upscale
<b>Approximate GFA (sq m)</b>	10,723
<b>Retail NLA (sq m) / Number of Lettable Units</b>	539 / 3
<b>Office NLA (sq m) / Number of Lettable Units</b>	2,322 / 13
<b>Serviced Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Number of Serviced Residence Units</b>	90
<b>Carpark Lots</b>	102
<b>RevPAU (FY2011) (S\$)</b>	223
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	2.1
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(2)</sup> (FY2011) (%)</b>	45.1
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	170.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	168.3
<b>Master Lessee</b>	Oxley Hill Properties Pte Ltd

#### Notes:

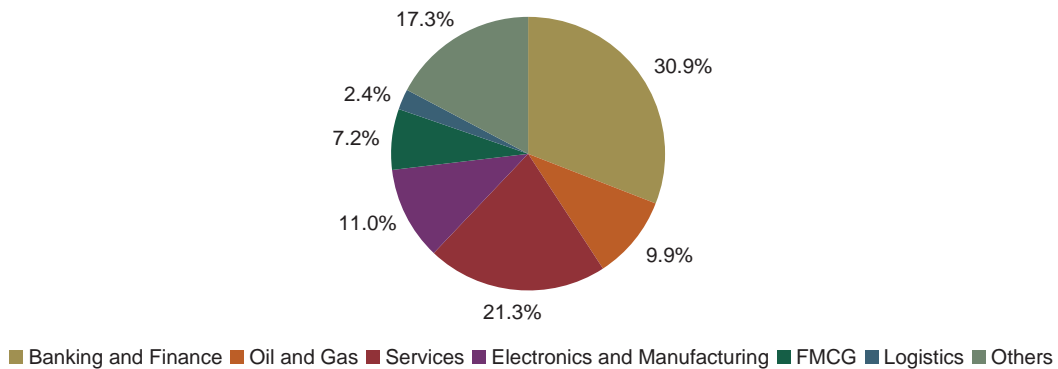
- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (2) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

## Operating Statistics

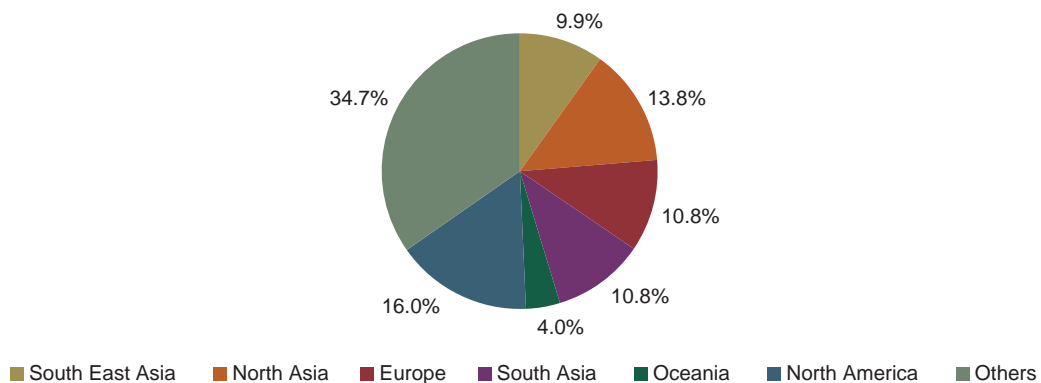
The following charts show certain information on the operations of Regency House, including the RevPAU of the Serviced Residence for FY2009, FY2010 and FY2011 and breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence's rental income:



### FY2011 Tenant Industry Breakdown by Rental Revenue



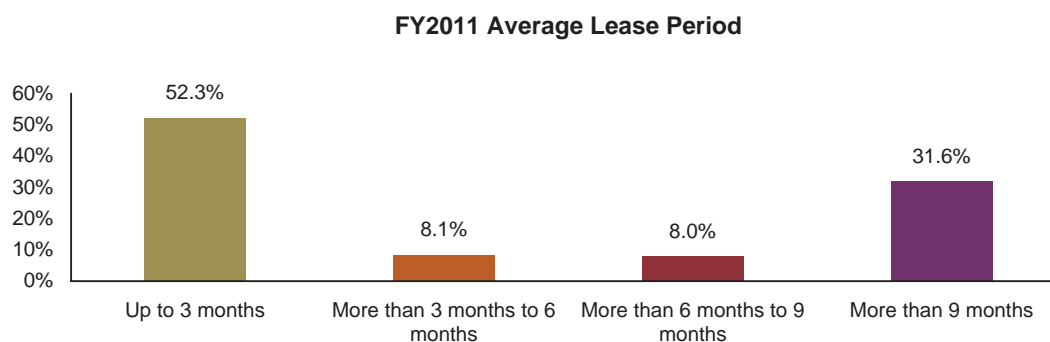
### FY2011 Geographic Breakdown by Room Nights



#### Notes:

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

The chart below shows the breakdown of average lease period for FY2011 for Regency House:



### **Serviced Residence Units**

The following table sets out selected information on the Serviced Residence's serviced residence units as at 31 March 2012:

Type of Serviced Residence Unit	Size (sq m)	Number of Serviced Residence Units
Studio Suite	36-50	41
Two Bedroom Suite	58-98	37
Three Bedroom Suite	99-112	12
<b>TOTAL</b>		<b>90</b>

### **Recreational and Other Facilities**

Recreational and other facilities available at Regency House include:

- A rooftop swimming pool;
- Two jacuzzis;
- A gymnasium;
- BBQ pit; and
- A business centre.

### **Overview of Retail and Office Tenants**

There are two retail and 11 office tenants of Regency House as at 31 March 2012. Retail tenants include a beauty and wellness shop, while office tenants include tenants in engineering and other sectors.

## **RIVERSIDE VILLAGE RESIDENCES**

**30 Robertson Quay, Singapore 238251**

### **General Description**

Riverside Village Residences is a 72-unit Serviced Residence situated on the banks of the Singapore River and is part of a residential development comprising commercial and residential components, with 15 shops, restaurants and pubs on the first storey and 72 serviced residence units on the upper floors. Each serviced residence unit provides residents with a fully equipped home entertainment system, IDD telephones and broadband internet access.

The Serviced Residence is within walking distance from many F&B outlets located in the trendy dining and entertainment district of Robertson Quay, and is within walking distance from the CBD and is a short drive away from Orchard Road. The CBD is also a short walk away. Residents are connected to the rest of the island by Clarke Quay MRT station, which is within walking distance from the Serviced Residence. The Serviced Residence also provides residents with a daily shuttle service to Raffles Place, DBS Building, Temasek Tower, Suntec City, Marina Bay Financial Centre and City Hall.

Access to the upper floors of Riverside Village Residences is facilitated by three passenger lifts, while two service lifts are also provided to serve the various floors. The sizes of serviced residence units in the Serviced Residence range from approximately 62 sq m for a studio unit to approximately 105 sq m for a 2-bedroom unit, to approximately 94 sq m for a 3-bedroom unit.

Facilities and amenities available to the guests include a swimming pool, jacuzzi, gymnasium, children's playground, BBQ pits, breakfast lounge and business centre/meeting room. A wide range of F&B outlets are located in the ground level retail units serving a variety of cuisine, including Japanese, Italian, Thailand and Taiwanese cuisine.

A summary of selected information on Riverside Village Residences is set out in the table below:

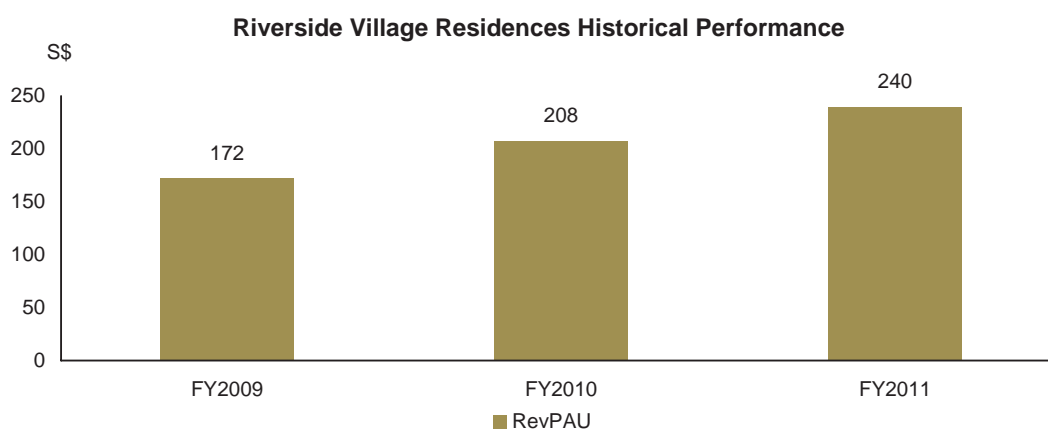
<b>Completion Date</b>	12 July 1996
<b>Leasehold Tenure<sup>(1)</sup></b>	Leasehold of 78 years commencing from Listing Date
<b>Market segment</b>	Mid-tier
<b>Approximate Strata Area (sq m)</b>	10,570 <sup>(2)</sup>
<b>Retail NLA (sq m) / Number of Lettable Units</b>	1,179 / 14 <sup>(3)</sup>
<b>Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Serviced Office NLA (sq m) / Number of Lettable Units</b>	N.A.
<b>Number of Serviced Residence Units</b>	72
<b>Carpark Lots</b>	87
<b>RevPAU (FY2011) (S\$)</b>	240
<b>Pro Forma Variable Rent (FY2011) (S\$m)</b>	1.4
<b>Proportion of Pro Forma Variable Rent to gross rental income under the Master Lease Agreements<sup>(4)</sup> (FY2011) (%)</b>	35.2
<b>Appraised Value by Colliers (as at 31 March 2012) (S\$m)</b>	117.0
<b>Appraised Value by Knight Frank (as at 31 March 2012) (S\$m)</b>	113.1
<b>Master Lessee</b>	Riverland Pte Ltd

**Notes:**

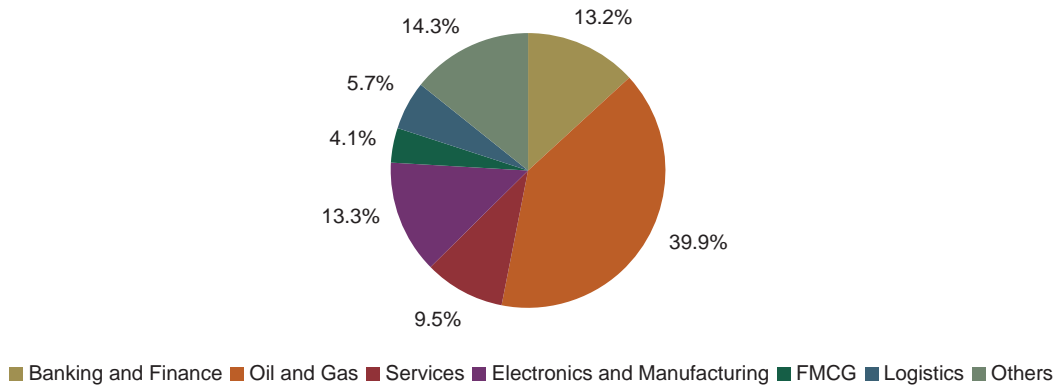
- (1) This refers to the length of leasehold title acquired by Far East H-REIT under the respective Property Sale and Purchase Agreement.
- (2) In addition, Riverside Village Residences also includes an accessory lot with an area of 22 sq m.
- (3) The total number of lettable units excludes one strata-titled unit (#01-01).
- (4) Gross rental income under the terms of the Master Lease Agreements comprises Fixed Rent and Variable Rent.

## Operating Statistics

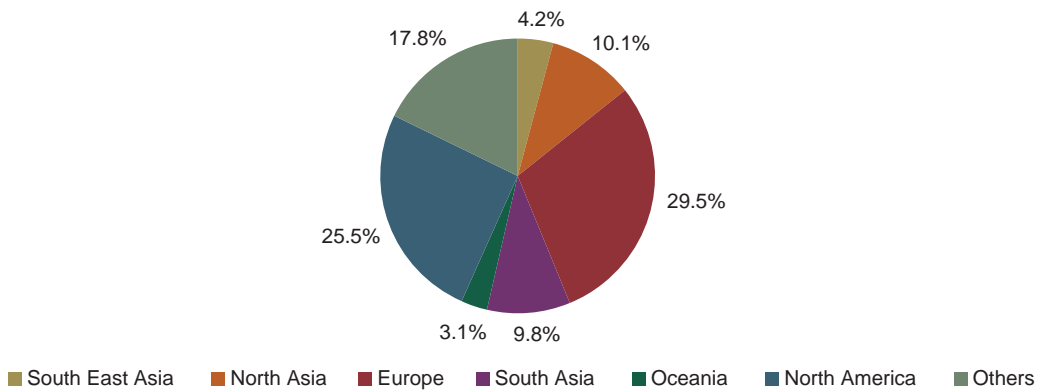
The following charts show certain information on the operations of Riverside Village Residences, including the RevPAU of the Serviced Residence for FY2009, FY2010 and FY2011 and breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence's rental income:



### FY2011 Tenant Industry Breakdown by Rental Revenue



### FY2011 Geographic Breakdown by Room Nights

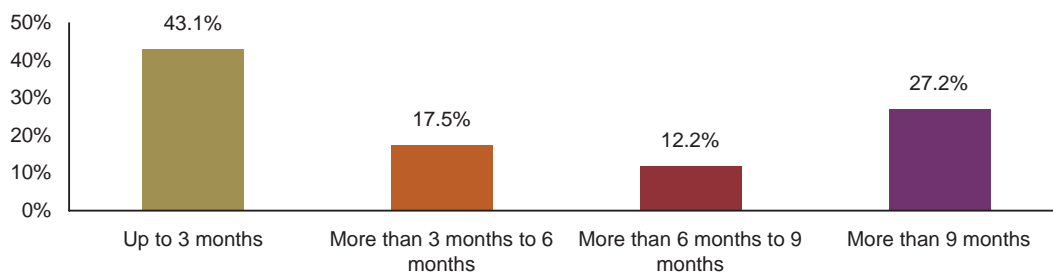


**Notes:**

- (1) North Asia comprises China, Hong Kong, Taiwan, Macau, Mongolia, North Korea, South Korea and Japan.
- (2) South Asia comprises India, Pakistan, Bangladesh, Sri Lanka and Nepal.
- (3) South East Asia includes Malaysia, Indonesia, Thailand and Philippines.
- (4) North America comprises United States and Canada.
- (5) Oceania comprises Australia and New Zealand.
- (6) Others include Africa, Middle East and others.

The chart below shows the breakdown of average lease period for FY2011 for Riverside Village Residences:

### FY2011 Average Lease Period



## **Serviced Residence Units**

The following table sets out selected information on the Serviced Residence's serviced residence units as at 31 March 2012:

<b>Type of Serviced Residence Unit</b>	<b>Size (sq m)</b>	<b>Number of Serviced Residence Units</b>
Studio Suite	62-81	12
Two Bedroom Suite	85-105	44
Three Bedroom Suite	94	16
<b>TOTAL</b>		<b>72</b>

## **Recreational and Other Facilities**

Recreational and other facilities available at Riverside Village Residences include:

- A swimming and wading pool;
- A jacuzzi;
- A children's playground;
- A gymnasium; and
- BBQ pits.

## **F&B Facilities**

The Serviced Residence features a selection of F&B options on its premises such as:

- Mondo Mio G&R, serving Italian cuisine;
- RTK Ryoriya, serving Japanese and Taiwan cuisine;
- Café Supunsa, serving Thai Cuisine;
- Daikokuya, serving Japanese cuisine;
- Bella Pasta, serving Italian cuisine;
- Ginza Kuroson, serving Japanese restaurant;
- Incontro Restaurant, serving Italian cuisine;
- Bella Pizza, serving Italian cuisine;
- Shujuu Izakaya Sumiyaki, serving Japanese cuisine; and
- Sugisawa Japanese Restaurant, serving Japanese cuisine.

## **Overview of Retail Tenants**

There are 12 retail tenants of Riverside Village Residences in the F&B sector as at 31 March 2012, who are primarily in the F&B sector.



## MANAGEMENT AND CORPORATE GOVERNANCE

### FAR EAST H-TRUST

Far East H-Trust comprises Far East H-REIT, a Singapore-based REIT, and Far East H-BT, a Singapore-based business trust registered under the BTA. The REIT Manager and the Trustee-Manager, being the responsible entities of Far East H-REIT and Far East H-BT, respectively, each have their own board of directors and their own set of procedures in relation to corporate governance.

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

### The REIT Manager

The manager of Far East H-REIT is FEO Hospitality Asset Management Pte. Ltd., and is 67.0% owned by FAMPL, which is a wholly-owned subsidiary of FEOC, and 33.0% owned by Far East Orchard, which as at the date of this Prospectus is 59.8% owned by FEOPL. FEOC, FEOPL and Far East Orchard are all members of the Sponsor.

The REIT Manager was incorporated in Singapore under the Companies Act on 28 January 2011. It has an issued and paid-up capital of S\$2,110,000 and its registered office is located at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213. The telephone and facsimile numbers of the REIT Manager are +65 6833 6688 and +65 6833 6622, respectively.

The REIT Manager has been issued a CMS Licence for REIT management pursuant to the SFA on [●].

### The REIT Trustee

The trustee of Far East H-REIT is DBS Trustee Limited. The REIT Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the date of this Prospectus, the REIT Trustee has a paid-up capital of S\$2.5 million. The REIT Trustee has a place of business in Singapore at 12 Marina Boulevard, #44-01 DBS Asia Central @ Marina Bay Financial Centre Tower 3, Singapore 018982.

### The Trustee-Manager

The trustee-manager of Far East H-BT is FEO Hospitality Trust Management Pte. Ltd., and is 67.0% owned by FAMPL, which is a wholly-owned subsidiary of FEOC, and 33.0% owned by Far East Orchard, which as at the date of this Prospectus is 59.8% owned by FEOPL. FEOC, FEOPL and Far East Orchard are all members of the Sponsor.

The Trustee-Manager was incorporated in Singapore under the Companies Act on 30 April 2012. It has an issued and paid-up capital of S\$100 and its registered office is located at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213. The telephone and facsimile numbers of the Trustee-Manager are +65 6833 6688 and +65 6833 6622 respectively.

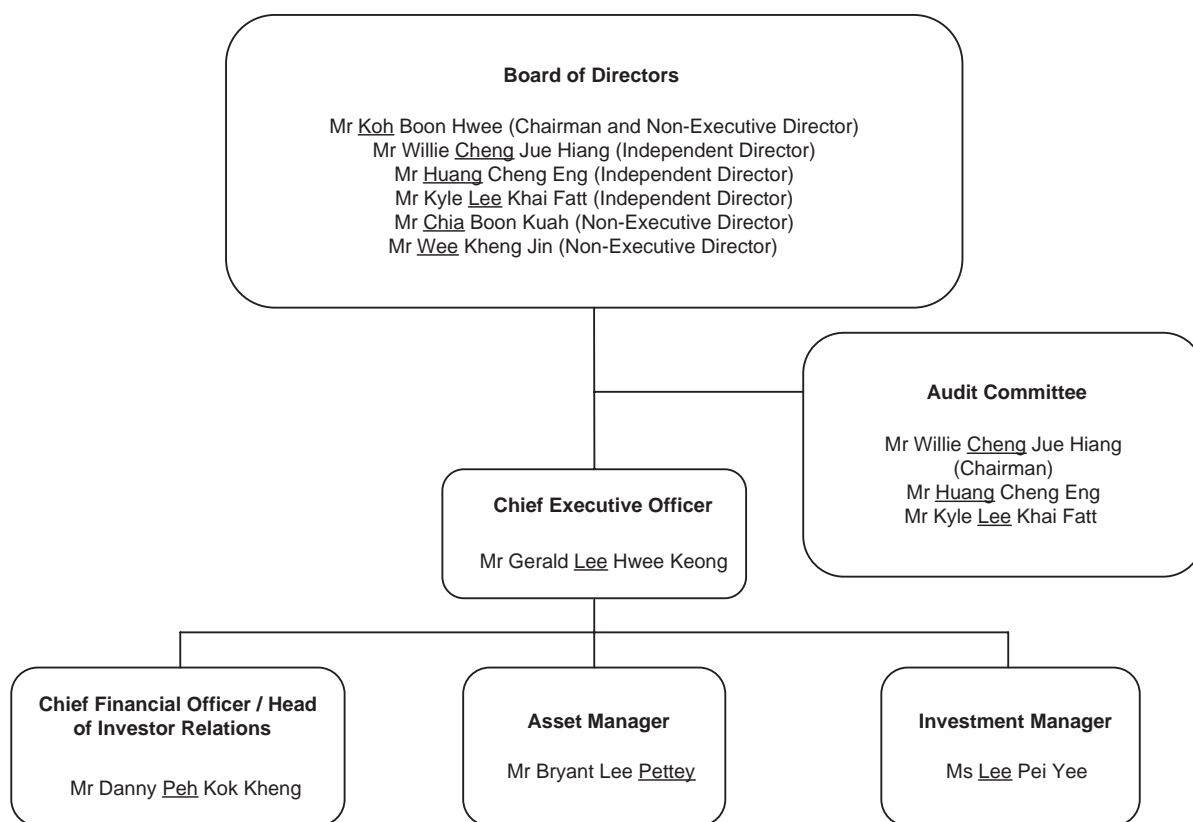
Under Section 10(2)(a) of the BTA, the Trustee-Manager is required to act in the best interests of all the holders of Far East H-BT Units as a whole. Further, under Section 11(1)(a)

of the BTA, a Director of the Trustee-Manager is required to act honestly and exercise reasonable diligence in the discharge of the duties of his office and, in particular, shall take all reasonable steps to ensure that the Trustee-Manager discharges its duties under, among other things, Section 10(2)(a) of the BTA.

An application has been made to the MAS for the Trustee-Manager to be exempted from compliance with Section 10(2)(a) of the BTA and the Trustee-Manager Directors to be exempted from compliance with Section 11(1)(a) of the BTA on the basis that Far East H-BT will be dormant as at the Listing Date.

In the event that Far East H-BT becomes active and engages in development contracts which carry a substantially different risk *vis-a-vis* Far East H-REIT, such transactions (including contracts) should be subject to the threshold set out in Rule 1006 of the Listing Manual.

### Management Reporting Structure of the REIT Manager



## The REIT Manager Board

The REIT Manager Board is entrusted with the responsibility for the overall management of the REIT Manager. The following table sets forth information regarding the directors of the REIT Manager:

Name	Age	Address	Position
Mr <u>Koh</u> Boon Hwee	61	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Chairman and Non-Executive Director
Mr Willie <u>Cheng</u> Jue Hiang	58	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Independent Director
Mr <u>Huang</u> Cheng Eng	64	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Independent Director
Mr Kyle <u>Lee</u> Khai Fatt	60	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Independent Director
Mr <u>Chia</u> Boon Kuah	55	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Non-Executive Director
Mr <u>Wee</u> Kheng Jin	58	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Non-Executive Director

As at the Latest Practicable Date, none of the REIT Manager Directors have any family relationship with or is related to one another.

In addition, save as disclosed in this Prospectus, as at the Latest Practicable Date, none of the REIT Manager Directors are related to any person with an interest in not less than 5.0% of the shares in issue (“**Substantial shareholder**”) of the Managers or any Stapled Securityholder with an interest in one or more Stapled Securities constituting not less than 5.0% of all the Stapled Securities in issue (“**Substantial Stapled Securityholder**”) as at the Listing Date.

### ***Experience and Expertise of the Boards of the Managers***

Information on the business and working experience of the Directors of the Managers are set out below.

**Mr Koh Boon Hwee** is the Chairman of the REIT Manager Board and of the Trustee-Manager Board.

Mr Koh Boon Hwee has extensive experience in corporate management. He is currently Chairman (executive) at Credence Capital Fund II (Cayman) Ltd and Credence Partners Pte Ltd. He is also currently Non-Executive Chairman of Sunningdale Tech Ltd (formerly known as “Tech Group Asia Ltd”), Yeo Hiap Seng Limited, Yeo Hiap Seng (Malaysia) Berhad, AAC Technologies Holdings Inc and Rippledote Capital Advisers Pte Ltd.

He started his career in 1977 at Hewlett Packard and rose to become its Managing Director in Singapore, a post he held from 1985 to 1990. From 1991 to 2000, he was Executive Chairman of the Wuthelam Group, and from 2002 to 2009, Mr Koh was at S i2i Limited (formerly known as “MediaRing Ltd”) where his last held position was Executive Director. He was responsible for overseeing the corporate strategy and management of these companies. Mr Koh has concurrently been with Sunningdale Tech Ltd (formerly known as “Tech Group

Asia Ltd”) since 2003, where he oversaw the operations of the company as Executive Chairman and Chief Executive Officer from 2005 to 2008 and where he now acts in a non-executive capacity as Chairman.

Mr Koh was also the Non-Executive Chairman of the Singapore Telecom Group (SingTel) and its predecessor organisations from 1986 to 2001. From 2001 to 2005, Mr Koh served as Non-Executive Chairman of Singapore Airlines Limited, and from 2005 to 2010 as Non-Executive Chairman of DBS Group Holdings Ltd and DBS Bank Ltd.

From 1996 to 2010, Mr Koh served on the board of Temasek Holdings Pte Ltd, and was a member of the Executive Committee from 1997 to 2010.

Mr Koh is also a director of China Great Wall Electric Holdings Limited and Agilent Technologies, Inc, as well as a number of local and overseas private companies and local non-profit organisations, including the Harvard Singapore Foundation, Nanyang Technological University Board of Trustees, EDB International Advisory Council, the Research, Innovation and Enterprise Council (RIEC) and William and Flora Hewlett Foundation.

Mr Koh graduated from Imperial College with a Bachelor of Science (Mechanical Engineering), First Class Honours, in 1972, and obtained a Master in Business Administration with Distinction from Harvard Business School in 1976.

**Mr Willie Cheng Jue Hiang** is an Independent Director of the REIT Manager Board and of the Trustee-Manager Board.

Mr Willie Cheng Jue Hiang has extensive experience in the fields of accountancy, management consulting, technology implementation and corporate governance.

From 1977 to 2003, Mr Cheng was working at Accenture (and its predecessor, Arthur Andersen & Co). He started off in audit and subsequently transferred to consulting where he was involved with the design and implementation of mission-critical systems and business transformation for its clients in government, financial services, and the high tech industries. Prior to his retirement in 2003, he was Managing Director of its Singapore office and Head of its Asian Communications & High-Tech practice, where he was responsible for overseeing the business of both divisions.

Currently, Mr Cheng is a director with four groups of commercial companies: (i) Singapore Press Holdings Ltd and three of its subsidiaries (SPH Interactive Pte Ltd, SPH Interactive International Pte Ltd and 701 Search Pte Ltd); (ii) NTUC Fairprice Cooperative and its wholly owned charity, the NTUC Fairprice Foundation Ltd; (iii) three subsidiaries of Ministry of Health Holdings (Singapore Health Services Pte Ltd, Aescapulus Holdings Pte Ltd, and Integrated Health Information Systems Pte Ltd); and (iv) United Overseas Bank Ltd.

Since his retirement, Mr Cheng has taken on directorships in a number of commercial companies and non-profit organisations. He is presently a council member of the Singapore Institute of Directors. He is also active in the non-profit sector and is chairman of Caritas Humanitarian Aid Relief Initiatives Singapore, as well as a board member in several charities.

Mr Cheng graduated from the University of Singapore with a Bachelor of Accountancy in 1977. He is a Certified Public Accountant and Fellow of the Institute of Certified Public Accountants of Singapore, a Fellow of the Singapore Institute of Directors and Honorary Fellow of the Singapore Computer Society.

**Mr Huang Cheng Eng** is an Independent Director of the REIT Manager Board and of the Trustee-Manager Board.

Mr Huang Cheng Eng has extensive experience in commercial and marketing activities. He is currently retired.

From 1974 to 2010, Mr Huang was with Singapore Airlines Limited. While there, he had 10 years of overseas experience (from 1977 to 1987) in Taiwan, France and Hong Kong. From 1987 to 1996, he was overall in charge of air cargo and developed SIA Cargo into a full-fledged division. Thereafter, he was posted back to the passenger side of the airline business. Before his retirement in 2010, Mr Huang was Executive Vice President – Marketing and the Regions, where he was overall in charge of commercial and marketing activities as well as all the overseas regions and offices of Singapore Airlines.

Some of Mr Huang's past directorships include directorships with SATS Airport Services Pte Ltd, Virgin Atlantic Airways Pte Ltd and the Singapore Tourism Board. He was also chairman of Cargo Community Network Pte Ltd, SATS Catering Pte Ltd, SIA Cargo Pte Ltd and Silkair Pte Ltd.

Mr Huang graduated from the University of Hawaii with a Bachelor of Business Administration in 1971 and obtained a Master in Business Administration from Michigan State University in 1973.

**Mr Kyle Lee Khai Fatt** is an Independent Director of the REIT Manager Board and of the Trustee-Manager Board.

Mr Kyle Lee Khai Fatt has extensive experience in professional services comprising accounting, auditing and business advisory.

Between 1976 and 1980, Mr Lee trained and qualified as a Chartered Accountant in London. He joined PricewaterhouseCoopers LLP and its legacy firm Price Waterhouse in Singapore in 1981 and retired in 2010 having served as a partner for 20 years. He led the firm's Advisory Practice for 5 years prior to his retirement.

Currently, Mr Lee is a director of two groups of companies: (1) as Director and Chairman of the Audit Committee of Jurong International Holdings Pte Ltd, a wholly owned subsidiary of JTC a statutory board of the Ministry of Trade and Industry; and (2) as Director and member of the Audit Committee of WBL Corporation Ltd that is listed on the Singapore Exchange.

Mr Lee is a Fellow of the Institute of Chartered Accountants in England and Wales and the Institute of Certified Public Accountants of Singapore. He holds a Master of Science (Distinction) in International Management (2011), a Master of Business Administration (2003) from the University of London, a Diploma in Management (2003) from Imperial College of Science, Technology and Medicine in London, and a Bachelor of Arts (Honours) in Business Studies (1976) from the Council for National Academic Awards in the United Kingdom.

**Mr Chia Boon Kuah** is a Non-Executive Director of the REIT Manager Board.

Mr Chia has extensive experience in hospitality and real estate development and investment. He is currently an Executive Director of Far East Organization, where he is responsible for overseeing the property sales business group and the hospitality business. He has been with Far East Organization since 2003.

From 1975 to 2003, Mr Chia was with Singapore Airlines Limited, where his last held position was as Area Vice President Singapore. He was responsible for the marketing and sales operations of Singapore.

Mr Chia is also a director of various companies in Far East Organization, such as Far East Real Estate Pte Ltd and Parc Vista Pte Ltd.

Mr Chia obtained a Master in Business Administration from the National University of Singapore in 1990.

**Mr Wee Kheng Jin** is a Non-Executive Director of the REIT Manager Board and of the Trustee-Manager Board.

Mr Wee Kheng Jin is currently an Executive Director of Far East Organization. He has finance experience in a variety of industries including banking, construction, hospitality services and real estate development.

He started his career in 1978 with Price Waterhouse and worked there for 3 years before moving to United Engineers Limited. In 1984 he joined Citigroup and served in various positions; he was the Citibank Country Controller for several years and a board member of Citicorp Investment Bank Singapore Limited. He then moved to join Far East Organization in 2000.

Currently, Mr Wee is a Non-Executive Director of Tung Lok Restaurants (2000) Ltd, Parkson Retail Asia Limited and Yeo Hiap Seng Limited. Mr Wee is also a director of various companies in Far East Organization, such as Far East Hospitality Management Services Pte Ltd and Far East Property Services Pte Ltd.

Mr Wee graduated from the University of Singapore with a degree in Accountancy in 1978 and has been a member of the Institute of Certified Public Accountants of Singapore since 1979.

### **List of Present and Past Principal Directorships of the REIT Manager Directors**

A list of the present and past directorships of each REIT Manager Director of the REIT Manager over the last five years preceding the Latest Practicable Date is set out in Appendix G, "List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers".

Save for Mr Huang Cheng Eng and Mr Chia Boon Kuah, for whom appropriate arrangements have been made to orientate each of them in acting as a director of the manager of a publicly-listed REIT, each of the Directors of the REIT Manager has served as a director of a public-listed company and/or manager of a publicly-listed REIT or business trust and has appropriate experience to act as Directors of the REIT Manager and are familiar with the rules and responsibilities of a director of a publicly-listed company and/or manager or trustee-manager of a publicly-listed REIT or business trust.



## Executive Officers of the REIT Manager

The executive officers of the REIT Manager are entrusted with the responsibility for the daily operations of the REIT Manager. The following table sets forth information regarding the executive officers of the REIT Manager:

Name	Age	Address	Position
Mr Gerald <u>Lee</u> Hwee Keong	46	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Chief Executive Officer
Mr Danny <u>Peh</u> Kok Kheng	58	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Chief Financial Officer / Head of Investor Relations
Ms <u>Lee</u> Pei Yee	36	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Investment Manager
Mr Bryant Lee <u>Petty</u>	35	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Asset Manager

### ***Roles and Responsibilities of the Executive Officers of the REIT Manager***

The **Chief Executive Officer** of the REIT Manager is responsible for working with the REIT Manager Board to determine the overall business, investment and operational strategies for Far East H-REIT. The Chief Executive Officer will also work with the other members of the management team of the REIT Manager and the Master Lessees to ensure that the business, investment and operational strategies of Far East H-REIT are carried out as planned. In addition, the Chief Executive Officer is responsible for the overall management and planning of the strategic direction of Far East H-REIT, including overseeing the acquisition of hospitality and hospitality-related assets and asset and property management strategies for Far East H-REIT.

The **Chief Financial Officer** of the REIT Manager is responsible for the finances of Far East H-REIT. A key role of the Chief Financial Officer is to focus, monitor and report on the financial performance of Far East H-REIT. The Chief Financial Officer is also responsible for the preparation of statutory accounts, co-ordination with external auditors, managing tax affairs and treasury matters, and preparation of performance reports for investors and regulators.

The **Head of Investor Relations** of the REIT Manager is responsible for facilitating communications and liaising with Stapled Securityholders. This includes producing annual reports to the Stapled Securityholders and ensuring compliance by Far East H-Trust with the reporting requirements under the Listing Manual and the law. The key role of the Head of Investor Relations is to maintain continuous disclosure and transparent communications with Stapled Securityholders and the market. He will promote and market Far East H-Trust to Stapled Securityholders, prospective investors and media through regular communication.

The **Asset Manager** of the REIT Manager is responsible for formulating the business plans in relation to Far East H-REIT's properties with short-, medium- and long-term objectives, with a view to optimising the income of Far East H-REIT. The Asset Manager will ensure that the asset management team works closely with the Master Lessees to implement Far East H-REIT's strategies to optimise the income generation potential and minimise the expense base of the properties without compromising their marketability. The asset management team led by the Asset Manager focuses on the operations of Far East H-REIT's properties, the implementation of the short- to medium-term objectives of Far East H-REIT's portfolio and supervises the Master Lessees in the implementation of Far East H-REIT's property-related strategies including analysing and recommending asset enhancement initiatives.



The **Investment Manager** of the REIT Manager is responsible for identifying, researching and evaluating potential acquisitions and related investments or divestments where applicable.

***Experience and Expertise of the Executive Officers of the REIT Manager***

Information on the working experience of the executive officers of the REIT Manager is set out below.

**Mr Gerald Lee Hwee Keong** is Chief Executive Officer of the REIT Manager.

Mr Gerald Lee Hwee Keong has extensive experience in corporate management. He has been employed by the REIT Manager since early 2011, where he is responsible for overseeing hospitality asset management.

From 1991 to 2005, Mr Lee was with the Singapore Tourism Board, and his last held position was Assistant CEO (Leisure), where he was in charge of all the leisure divisions. He was seconded to the Ministry of Trade & Industry as Deputy Director from 2000 to 2001, where he was responsible for overseeing policies and industry development of the tourism and services sectors. Mr Lee was concurrently seconded to Sentosa Development Corporation as Director (Strategic Development) from 2001 to 2003, where he was in charge of strategic projects and redevelopment initiatives.

From 2005 to 2010, Mr Lee was with CapitaLand Limited/The Ascott Limited. He was concurrently appointed Senior Vice President at CapitaLand from 2005 to 2006, where he started the corporate marketing department. His roles in Ascott included that of CEO (Europe), responsible for overseeing the business in that region, and Deputy CEO, responsible for overseeing operations of the group.

From 2010 to 2011, Mr Lee was Executive Director of 08hundred LLP, where he was responsible for overseeing the company.

Mr Lee graduated from Cornell University with a Bachelor of Science (with Distinction) in 1991, and obtained an Executive Master of Business Administration (with Distinction) from INSEAD and Tsinghua University in 2012.

**Mr Danny Peh Kok Kheng** is Chief Financial Officer and Head of Investor Relations of the REIT Manager.

Mr Danny Peh Kok Kheng has extensive experience in financial management. He is currently employed by the REIT Manager, where he is responsible for overseeing all the financial and accounting matters of hospitality asset management.

From 2000 to 2012, Mr Peh was with Far East Management Pte Ltd, and his last held position at Far East Management Pte Ltd was Director of Financial Management Division where he was responsible for overseeing the accounts, income tax and corporate secretarial departments within Far East Organization.

From 2008 to 2012, Mr Peh was also the Chief Corporate Officer and Group Financial Controller of Far East Orchard, where he was responsible for all corporate and financial matters and reported to the Chairman and Board of Directors.

Mr Peh holds directorships in various companies in Far East Organization, including Far East Capital Ltd, Far East Capital Nominees Pte Ltd and OC Beauty Pte Ltd. Mr Peh was also a director of several subsidiaries in the Far East Orchard group.

Mr Peh obtained his professional degree from the Association of Chartered Certified Accountants, UK. He is a fellow member of the Association of Chartered Certified Accountants, UK as well as a member of the Institute of Certified Public Accountants of Singapore.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the audit committee of the REIT Manager (the “**REIT Manager Audit Committee**”) to cause them to believe that Mr Peh does not have the competence, character and integrity expected of a Chief Financial Officer of the REIT Manager. The REIT Manager Audit Committee is of the opinion that Mr Peh is suitable as the Chief Financial Officer on the basis of his qualifications, his relevant past experience and his instrumental role in setting up Far East H-REIT with the help of external financial and legal advisors. He had been working closely with Mr Gerald Lee, the Chief Executive Officer of the REIT Manager, and Mr Lee has expressed every confidence to the Audit Committee in having Mr Peh function as his Chief Financial Officer. Mr Peh has also provided a confirmation that he is adequately familiar with the business operations, accounting systems and policies of Far East H-REIT.

**Mr Bryant Lee Pettey** is Asset Manager of the REIT Manager.

Mr Pettey has experience in the hospitality real estate industry. He is currently employed by the REIT Manager, where he is responsible for asset management.

From 2003 to 2004, Mr Pettey was with The Hodgson Company as a project manager, where he was responsible for the management of development projects.

From 2005 to 2009, Mr Pettey was with The January Group, and his last held position was Director of Development, where he was responsible for the acquisition and development of real estate.

From 2010 to 2012, Mr Pettey was with W Hotels (Starwood), and his last held position was Director of Residences, where he was involved in the opening of The Residences at W Singapore Sentosa Cove.

Mr Pettey graduated from Brigham Young University with a Bachelor of Science in 2000, and subsequently obtained a Master of Science in Real Estate Development from Columbia University in 2005.

**Ms Lee Pei Yee** is Investment Manager of the REIT Manager.

Ms Lee Pei Yee has experience in financial analysis and modelling as well as investment management. She is currently employed by the REIT Manager, where she is responsible for investment management.

From 2011 to 2012, Ms Lee was with Far East Organization as a Manager — Special Projects, where she was responsible for providing corporate finance support to local and overseas business expansion.

From 2009 to 2011, Ms Lee was with Fortune Capital Management Pte Ltd as an Investment Manager. From 2007 to 2009, Ms Lee was with PrimePartners Asset Management Pte Ltd as an Assistant Manager — Investments, where she assisted in evaluating potential investment deals. In 2007, Ms Lee was with KPMG Business Advisory Pte Ltd as a Senior Associate — Business Performance Services, where she assisted in strategic consulting.

From 2000 to 2005, Ms Lee was with the Ministry of Trade and Industry, and her last held position was Assistant Director — International Business Development Division.

Ms Lee graduated from the National University of Singapore with a Bachelor of Arts in 1999 and a Bachelor of Social Sciences (with Honours) in 2000, and obtained a Master in Business Administration (Dean's Honours List) from Nanyang Technological University in 2007. She also participated in "The Global Manager in Europe Summer Module" at ESSEC Business School — Paris in 2006.

### **List of Present and Past Principal Directorships of the Executive Officers of the REIT Manager**

A list of the present and past directorships of each Executive Officer of the REIT Manager over the last five years preceding the Latest Practicable Date is set out in Appendix G, "List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers".

### **Compliance Officer**

The REIT Manager has appointed Ms Doreen Ng Mei Ling as the Compliance Officer. The Compliance Officer will report to the Chief Executive Officer of the REIT Manager, the REIT Manager Board and her duties include:

- assisting the REIT Manager in putting in place suitable compliance processes to ensure that the REIT Manager fulfils the compliance requirements under the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual, the CMS Licence, and all applicable laws, regulations and guidelines, as well as updating the Directors, the Chief Executive Officer, Executive Officers, and employees of the REIT Manager on such compliance requirements;
- preparing returns to the MAS as required under the SFA (including those required by the CMS Licence); and
- assisting in any other matters concerning compliance with the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual, the CMS Licence and all applicable laws, regulations and guidelines.

### **Company Secretary of the REIT Manager**

The company secretary of the REIT Manager (the "**Company Secretary**") is Ms Chloe Kho Kim Suan. She is a member of the Singapore Association of the Institute of Chartered Secretaries and Administrators. Ms Kho is also the company secretary of the Trustee-Manager.

The roles of the Company Secretary include the following:

- ensuring that board procedures of the REIT Manager Board are followed;
- ensuring, under the direction of the Chairman, good information flows within the REIT Manager Board and its board committees and between the management and the Non-Executive Directors;
- assisting the REIT Manager with corporate secretarial administration matters for the REIT Manager, both in its personal capacity and in its capacity as manager of Far East H-REIT, including attending all board meetings;

- assisting in the application process for the appointment of new directors to the REIT Manager Board and Trustee-Manager Board; and
- assisting the REIT Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

### Shared Services Arrangements

The REIT Manager will discharge its duties as a manager of Far East H-REIT diligently and may, in its personal capacity, enter into shared services arrangements with the Sponsor for the provision of corporate administrative and support services required by the REIT Manager from time to time, subject to such laws, regulations and guidelines, as may be applicable. Such services may include IT support, tax, human resources, legal, regulatory compliance and corporate secretarial services, as well as data collation to be used by the REIT Manager to make decisions.

### The Trustee-Manager Board

As at the Listing Date, the Trustee-Manager Directors comprise of five members who are also Directors of the REIT Manager. The following table sets forth information regarding the directors of the Trustee-Manager:

Name	Age	Address	Position
Mr <u>Koh</u> Boon Hwee	61	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Chairman and Non-Executive Director
Mr Willie <u>Cheng</u> Jue Hiang	58	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Independent Director
Mr <u>Huang</u> Cheng Eng	64	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Independent Director
Mr Kyle <u>Lee</u> Khai Fatt	60	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Independent Director
Mr <u>Wee</u> Kheng Jin	58	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Non-Executive Director

As at the Latest Practicable Date, none of the Trustee-Manager Directors have any family relationship with or is related to one another or with any person expected to be a Substantial Stapled Securityholder as at the Listing Date.

As Far East H-BT will be dormant as at the Listing Date, no compensation is payable to the Directors of the Trustee-Manager. In the event that Far East H-BT becomes active, the number of directors on the Trustee-Manager Board will be a minimum of five directors, and for so long as Far East H-Trust is part of a stapled group and in the event that Far East H-BT becomes active, the composition of the boards of directors of the REIT Manager and the Trustee-Manager shall consist of the same individuals and shall comply with the relevant laws, regulations and guidelines or any other applicable laws and regulations.

(See “— The REIT Manager Board — Experience and Expertise of the Boards of the Managers” for further details.)

## List of Present and Past Principal Directorships of the Trustee-Manager Directors

A list of the present and past directorships of each Trustee-Manager Director of the Trustee-Manager over the last five years preceding the Latest Practicable Date is set out in Appendix G, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”.

Save for Mr Huang Cheng Eng, for whom appropriate arrangements have been made to orientate him in acting as a director of the trustee-manager of a publicly-listed business trust, each of the Directors of the Trustee-Manager has served as a director of a public-listed company and/or manager of a publicly-listed REIT or business trust and has appropriate experience to act as Directors of the Trustee-Manager and are familiar with the rules and responsibilities of a director of a publicly-listed company and/or manager or trustee-manager of a publicly-listed REIT or business trust.

## Executive Officers of the Trustee-Manager

As at the Listing Date, the effective officers of the Trustee-Manager comprise the Chief Executive Officer and the Chief Financial Officer, who are also the Chief Executive Officer and Chief Financial Officer / Head of Investor Relations of the REIT Manager respectively.

The following table sets forth information regarding the executive officers of the Trustee-Manager:

Name	Age	Address	Position
Mr Gerald <u>Lee</u> Hwee Keong	46	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Chief Executive Officer
Mr Danny <u>Peh</u> Kok Kheng	58	14 Scotts Road #06-01, Far East Plaza, Singapore 228213	Chief Financial Officer

(See “— Executive Officers of the REIT Manager — Experience and Expertise of the Executive Officers of the REIT Manager” and Appendix G, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers” for further details.)

As Far East H-BT will be dormant as at the Listing Date, no compensation is payable to the Chief Executive Officer and Chief Financial Officer of the Trustee-Manager.

## Employees of the Trustee-Manager

There are two employees employed by the Trustee-Manager being the Chief Executive Officer, Mr Gerald Lee Hwee Keong, with the Chief Financial Officer, Mr Danny Peh Kok Kheng, being responsible for the finances of Far East H-BT. As at the date of this Prospectus, the two employees are based in Singapore and are not unionised.

## Service Agreements

None of the members of the Trustee-Manager Board have entered or proposed to enter into service agreements with the Trustee-Manager.

## Company Secretary of the Trustee-Manager

The Company Secretary, Ms Chloe Kho Kim Suan, is also the company secretary of the REIT Manager. She is a member of the Singapore Association of the Institute of Chartered Secretaries and Administrators.

The roles of the Company Secretary include the following:

- ensuring that board procedures of the Trustee-Manager Board are followed;
- assisting the Trustee-Manager with corporate secretarial administration matters for the Trustee-Manager, both in its personal capacity and in its capacity as manager of Far East H-BT, including attending all board meetings; and
- assisting the Trustee-Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

## **FAR EAST H-REIT**

### **The Key Roles of the REIT Manager Board**

The key roles of the REIT Manager Board are to:

- guide the corporate strategy and directions of the REIT Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the REIT Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

The REIT Manager Board will meet to review the key activities and business strategies of Far East H-REIT. The REIT Manager Board intends to meet regularly, at least once every three months, to deliberate the strategic policies of Far East H-REIT, including acquisitions and disposals, approval of the annual budget and review of the performance of Far East H-Trust.

Each Director of the REIT Manager has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of Far East H-REIT. The Directors of the REIT Manager will contribute in different ways to further the interests of Far East H-REIT.

The REIT Manager Board intends to approve a set of internal controls which sets out approved limits for capital expenditure, investments and divestments, and borrowings as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

The Boards of the Managers, in concurrence with the REIT Manager Audit Committee, are of the opinion that the internal controls as further described in:

- “Management and Corporate Governance — Far East H-Trust — The Key Roles of the REIT Manager Board and Trustee-Manager Board”;
- “Management and Corporate Governance — Far East H-Trust — Compliance Officer”;
- “Management and Corporate Governance — Far East H-REIT — Corporate Governance of the REIT Manager — The REIT Manager Board”;
- “Management and Corporate Governance — Far East H-REIT — Corporate Governance of the REIT Manager — The REIT Manager Audit Committee”;
- “Management and Corporate Governance — Far East H-REIT — Corporate Governance of the REIT Manager — Dealings in Stapled Securities or, as the case may be, Far East H-REIT Units”;



- “Management and Corporate Governance — Far East H-REIT — Corporate Governance of the REIT Manager — Management of Business Risk”;
- “Management and Corporate Governance — Far East H-REIT — Corporate Governance of the REIT Manager — Conflicts of Interest”;
- “Management and Corporate Governance — Far East H-REIT — Related Party Transactions — The REIT Manager’s Internal Control System”;
- “Management and Corporate Governance — Far East H-REIT — Related Party Transactions — Role of the REIT Manager Audit Committee for Related Party Transactions”;
- “Management and Corporate Governance — Far East H-REIT — Related Party Transactions — Related Party Transactions in Connection with the Setting Up of Far East H-REIT and the Offering”;
- “Management and Corporate Governance — Far East H-REIT — Related Party Transactions — Other Related Party Transactions”;
- “Management and Corporate Governance — Far East H-REIT — Related Party Transactions — Exempted Agreements”; and
- “Management and Corporate Governance — Far East H-REIT — Related Party Transactions — Future Related Party Transactions”;

are adequate in addressing financial, operational and compliance risks faced by Far East H-REIT.

Changes to regulations and accounting standards are monitored closely by the members of the REIT Manager Audit Committee (see “Management and Corporate Governance — Far East H-REIT — The REIT Manager Audit Committee” for further details). To keep pace with regulatory changes, where these changes have an important bearing on the disclosure obligations of the REIT Manager or its Directors, the REIT Manager Directors will be briefed either during the meetings of the REIT Manager Board or at specially convened sessions involving the relevant professionals. The management will also provide the REIT Manager Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

Three Directors of the REIT Manager comprising half of the REIT Manager Board of six directors are non-executive and independent of the management. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the REIT Manager Board. It would also enable the REIT Manager Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process.

The positions of Chairman of the REIT Manager Board and Chief Executive Officer of the REIT Manager are held by two different individuals in order to maintain effective checks and balances. The Chairman of the REIT Manager Board is Mr Koh Boon Hwee, while the Chief Executive Officer is Mr Gerald Lee Hwee Keong. Mr Koh is also the Chairman of the Trustee-Manager Board.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer of the REIT Manager. The Chairman is responsible for the overall management of the Boards of the Managers as well as ensuring that the members of the



REIT Manager Board and the management work together with integrity and competency, and that the REIT Manager Board engage the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the REIT Manager.

The REIT Manager Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Boards of the Managers also have access to independent professional advice where appropriate and whenever requested. (See “Management and Corporate Governance — Far East H-REIT — Company Secretary of the REIT Manager” for details of the Company Secretary and her qualifications.)

## **FAR EAST H-REIT**

### **Roles and Responsibilities of the REIT Manager in relation to management of Far East H-REIT**

The REIT Manager has general powers of management over the assets of Far East H-REIT. The REIT Manager’s main responsibility is to manage Far East H-REIT’s assets and liabilities for the benefit of the holders of Far East H-REIT Units.

The REIT Manager is responsible for formulating the business plans in relation to Far East H-REIT’s properties. The REIT Manager will work closely with the Hotel and Serviced Residence Operator through the Master Lessees to implement Far East H-REIT’s strategies. Further, the REIT Manager will set the strategic direction of Far East H-REIT and give recommendations to the REIT Trustee on the acquisition, divestment or enhancement of assets of Far East H-REIT in accordance with its stated investment strategy.

The REIT Manager is required under paragraph 4 of the Property Funds Appendix to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, but so long as Far East H-REIT holds its first annual general meeting within 18 months of its constitution, it need not hold it in the year of its constitution or in the following year.

The REIT Manager has covenanted in the Far East H-REIT Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner, to ensure that Far East H-REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for Far East H-REIT at arm’s length and on normal commercial terms.

The REIT Manager will also be responsible for ensuring that Far East H-REIT complies with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix), the Far East H-REIT Trust Deed, the Stapling Deed, the CMS Licence, the Tax Ruling and all relevant contracts.

The REIT Manager may require the REIT Trustee to:

- while the Far East H-REIT Units and Far East H-BT Units are stapled together, lend monies to Far East H-BT out of the Far East H-REIT Deposited Property whenever the REIT Manager considers, among other things, that such lending is necessary or desirable in order to further the interests of the Stapled Securityholders as a whole; and

- borrow on behalf of Far East H-REIT (upon such terms and conditions as the REIT Manager deems fit, including the charging or mortgaging of all or any part of the Far East H-REIT Deposited Property) whenever the REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable the REIT Trustee to meet any liabilities or whenever the REIT Manager considers it desirable that monies be borrowed or raised to:
  - finance the acquisition of any Authorised Investments, directly or indirectly, through SPVs; or
  - finance the repurchase and/or redemption of Far East H-REIT Units by the REIT Manager;
  - finance the distributions of Far East H-REIT; or
  - finance the on-lending of monies to Far East H-BT for the purpose of furthering the interests of Stapled Securityholders as a whole.

However, the REIT Manager must not direct the REIT Trustee to incur a borrowing, if to do so, would mean that Far East H-REIT's total borrowings exceed the Aggregate Leverage limit of 35.0% of the value of the Far East H-REIT Deposited Property at the time the borrowing is incurred. The Aggregate Leverage of Far East H-REIT may exceed 35.0% (up to a maximum of 60.0%) only if a credit rating from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. Far East H-REIT will continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of the Far East H-REIT Deposited Property.

In the absence of fraud, gross negligence, wilful default or breach of the Far East H-REIT Trust Deed or the Stapling Deed by the REIT Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Far East H-REIT Trust Deed. In addition, the REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as manager of Far East H-REIT, to have recourse to the Far East H-REIT Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the Far East H-REIT Trust Deed by the REIT Manager. The REIT Manager may, in managing Far East H-REIT and in carrying out and performing its duties and obligations under the Far East H-REIT Trust Deed, with the written consent of the REIT Trustee, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Far East H-REIT Trust Deed, provided always that the REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

## **Fees Payable to the REIT Manager**

### ***Management fees payable to the REIT Manager***

The REIT Manager is entitled under the Far East H-REIT Trust Deed to the following management fees:

- a Base Fee of 0.3% per annum of the value of the Far East H-REIT Deposited Property; and

- a Performance Fee of 4.0% per annum of the Net Property Income<sup>1</sup> of Far East H-REIT in the relevant financial year.

For the purpose of calculating the Base Fee and the Performance Fee, if Far East H-REIT holds only a partial interest in (i) any Far East H-REIT Deposited Property, or (ii) any investment from which any Net Property Income of Far East H-REIT is derived, such Far East H-REIT Deposited Property or Net Property Income of Far East H-REIT shall be pro-rated in proportion to the partial interest held.

At least 80.0% of the Base Fee and Performance Fee will be paid in Stapled Securities or, as the case may be, Far East H-REIT Units with the remainder to be paid in cash for Forecast Period 2012 and Projection Year 2013, and thereafter the REIT Manager may elect to receive the Base Fee and the Performance Fee in cash or Far East H-REIT Units or a combination of cash and Far East H-REIT Units (as it may in its sole discretion determine). Any portion of management fees payable in the form of Stapled Securities or, as the case may be, Far East H-REIT Units (where Unstapling has taken place) shall be payable quarterly in arrears and any portion of management fees payable in cash shall be payable monthly in arrears.

For so long as the Stapled Securities or, as the case may be, Far East H-REIT Units are listed, when management fees are payable in the form of Stapled Securities or, as the case may be, Far East H-REIT Units, the REIT Manager shall be entitled to receive such number of Stapled Securities or, as the case may be, Far East H-REIT Units as may be purchased with the relevant amount of the management fees attributable to the relevant period at an issue price equivalent to the “market price”, *i.e.* the volume weighted average price per Stapled Security or, as the case may be, Far East H-REIT Units for all trades on the SGX-ST, in the ordinary course of trading, for the last 10 Business Days<sup>2</sup> of the relevant period in which the management fees accrue or, if the REIT Manager believes that the foregoing calculation does not provide a fair reflection of the market price of a Far East H-REIT Unit or a Stapled Security, means an amount as determined by the REIT Manager (after consultation with a stockbroker approved by the REIT Trustee), and as approved by the REIT Trustee, as being the fair market price.

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 the holders of Far East H-REIT Units duly convened and held in accordance with the provisions of the Far East H-REIT Trust Deed. For the avoidance of doubt, the REIT Manager’s change in its election to receive cash or Far East H-REIT Units or a combination of cash and Far East H-REIT Units is not considered as a change in structure of the REIT Manager’s management fees.

### ***Acquisition fee and divestment fee payable to the REIT Manager***

The REIT Manager is also entitled to:

- an acquisition fee of 0.75% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its

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1 “**Net Property Income**” consists of Gross Revenue (being the gross revenue of a Property comprising the rental payment under the respective Master Lease Agreement, which consists of a Fixed Rent and a Variable Rent) less Property Expenses (which comprises (i) property tax on each hospitality property, (ii) insurance expenses on each Property, (iii) Sinking Fund Contributions and (iv) other property expenses).

2 “**Business Day**” refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

- (i) the acquisition price of any real estate purchased by Far East H-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs, plus any other payments<sup>1</sup> in addition to the acquisition price made by Far East H-REIT or its SPV to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Far East H-REIT's interest);
  - (ii) the underlying value<sup>2</sup> of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by Far East H-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs, plus any other payments<sup>1</sup> made by Far East H-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of Far East H-REIT's interest);  
or
  - (iii) the acquisition price of any investment purchased by Far East H-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):
    - (i) the sale price of any real estate sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>3</sup> in addition to the sale price received by Far East H-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of Far East H-REIT's interest);
    - (ii) the underlying value<sup>4</sup> of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by Far East H-REIT, whether directly

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1 "other payments" refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if Far East H-REIT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by Far East H-REIT as purchase price and any debt of the special purpose company.

3 "other payments" refer to additional payments to Far East H-REIT or its SPVs for the sale of the real estate, for example, where Far East H-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

4 For example, if Far East H-REIT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by Far East H-REIT as sale price and any debt of the special purpose company.

or indirectly through one or more SPVs, plus any other payments<sup>1</sup> received by Far East H-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of Far East H-REIT's interest); or

- (iii) the sale price of the investment sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of Far East H-REIT shall be paid out of the Far East H-REIT Deposited Property and not by the REIT Manager to such persons.

No acquisition fee is payable for the acquisition of the Properties. The acquisition fee and divestment fee are payable to the REIT Manager in the form of cash and/or Stapled Securities or, as the case may be, Far East H-REIT Units (as the REIT Manager may elect) provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Stapled Securities or, as the case may be, Far East H-REIT Units at prevailing market price(s) instead of cash. The Stapled Securities or, as the case may be, Far East H-REIT Units issued to the REIT Manager as its acquisition or divestment fee should not be sold within one year from the date of their issuance.

Any increase in the maximum permitted level of the acquisition fee or divestment fee must be approved by an Extraordinary Resolution passed at a meeting of holders of Far East H-REIT Units duly convened and held in accordance with the provisions of the Far East H-REIT Trust Deed.

#### ***Development management fee payable to the REIT Manager***

The REIT Manager is also 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 Far East H-REIT. Far East H-REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments).

**“Total Project Costs”** means the sum of the following (where applicable):

- (i) construction cost based on the project final account prepared by the project quantity surveyor;
- (ii) principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iii) the cost of obtaining all approvals for the project;
- (iv) site staff costs;

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<sup>1</sup> **“other payments”** refer to additional payments to Far East H-REIT or its SPVs for the sale of the real estate, for example, where Far East H-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but “other payments” do not include stamp duty or other payments to third party agents and brokers.

- (v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and
- (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.

When the estimated Total Project Costs are greater than S\$100.0 million, the REIT Trustee and the REIT Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the REIT Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the REIT Manager's view, materially lower than the development management fee, the REIT Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of Far East H-REIT.

For the avoidance of doubt, no acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project. Subject to the Property Funds Appendix, the Development Management Fee shall be paid to the Manager in the form of cash.

Any increase in the percentage of the development management fee or any change in the structure of the development management fee must be approved by an Extraordinary Resolution passed at a meeting of holders of Far East H-REIT Units duly convened and held in accordance with the provisions of the Far East H-REIT Trust Deed.

(See "Overview — The Structure of Far East H-Trust — Certain Fees and Charges" for further details).

### **Retirement or Removal of the REIT Manager**

The REIT Manager shall have the power to retire in favour of a corporation approved by the REIT Trustee to act as the manager of Far East H-REIT.

Also, the REIT Manager may be removed by notice given in writing by the REIT Trustee if:

- the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the REIT Manager;
- the REIT Manager ceases to carry on business;
- the REIT Manager fails or neglects after reasonable notice from the REIT Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the Far East H-REIT Trust Deed;
- the holders of Far East H-REIT Units, by a resolution duly passed by a majority greater than 50.0% of the total number of votes cast for and against such resolution with no participants being disenfranchised at a meeting of holders of Far East H-REIT Units duly convened and held in accordance with the provisions of the Far East H-REIT Trust Deed, shall so decide;
- for good and sufficient reason, the REIT Trustee is of the opinion, and so states in writing such reason and opinion, that a change of the REIT Manager is desirable in the



interests of the holders of Far East H-REIT Units provided that where the REIT Manager is removed on the basis that a change of the REIT Manager is desirable in the interests of the holders of Far East H-REIT Units, the REIT Manager has a right under the Far East H-REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the REIT Manager, the REIT Trustee and all the holders of Far East H-REIT Units; or

- the MAS directs the REIT Trustee to remove the REIT Manager.

### **Corporate Governance of the REIT Manager**

The following outlines the main corporate governance practices of the REIT Manager.

#### ***The REIT Manager Board***

The REIT Manager Board is responsible for the overall corporate governance of the REIT Manager including establishing goals for management and monitoring the achievement of these goals. The REIT Manager is also responsible for the strategic business direction and risk management of Far East H-REIT. All the REIT Manager Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of performance of directors.

The REIT Manager Board has established a framework for the management of the REIT Manager and Far East H-REIT, including a system of internal controls and a business risk management process. The REIT Manager Board consists of six members, three of whom are independent<sup>1</sup> directors.

The composition of the REIT Manager Board is determined using the following principles:

- the Chairman of the REIT Manager Board should be a non-executive director of the REIT Manager; and
- the REIT Manager Board should comprise directors with a broad range of commercial experience including expertise in property development, investment, management, marketing and leasing and/or finance.

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

#### ***The REIT Manager Audit Committee***

The REIT Manager Audit Committee is appointed by the REIT Manager Board from among the REIT Manager Directors and is composed of three non-executive members, a majority of whom (including the Chairman of the REIT Manager Audit Committee) are required to be directors independent from management and business relationships with the REIT Manager. As at the date of this Prospectus, the members of the REIT Manager Audit Committee are Mr Huang Cheng Eng, Mr Willie Cheng Jue Hiang and Mr Kyle Lee Khai Fatt, all of whom are independent directors. Mr Willie Cheng Jue Hiang has been appointed as the Chairman of the REIT Manager Audit Committee.

The role of the REIT Manager Audit Committee is to monitor and evaluate the effectiveness of the REIT Manager's internal controls. The REIT Manager Audit Committee will review the

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<sup>1</sup> The independence of the directors in this context refers to their independence from management and business relationships with the REIT Manager.



quality and reliability of information prepared for inclusion in financial reports, and will be responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The REIT Manager Audit Committee's responsibilities include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to Interested Person Transactions (as defined in the Listing Manual) and the provisions of the Property Funds Appendix relating to Interested Party Transactions (as defined in the Property Funds Appendix) (both such types of transactions constituting “**Related Party Transactions**”);
- reviewing transactions constituting Related Party Transactions;
- deliberating on resolutions relating to conflicts of interest involving Far East H-REIT;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;
- reviewing the arrangements by which employees of Far East H-REIT may, in confidence, 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;
- examining the effectiveness of financial, operating and compliance controls and risk management policies and systems at least annually;
- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- reviewing the adequacy of external audits in respect of cost, scope and performance;
- reviewing the nature and extent of non-audit services performed by external auditors;
- making recommendations to the REIT Manager Board on the appointment, reappointment and removal of external auditors and approving the remuneration and terms of engagement of external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors and where the external auditors also provide a substantial volume of non-audit services to Far East H-REIT, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit function is independent from the management and will report to the chairman of the Audit Committee and adequately qualified to perform an effective role;
- ensuring, at least annually, the adequacy of the internal audit function;
- meeting with external and internal auditors, without the presence of the executive officers of the REIT Manager, at least on an annual basis;

- reviewing the financial statements of Far East H-REIT;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of Far East H-REIT and any formal announcements relating to Far East H-REIT's financial performance;
- investigating any matters within the REIT Manager Audit Committee's terms of reference, whenever it deems necessary; and
- reporting to the REIT Manager Board on material matters, findings and recommendations.

### **Dealings in Stapled Securities or, as the case may be, Far East H-REIT Units**

The Far East H-REIT Trust Deed requires each REIT Manager Director to give notice to the REIT Manager of his acquisition of Stapled Securities or (in the event that Unstapling has taken place) Far East H-REIT Units or of changes in the number of Stapled Securities or, as the case may be, Far East H-REIT Units which he holds or in which he has an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of the Stapled Securities or, as the case may be, Far East H-REIT Units which he holds or in which he has an interest. (See "The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT — The Formation and Structure of Far East H-REIT — The REIT Manager Board's Declaration of Holdings of Far East H-REIT Units" for further details).

All dealings in the Stapled Securities or, as the case may be, Far East H-REIT Units by the REIT Manager Directors will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: <http://www.sgx.com>.

The directors and employees of the REIT Manager are prohibited from dealing in the Stapled Securities or, as the case may be, Far East H-REIT Units:

- in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of Far East H-Trust or (in the event that Unstapling has taken place) Far East H-REIT, and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and
- at any time while in possession of price sensitive information.

The directors and employees of the REIT Manager are also prohibited from communicating price sensitive information to any person.

All employees must obtain clearance from the Compliance Officer at least two days prior to any intended purchase or sale of the Stapled Securities (or as the case may be) or Far East H-REIT Units. In addition, the trading pre-clearance process requires an employee to represent, *inter alia* prior to making any trade in any Stapled Securities or (as the case may be) Far East H-REIT Units that:

- he/she is not in possession of material non-public information with respect to the Stapled Securities or (as the case may be) Far East H-REIT Units, Far East H-REIT or Far East H-Trust; and
- the trade is not inconsistent with the best interests of, and does not give rise to a potential breach of fiduciary duty owed to the REIT Manager.

On 19 January 2009, a bill to amend the SFA was passed by the Singapore Parliament (the “**Securities and Futures (Amendment) Act 2009**”). However, certain provisions of the Securities and Futures (Amendment) Act 2009 (including the new Section 137ZC of the SFA relating to notification of unitholdings) have not come into force as at the date of this Prospectus. When the new Section 137ZC of the SFA comes into force, the REIT Manager will be required to, *inter alia*, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Far East H-REIT Units by the REIT Manager as soon as practicable, and in any case no later than the end of the Business Day following the day on which the REIT Manager became aware of the acquisition or disposal. In addition, when the new Section 137C of the Securities and Futures (Amendment) Act 2009 comes into force, all dealings in Far East H-REIT Units by the Chief Executive Officer will also need to be announced by the REIT Manager via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: <http://www.sgx.com> and in such form and manner as the Authority may prescribe.

In addition, the REIT Manager has given an undertaking to the MAS that it will announce via SGXNET the particulars of its holdings in the Stapled Securities or (in the event that Unstapling has taken place) Far East H-REIT Units and any changes thereto within two Business Days after the date on which it acquires or disposes of any Stapled Securities or, as the case may be, Far East H-REIT Units. The REIT Manager has also undertaken that it will not deal in the Stapled Securities or, as the case may be, Far East H-REIT Units in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of Far East H-Trust or, as the case may be, Far East H-REIT, and ending on the date of announcement of the relevant results or, as the case may be, property valuations.

### **Management of Business Risk**

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

The REIT Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of Far East H-REIT. In assessing business risk, the REIT Manager Board will consider the economic environment and risks relevant to the hospitality and hospitality-related industries. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the REIT Manager and Far East H-REIT and discuss any disclosure issues.

### **Conflicts of Interest**

The REIT Manager has instituted the following procedures to deal with conflicts of interest issues:

- 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 REIT Manager Directors 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 one-third of the REIT Manager Board shall comprise such independent directors;
- In respect of matters in which a REIT 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 REIT Manager Directors and must exclude such interested director;
- In respect of matters in which the Sponsor has an interest, direct or indirect, for example, in matters relating to:
  - potential acquisitions of additional properties or property-related investments by Far East H-REIT in competition with the Sponsor; and
  - competition for tenants between properties owned by Far East H-REIT and properties owned by the Sponsor,

any nominees appointed by the Sponsor to the REIT Manager 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 REIT Manager Directors independent from management and business relationships with the REIT Manager and must exclude nominee directors of the Sponsor;

- Save as to resolutions relating to the removal of the REIT Manager, the REIT Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of Far East H-REIT Units 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 are prohibited from voting or being counted as part of a quorum for any meeting of the holders of Far East H-REIT Units 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 Far East H-REIT 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. The REIT Manager Directors 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 of the holders of Far East H-REIT Units and/or which is in the interests of the holders of Far East H-REIT Units. 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.

## **Related Party Transactions**

### ***The REIT Manager's Internal Control System***

The REIT Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of Far East H-REIT and the holders of Far East H-REIT Units.

As a general rule, the REIT Manager must demonstrate to the REIT Manager Audit Committee 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 will maintain a register to record all Related Party Transactions which are entered into by Far East H-REIT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into.

The REIT Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by Far East H-REIT. The REIT Manager Audit Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the REIT Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix have 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 REIT Manager Audit Committee. If a member of the REIT Manager Audit Committee 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.

Further, the following procedures will be undertaken:

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S\$100,000 in value but less than 3.0% of the value of Far East H-REIT's net tangible assets (based on the latest audited accounts) will be subject to review by the REIT Manager Audit Committee at regular intervals;

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related 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 (based on the latest audited accounts) will be subject to the review and prior approval of the REIT Manager Audit Committee. Such approval shall only be given if such transaction is on normal commercial terms and is consistent with similar types of transactions made by the REIT Trustee with third parties which are unrelated to the REIT Manager; and
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of Far East H-REIT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the REIT Manager Audit Committee 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 holders of Far East H-REIT Units at a meeting duly convened.

Pursuant to the Listing Manual, transactions with a value below S\$100,000 are disregarded on the ground that they do not put Far East H-REIT at risk. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

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 a Related Party of the REIT Manager (which would include relevant "associates" as defined under the Listing Manual) or Far East H-REIT, the REIT Trustee is required to 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-REIT and the holders of Far East H-REIT Units, and in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the REIT Trustee has the ultimate discretion under the Far East H-REIT Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the REIT Manager or Far East H-REIT. If the REIT Trustee is to sign any contract with a Related Party of the REIT Manager or Far East H-REIT, the REIT Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party 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 REITs.

Save for the transactions described under the sections "Management and Corporate Governance — Far East H-REIT — Related Party Transactions — Related Party Transactions in connection with the Setting Up of Far East H-REIT" and "Management and Corporate Governance — Far East H-REIT — Related Party Transactions — Future Related Party Transactions", 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.



The aggregate value of all Interested Person Transactions in accordance with the Listing Manual in a particular year, each of at least S\$100,000 in value and which are subject to Rules 905 and 906 of the Listing Manual, will be disclosed in Far East H-Trust's annual report, or (if Unstapling has occurred), Far East H-REIT's annual report for the relevant financial year.

### ***Role of the REIT Manager Audit Committee for Related Party Transactions***

The REIT Manager Audit Committee will monitor the procedures established to regulate Related Party Transactions, including reviewing any Related Party Transactions entered into from time to time and the internal audit reports to ensure compliance with the relevant provisions of the Listing Manual and the Property Funds Appendix.

If a member of the REIT Manager Audit Committee 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.

### ***Related Party Transactions in connection with the setting up of Far East H-REIT and the Offering***

The REIT Trustee, on behalf of Far East H-REIT, has entered into a number of transactions with the REIT Manager and certain Related Parties of the REIT Manager in connection with the setting up of Far East H-REIT and the Offering. These Related Party Transactions are as follows:

- The REIT Trustee has on 1 August 2012 entered into the Far East H-REIT Trust Deed with the REIT Manager.
- The REIT Trustee has also on 1 August 2012 entered into the Stapling Deed with the Managers. The terms of the Far East H-REIT Trust Deed and Stapling Deed are generally described in "The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT".
- The REIT Trustee has entered into the Property Sale and Purchase Agreements with the Vendors. The terms of the Property Sale and Purchase Agreements are generally described in "Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Property Sale and Purchase Agreements".
- The REIT Trustee and the REIT Manager will enter into the Master Lease Agreements with the Master Lessees for the lease of the Properties by the Listing Date. The terms of the Master Lease Agreements are more particularly described in "Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Master Lease Agreements".
- The REIT Trustee will enter into the Property Management Agreement with the Hotel and Serviced Residence Operator for the management of the Excluded Commercial Premises. The terms of the Property Management Agreement are more particularly described in "Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Property Management Agreement".
- The REIT Trustee and each Master Lessee will enter into the Shared Services Agreement in respect of each Property (except Oasia Hotel, The Quincy Hotel and Hougang Village Residences) for the provision of certain services to the Excluded



Commercial Services at the Property. The terms of the Shared Services Agreements are more particularly described in “Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Shared Services Agreements”.

- The REIT Trustee and each Master Lessee will enter into the Shared Electricity Services Agreement in respect of each Property (except Oasia Hotel, The Quincy Hotel and Hougang Village Residences) for the provision of certain services to the Excluded Commercial Services at the Property. The terms of the Shared Electricity Services Agreements are more particularly described in “Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Shared Electricity Services Agreements”.
- Far East Hospitality Services Pte Ltd and the Managers has on 3 August 2012 entered into the Licence Agreement (as defined herein). The terms of the Licence Agreement are more particularly described in “Certain Agreements Relating to Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties — Licence Agreement”.

Based on its experience, expertise and knowledge of contracts, the REIT Manager Board and the executive officers of Far East H-REIT believe that the Master Lease Agreements, the Property Sale and Purchase Agreements, the Shared Services Agreements and the Shared Electricity Services Agreements were made on normal commercial terms and are not prejudicial to the interests of Far East H-REIT and Stapled Securityholders.

Save as disclosed in this Prospectus, the REIT Trustee has not entered into any other transactions with the REIT Manager or any Related Party of the REIT Manager in connection with the setting up of Far East H-REIT.

#### ***Other Related Party Transactions***

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction the value of which is less than S\$100,000 is not considered material in the context of the Offering and is not set out as a Related Party Transaction in this section.

#### ***Lease agreement between Far East Orchard and Far East H-REIT in relation to an office unit in Orchard Parade Hotel***

On the Listing Date, Far East Orchard will enter into a new lease agreement with Far East H-REIT, pursuant to which Far East H-REIT will lease to Far East Orchard an office unit located at 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905 (estimated to occupy a GFA of approximately 4,241 sq ft). The lease will be for a period of two years commencing from the Listing Date with an option to renew exercisable by Far East Orchard for a further term of two years upon expiry of the initial term, and the aggregate monthly rental charge and monthly service charge is proposed to be not more than S\$30,535. The terms of this lease agreement are negotiated at arm’s length and on normal commercial terms, taking into account the prevailing market rate.

#### ***Lease agreement between Jelco and Far East H-REIT in relation to certain office units in Central Square Village Residences***

On the Listing Date, Jelco will enter into a new lease agreement with Far East H-REIT, pursuant to which Far East H-REIT will lease to Jelco certain office units located at 20 Havelock Road #03-15 and #03-22 to #03-24, Central Square Village Residences,

Singapore 059765. The lease of each office unit will be for a period of two years commencing from the Listing Date. The monthly rental charge and the monthly service charge for each of the office units are proposed to be as follows:

- (i) #03-15: Proposed monthly rental charge of S\$6,039 and proposed monthly service charge of S\$1,647.
- (ii) #03-22: Proposed monthly rental charge of S\$6,039 and proposed monthly service charge of S\$1,647.
- (iii) #03-24: Proposed monthly rental charge of S\$6,039 and proposed monthly service charge of S\$1,647.

The terms of this lease agreement are negotiated at arm's length and on normal commercial terms, taking into account the prevailing market rate.

*Assignment of existing corporate leases in relation to the Excluded Commercial Premises of Orchard Parade Hotel*

Certain office units within the Excluded Commercial Premises of Orchard Parade Hotel are leased to members of Far East Organisation, and these existing corporate leases will be assigned to Far East H-REIT prior to the completion of the Offering. These existing corporate leases were negotiated at arm's length and on normal commercial terms taking into account the then prevailing market rate, and details of such existing corporate leases which transaction value are at least S\$100,000 are set out below:

<u>Entity</u>	<u>Period of Lease</u>	<u>Property</u>	<u>Transaction Value (S\$'000)</u>
Far East Management Pte Ltd	Two years commencing from 17 December 2011 and expiring on 16 December 2013	1 Tanglin Road #03-05, Orchard Parade Hotel, Singapore 247905	103.3
Far East Management Pte Ltd	Two years commencing from 1 January 2012 and expiring on 31 December 2013	1 Tanglin Road #03-15/16/17/18, Orchard Parade Hotel, Singapore 247905	491.0
FEOC	Two years commencing from 1 February 2012 and expiring on 31 January 2014	1 Tanglin Road #05-07 to 10, Orchard Parade Hotel, Singapore 247905	162.9
FEOC	One year commencing from 1 November 2011 and expiring on 31 October 2012	1 Tanglin Road #04-08, Orchard Parade Hotel, Singapore 247905	311.6

*Assignment of existing corporate leases in relation to the Excluded Commercial Premises of Central Square Village Residences*

Certain office units within the Excluded Commercial Premises of Central Square Village Residences are leased to members of Far East Organisation, and these existing corporate leases will be assigned to Far East H-REIT prior to the completion of the Offering. These existing corporate leases were negotiated at arm's length and on normal commercial terms taking into account the then prevailing market rate, and details of such existing corporate leases which transaction value are at least S\$100,000 are set out below:

<u>Entity</u>	<u>Period of Lease</u>	<u>Property</u>	<u>Transaction Value (S\$'000)</u>
Far East Management (Private) Limited	Two years commencing from 16 November 2011 and expiring on 15 November 2013	20 Havelock Road #03-02, Central Square Village Residences, Singapore 059765	151.2
Far East Hospitality Services Pte Ltd	Two years commencing from 1 April 2011 and expiring on 31 March 2013	20 Havelock Road #03-09, Central Square Village Residences, Singapore 059765	203.6
Far East Hospitality Services Pte Ltd	Two years commencing from 16 February 2011 and expiring on 15 February 2013	20 Havelock Road #03-10, Central Square Village Residences, Singapore 059765	166.7
Far East Hospitality Services Pte Ltd	Two years commencing from 1 December 2011 and expiring on 30 November 2013	20 Havelock Road #03-15, Central Square Village Residences, Singapore 059765	133.7
Far East Management (Private) Limited	Two years commencing from 16 November 2011 and expiring on 15 November 2013	20 Havelock Road #03-19/20, Central Square Village Residences, Singapore 059765	211.3
Far East Hospitality Services Pte Ltd	Two years commencing from 13 September 2011 and expiring on 12 September 2013	20 Havelock Road #03-21, Central Square Village Residences, Singapore 059765	218.9

<u>Entity</u>	<u>Period of Lease</u>	<u>Property</u>	<u>Transaction Value</u> <u>(S\$'000)</u>
Far East Hospitality Services Pte Ltd	Two years commencing from 1 January 2012 and expiring on 31 December 2013	20 Havelock Road #03-22, Central Square Village Residences, Singapore 059765	155.2
Far East Hospitality Services Pte Ltd	Two years and three months commencing from 1 January 2011 and expiring on 31 March 2013	20 Havelock Road #03-23, Central Square Village Residences, Singapore 059765	101.5
Far East Hospitality Services Pte Ltd	Two years commencing from 1 April 2011 and expiring on 31 March 2013	20 Havelock Road #03-24, Central Square Village Residences, Singapore 059765	184.5

### ***Exempted Agreements***

The entry into and the fees and charges payable by Far East H-REIT under the Far East H-REIT Trust Deed, the Stapling Deed, the Property Management Agreement, the Shared Services Agreements, the Shared Electricity Services Agreements, the Licence Agreement and the leases set out in the section “— Other Related Party Transactions”, to the extent that details of these have been specifically disclosed, which each constitutes an Interested Person Transaction, are deemed to have been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities 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.

(See “Overview — Certain Fees and Charges” for the fees and charges payable by Far East H-REIT in connection with the establishment and ongoing management and operation of Far East H-REIT.)

However, any renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual.

(See “— Related Party Transactions — The REIT Manager’s Internal Control System” for further details.)

### ***Future Related Party Transactions***

As a REIT listed on the SGX-ST, Far East H-REIT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulate, among other things, transactions entered into by the REIT Trustee (for and on behalf of Far East H-REIT) with an Interested Party relating to Far East H-REIT’s acquisition of assets from or sale of assets to an Interested Party, Far East H-REIT’s investment in securities of or issued by an Interested Party and the leasing of assets to an Interested Party.

Depending on the materiality of transactions entered into by Far East H-REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by an Interested Party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the holders of Far East H-REIT Units be obtained.

The Listing Manual regulates all Interested Person Transactions, including transactions already governed by the Property Funds Appendix. Depending on the materiality of the transaction, Far East H-REIT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain the prior approval of the holders of Far East H-REIT Units for the transaction (Rule 906 of the Listing Manual). The Far East H-REIT Trust Deed requires the REIT Trustee and the REIT Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as such other guidelines relating to Interested Person Transactions as may be prescribed by the SGX-ST to apply to REITs.

The REIT Manager may at any time in the future seek a general annual mandate from the holders of Far East H-REIT Units pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to leases and/or license agreements (including any Master Lease Agreements entered into by the REIT Trustee with an Interested Party) to be entered into with Interested Persons, and all transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements of Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the REIT Trustee will appoint an independent financial adviser (without being required to consult the REIT Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of Far East H-REIT and the holders of Far East H-REIT Units.

Both the Property Funds Appendix and the Listing Manual requirements would have to be complied with in respect of a proposed transaction which is prima facie governed by both sets of rules. Where matters concerning Far East H-REIT relate to transactions entered or to be entered into by the REIT Trustee for and on behalf of Far East H-REIT with a Related Party of Far East H-REIT or the REIT Manager, the REIT Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The REIT Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the REIT Trustee (when acting other than in its capacity as trustee of Far East H-REIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of Far East H-REIT and the holders of Far East H-REIT Units. The REIT Manager shall not be liable to account to the REIT Trustee or to the holders of Far East H-REIT Units for any profits or benefits or other commissions made or derived from or in connection with any such transaction. The REIT Trustee shall not be liable to account to the REIT Manager or to the holders of Far East H-REIT Units for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the REIT Manager, its “connected persons” (as defined in the Listing Manual) and any director of the REIT Manager are prohibited from voting their respective own Far East H-REIT Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

## **FAR EAST H-BT**

Far East H-BT will be dormant on the Listing Date. For as long as Far East H-BT is dormant, the primary role of the Trustee-Manager Board will be to ensure that the Trustee-Manager complies with the requirements under the Listing Manual, the BTA and the Business Trusts Regulations 2005 (“BTR”) (except where waivers have been obtained) as well as the Far East H-BT Trust Deed and the Stapling Deed.

### **Key Roles of the Trustee-Manager Board when Far East H-BT becomes active**

When Far East H-BT becomes active, the key roles of the Trustee-Manager Board will be to:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the Trustee-Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

When Far East H-BT becomes active, the Trustee-Manager Board will meet to review the key activities and business strategies of the Trustee-Manager. The Trustee-Manager Board intends to meet regularly, at least once every three months, to deliberate the strategic policies of Far East H-BT, including acquisitions and disposals, approval of the annual budget and review of the performance of Far East H-BT.

Each Director of the Trustee-Manager has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of Far East H-BT. The Directors of the Trustee-Manager will contribute in different ways to further the interests of Far East H-BT.

On the basis that Far East H-BT is dormant on the Listing Date, an application has been made to the MAS for an exemption from the requirement for an audit committee to be constituted by the Trustee-Manager Board, and the functions that will be undertaken by an audit committee will be assumed by the Trustee-Manager Board. When Far East H-BT becomes active, the Trustee-Manager Board will put in place appropriate internal control systems.

For so long as Far East H-Trust is part of a stapled group and Far East H-BT is dormant, in the event that the board of directors of the REIT Manager and the board of directors of the Trustee-Manager 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 board of directors of Trustee-Manager has approved such resolutions.



A majority of the Trustee-Manager Board (namely three out of five Directors) are non-executive and independent.

In the event that Far East H-BT becomes active, the number of directors on the Trustee-Manager Board will be a minimum of five directors, and for so long as Far East H-Trust is part of a stapled group and in the event that Far East H-BT becomes active, the composition of the boards of directors of the REIT Manager and the Trustee-Manager shall consist of the same individuals and shall comply with the relevant laws, regulations and guidelines or any other applicable laws and regulations.

In the event that Far East H-BT becomes active and there are transactions involving Far East H-REIT and Far East H-BT requiring the approval of the boards of the Trustee-Manager and the REIT Manager, the Managers are of the opinion that it is unlikely that a matter may be approved by the Trustee-Manager (where all Independent Directors voted in favour and the non-executive directors voted against) and not the REIT Manager (where all Independent Directors voted in favour and the non-executive directors voted against) given that (1) matters to be tabled to the boards would have first been recommended by the management and independent directors generally do not initiate business proposals, and as the Managers are part of the Sponsor, it is unlikely that a matter tabled by the management of the Managers to the boards of directors at board meetings will be approved by the Independent Directors and not by the non-executive directors who are nominees of the Sponsor and (2) for matters involving the Sponsor, the non-executive directors nominated by the Sponsor will need to abstain from voting at both the boards of the REIT Manager and the Trustee-Manager.

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 maintain effective checks and balances. The Chairman of the Trustee-Manager Board is Mr Koh Boon Hwee, while the Chief Executive Officer is Mr Gerald Lee Hwee Keong. Mr Koh is also the Chairman of the REIT Manager Board. The Chairman is responsible for the overall management of the Trustee-Manager Board, while the Chief Executive Officer has full executive responsibilities over the business directions of the Trustee-Manager.

The Trustee-Manager Board has access to the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Trustee-Manager also has access to independent professional advice where appropriate and whenever requested. (See “Management and Corporate Governance — Far East H-REIT — Company Secretary of the Trustee-Manager” for details of the Company Secretary and her qualifications.)

### **Roles and Responsibilities of the Trustee-Manager in relation to the management of Far East H-BT**

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of Far East H-BT Units, 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 holders of Far East H-BT Units as a whole.

The Trustee-Manager will set the strategic direction of Far East H-BT. The Trustee-Manager is also responsible for ensuring that Far East H-BT complies with the applicable provisions of



all relevant laws, regulations and guidelines including the BTA, the SFA, the Listing Manual, the Far East H-BT Trust Deed and the Stapling Deed.

The Trustee-Manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a registered business trust under the BTA (“**Due Care**”) to comply with the applicable provisions of all relevant legislation, as well as the Listing Manual, and is responsible for ensuring compliance with the Trust Deed and all relevant contracts entered into by the Trustee-Manager on behalf of Far East H-BT.

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

- treat the holders of Far East H-BT Units who hold Far East H-BT Units in the same class fairly and equally and holders of Far East H-BT Units who hold Far East H-BT Units in different classes (if any) fairly;
- ensure that all payments out of the Far East H-BT Trust Property are made in accordance with the BTA, the Far East H-BT Trust Deed and the Stapling Deed;
- report to the Authority any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 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 holders of Far East H-BT Units, or any class of holders of Far East H-BT Units,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.

The Trustee-Manager may:

- while the Far East H-REIT Units and Far East H-BT Units are stapled together, lend monies to Far East H-REIT out of Far East H-BT’s property whenever the Trustee-Manager considers, among other things, that such lending is necessary or desirable in order to further the interests of the investors of the Stapled Securities as a whole; and
- borrow on behalf of Far East H-BT (upon such terms and conditions as it deems fit, including the charging or mortgaging of all or any part of Far East H-BT’s property) whenever the Trustee-Manager considers, among other things, that such borrowings are necessary or desirable in order to enable the Trustee-Manager to meet any contractual obligations or liabilities or whenever the Trustee-Manager considers it desirable that monies be borrowed or raised to:
  - finance the acquisition of any Authorised Investments;
  - finance the repurchase and/or redemption of Far East H-BT Units by the Trustee-Manager;
  - finance any distributions of Far East H-BT;

- finance for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Investment undertaken by Far East H-BT or any Trust Asset (as defined under the Far East H-BT Trust Deed); or
- while the Far East H-REIT Units and Far East H-BT Units are stapled together, on-lend monies to Far East H-REIT in order to further the interests of the investors of the Stapled Securities as a whole.

Far East H-BT will not guarantee the financial obligations, debts or any other liabilities of Far East H-REIT and *vice versa*.

The Trustee-Manager also has the following statutory duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as Far East H-BT's trustee-manager in accordance with the BTA and the Far East H-BT Trust Deed;
- act in the best interests of all holders of Far East H-BT Units as a whole and give priority to the interests of all holders of Far East H-BT Units as a whole over its own interests in the event of a conflict between the interests of all holders of Far East H-BT Units as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as Far East H-BT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the holders of Far East H-BT Units; and
- hold the Far East H-BT Trust Property on trust for all holders of Far East H-BT Units as a whole in accordance with the terms of the Far East H-BT Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it shall be:

- liable to all holders of Far East H-BT Units as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all holders of Far East H-BT Units as a whole as a result of the contravention; and
- guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000.

While the Trustee-Manager is required to be dedicated to the conduct of the business of Far East H-BT, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Far East H-BT Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be subject to as trustee-manager, to have recourse to the Trust Property of Far East H-BT or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or by the failure of the Trustee-Manager to exercise Due Care. The Trustee-Manager may, in managing Far East H-BT and in carrying out and performing its duties and obligations under the Far East H-BT Trust Deed, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed,

and shall not be liable for all acts and omissions of such persons provided that the Trustee-Manager had exercised Due Care in selecting as well as monitoring such persons.

### **Constituent Documents of the Trustee-Manager**

Certain key provisions of the Memorandum and Articles of Association of the Trustee-Manager are set out below.

#### ***The power of each Trustee-Manager Director to vote on a proposal, arrangement or contract in which he is interested***

Each Trustee-Manager Director who is, directly or indirectly, interested in a transaction or proposed transaction with the Trustee-Manager has to, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Trustee-Manager Board. Subject to such disclosure, as well as Section 156 of the Companies Act and the BTA, the Trustee-Manager Director is entitled to vote on transactions in which he is interested and he shall be taken into account in ascertaining whether a quorum is present.

#### ***The borrowing powers exercisable by the Trustee-Manager and how such borrowing powers may be varied***

The Trustee-Manager has full rights, powers and privileges to carry on or undertake any business or activity, do any act or enter into any transaction subject to the provisions of the Companies Act, the BTA and any other written law and the Memorandum of Association of the Trustee-Manager. In this case, the business is that of acting as trustee-manager of Far East H-BT.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing on behalf of Far East H-BT unless the power of borrowing is conferred upon it by the Far East H-BT Trust Deed. The Far East H-BT Trust Deed empowers the Trustee-Manager to borrow on behalf of Far East H-BT for the purpose of enabling the Trustee-Manager to meet any liabilities under or in connection with the trusts of the Far East H-BT Trust Deed or with any investment of Far East H-BT, for the purpose of financing any acquisition of any Authorised Investment on behalf of Far East H-BT, or financing the repurchase and/or redemption of Far East H-BT Units by the Trustee-Manager, or financing any distributions of Far East H-BT, or for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Investment undertaken by Far East H-BT or any Trust Asset (as defined under the Far East H-BT Trust Deed), or while the Far East H-REIT Units and Far East H-BT Units are stapled together, on-lend monies to Far East H-REIT in order to further the interests of the investors of the Stapled Securities as a whole upon such terms and conditions as it thinks fit and, in particular, by charging or mortgaging all or any of the investments of Far East H-BT or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of Far East H-BT, provided that the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the borrowing or raising of moneys which (in its opinion) cause the Trustee-Manager's liability to extend beyond the limits of the Far East H-BT Trust Property.

Any variation of the borrowing powers as contained in the Far East H-BT Trust Deed would require the approval of the holders of Far East H-BT Units by way of an Extraordinary

Resolution passed at a meeting of holders of Far East H-BT Units duly convened and held in accordance with the Far East H-BT Trust Deed and such other regulatory approvals as may be required to vary the terms of the Far East H-BT Trust Deed.

***The retirement or non-retirement of a Trustee-Manager Director under an age limit requirement***

The Memorandum and Articles of Association of the Trustee-Manager do not specify an age limit beyond which a Trustee-Manager Director shall retire.

***The number of units in the business trust, if any, required for the qualification of a Trustee-Manager Director***

An Trustee-Manager Director is not required to hold any Far East H-BT Units to qualify as a Trustee-Manager Director.

***Retirement of Trustee-Manager Directors***

The appointment of the directors on the Trustee-Manager Board shall continue until such time as they resign or become prohibited from being a director by reason of any order made under the Companies Act or the BTA, or cease to be a director by virtue of any of the provisions of the Companies Act or the BTA or the Articles of Association of the Trustee-Manager, or has a receiving order made against him or suspends payments or compounds with his creditors generally, or is found lunatic or becomes of unsound mind or is otherwise removed by way of an Ordinary Resolution passed at a meeting of the shareholder(s) of the Trustee-Manager duly convened and held.

***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. For the purpose of calculating the management fee, if Far East H-BT holds only a partial interest in an investment from which such profit is derived, such profit shall be pro-rated in proportion to the partial interest held.

The management fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, Far East H-BT Units (where Unstapling has taken place) as the Trustee-Manager may elect.

Any portion of management fee payable in the form of Stapled Securities or, as the case may be, Far East H-BT Units shall be payable quarterly in arrears and any portion of management fees payable in cash shall be payable monthly in arrears. On the basis that the Stapled Securities or, as the case may be, Far East H-BT Units are listed, when management fees are payable in the form of Stapled Securities or, as the case may be, Far East H-BT Units, the Trustee-Manager shall be entitled to receive such number of Stapled Securities or, as the case may be, Far East H-BT Units as may be purchased with the relevant amount of the management fees at an issue price equivalent to the "market price", *i.e.* the volume weighted average price per Stapled Security or, as the case may be, Far East H-BT Units for all trades

on the SGX-ST, in the ordinary course of trading, for the last 10 Business Days<sup>1</sup> of the relevant period in which the management fees accrue or, if the Trustee-Manager believes that the foregoing calculation does not provide a fair reflection of the market price of a Stapled Security or, as the case may be, a Far East H-BT Unit, an amount as determined by the Trustee-Manager (after consultation with a stockbroker approved by the Trustee-Manager), as being the fair market price.

Subject to the Trustee-Manager's undertaking to the MAS not to deal in the Stapled Securities during certain specific periods (see "Management and Corporate Governance — Far East H-BT — Corporate Governance of the Trustee-Manager — Dealings in Stapled Securities or Far East H-BT Units" for further details), the Trustee-Manager may be entitled to sell all of the rights attached to any Stapled Securities or, as the case may be, Far East H-BT Units issued in payment of the management fee and is entitled to keep any gains made on such sale.

Any increase in the rate or any change in the structure of the Trustee-Manager's management fees must be approved by an Extraordinary Resolution at a meeting of the holders of Far East H-BT Units duly convened and held in accordance with the provisions of the Far East H-BT Trust Deed.

For the avoidance of doubt, the Trustee-Manager's change in its election to receive cash or Far East H-BT Units or a combination of cash and Far East H-BT Units is not considered as a change in structure of the Trustee-Manager's management fees.

### ***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 purpose of calculating the trustee fee, if Far East H-BT holds only a partial interest in any of its Far East H-BT Trust Property, such Far East H-BT Trust Property shall be pro-rated in proportion to the partial interest held.

The trustee fee shall be payable in arrears on a quarterly basis in the form of cash.

### ***Acquisition fee and divestment fee payable to the Trustee-Manager***

The Trustee-Manager is entitled to:

- an acquisition fee of 0.75% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double counting):
  - (i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>2</sup> in addition to the acquisition price made

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1 "Business Day" refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

2 "other payments" refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

by Far East H-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Far East H-BT's interest);

- (ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value<sup>1</sup> of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>2</sup> made by Far East H-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of Far East H-BT's interest); or
  - (iii) the acquisition price of any investment purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):
    - (i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by Far East H-BT, plus any other payments<sup>3</sup> in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of Far East H-BT's interest);
    - (ii) the underlying value<sup>4</sup> of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>3</sup> received by the Far East H-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of Far East H-BT's interest); or
    - (iii) the sale price of the investment sold or divested by Far East H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

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1 For example, if Far East H-BT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by Far East H-BT as purchase consideration and any debt of the special purpose company.

2 "**other payments**" refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

3 "**other payments**" refer to additional payments to Far East H-BT or its SPVs for the sale of the real estate, for example, where Far East H-BT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

4 For example, if Far East H-BT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by Far East H-BT as sale price and any debt of the special purpose company.



The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, Far East H-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.

The acquisition fee or, as the case may be, the divestment fee is payable as soon as practicable after the completion of the acquisition of the Authorised Investment or, as the case may be, the completion of the sale or disposal. For so long as the Stapled Securities or, as the case may be, Far East H-BT Units are listed, when acquisition fee or, as the case may be, the divestment fee are payable in the form of Stapled Securities or, as the case may be, Far East H-BT Units, the Far East H-BT Manager shall be entitled to receive such number of Stapled Securities or, as the case may be, Far East H-BT Units as may be purchased with the relevant amount of the acquisition fee or, as the case may be, the divestment fee at an issue price equivalent to the “market price”, *i.e.* the volume weighted average price per Stapled Security or, as the case may be, Far East H-BT Units for all trades on the SGX-ST, in the ordinary course of trading, for the last 10 Business Days of the relevant period in which the acquisition fees accrue.

Any increase in the rate or any change in the structure of the Trustee-Manager’s management fee and trustee fee, or in the maximum permitted level of the acquisition fee or divestment fee, must be approved by an Extraordinary Resolution passed at a meeting of holders of Far East H-BT Units duly convened and held in accordance with the provisions of the Far East H-BT Trust Deed.

#### ***Development management fee payable to the Trustee-Manager***

The Trustee-Manager is also 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 Far East H-BT.

When the estimated Total Project Costs are greater than S\$100.0 million, the Trustee-Manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the Trustee-Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Trustee-Manager’s view, materially lower than the development management fee, the Trustee-Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of Far East H-BT.

For the avoidance of doubt, no acquisition fee shall be paid when the Trustee-Manager receives the development management fee for a Development Project.

Any increase in the percentage of the development management fee or any change in the structure of the development management fee must be approved by an Extraordinary Resolution passed at a meeting of holders of Far East H-BT Units duly convened and held in accordance with the provisions of the Far East H-BT Trust Deed.

(See “Overview — The Structure of Far East H-Trust — Certain Fees and Charges” for further details).



## **Retirement or Removal of the Trustee-Manager**

Under the BTA, the Trustee-Manager may only be removed, as trustee-manager of Far East H-BT, if a resolution to remove the Trustee-Manager is approved by holders of Far East H-BT Units holding in the aggregate not less than three-fourths of the voting rights of all the holders of the Far East H-BT Units who, being entitled to do so, vote in person or where proxies are allowed, by proxy present at a meeting of the holders of Far East H-BT Units or the Trustee-Manager may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with such procedures as the MAS may prescribe. Any purported change of the trustee-manager of a registered business trust is ineffective unless it is made in accordance with the BTA.

The Trustee-Manager will remain the trustee-manager of Far East H-BT until another person is appointed by:

- the holders of Far East H-BT Units to be the trustee-manager of Far East H-BT; or
- the court under Section 21(1) of the BTA to be the temporary trustee-manager of Far East H-BT,

and such appointment shall be effective from the date stated in the resolution of the holders of Far East H-BT Units or court order as the effective date of the appointment of the trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to Section 21(1) of the BTA, upon application by the MAS or the Trustee-Manager or a holder of Far East H-BT Units, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of Far East H-BT for a period of three months if the court is satisfied that the appointment is in the interest of the holders of Far East H-BT Units.

The temporary trustee-manager of Far East H-BT is required, within such time and in accordance with such requirements as may be prescribed by the MAS, to take such steps to enable the holders of Far East H-BT Units to appoint another person as the trustee-manager (not being a temporary trustee-manager) of Far East H-BT.

## **Corporate Governance of the Trustee-Manager**

The BTA stipulates requirements and obligations in respect of corporate governance that are more stringent than those for companies and collective investment schemes. Corporate governance of companies and collective investment schemes are governed by the Code of Corporate Governance 2012 and, in the case of collective investment schemes, the CIS Code. The Code of Corporate Governance 2012 and the CIS Code only set out broad principles for guidance while the regime under the BTA sets out the requirements for, among other things, board composition of a trustee-manager and independence of directors of a trustee-manager. The following is a summary of the material provisions of the BTA insofar as they relate to the Trustee-Manager Board.

### ***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 five members, three of whom are Independent Directors for the purposes of the BTA. In the event that Far East H-BT becomes active, the number of directors on the Trustee-Manager Board will be a minimum of five directors, and the Trustee-Manager shall ensure that its Board shall comprise of a majority of independent Directors for the purposes of the BTA.

In addition, for so long as Far East H-Trust is part of a stapled group and in the event that Far East H-BT becomes active, the composition of the boards of directors of the REIT Manager and the Trustee-Manager shall consist of the same individuals and shall comply with the relevant laws, regulations and guidelines or any other applicable laws and regulations.

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.

### ***Independence of the Trustee-Manager Directors***

A majority of the Trustee-Manager Directors must be independent from management and business relationships with the Trustee-Manager.

#### **(i) Independence from management and business relationships**

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of Far East H-BT or Far East H-Trust), a Trustee-Manager Director must not have any:

- management relationships with the Trustee-Manager or with any of its subsidiaries; and
- business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his independent judgment with regard to the interests of all the holders of Far East H-BT Units as a whole.

#### **(ii) Independence from management relationships**

A Trustee-Manager Director is not considered to be independent from management relationships with the Trustee-Manager if:

- he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;

- any member of his immediate family:
  - is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the Trustee-Manager Board or the subsidiary, as the case may be; or
  - has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or
- he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

(iii) Independence from business relationships

A Trustee-Manager Director is not considered to be independent from business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, if:

- he is a Substantial shareholder of the Trustee-Manager, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of Far East H-BT or Far East H-Trust) at any time during the current or immediately preceding financial year of the Trustee-Manager; or
- he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as an Trustee-Manager Director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

(iv) Independence from Substantial shareholders of the Trustee-Manager

A Trustee-Manager Director is considered to be independent from a Substantial shareholder of the Trustee-Manager if he is not that Substantial shareholder or is not connected to that Substantial shareholder.

The Trustee-Manager Director is connected to the Substantial shareholder if:

- in the case where the Substantial shareholder is an individual, the Trustee-Manager Director is:
  - a member of the immediate family of the Substantial shareholder;
  - a partner of a firm of which the Substantial shareholder is also a partner; or
  - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial shareholder; or
- in the case where the Substantial shareholder is an corporation, the Trustee-Manager Director is:
  - employed by the Substantial shareholder;

- employed by a subsidiary or an associated company (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005) of the Substantial shareholder;
- a director of the Substantial shareholder;
- an executive director of a subsidiary or an associated company of the Substantial shareholder;
- a non-executive director of a subsidiary or an associated company of the Substantial shareholder, where the subsidiary or associated company is not the Trustee-Manager;
- a partner of a firm of which the Substantial shareholder is also a partner; or
- accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial shareholder.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a Substantial shareholder as the Managers are 67.0% owned by FAMPL, which is a wholly-owned subsidiary of FEOC, and 33.0% owned by Far East Orchard, which as at the date of this Prospectus is 59.8% owned by FEOPL. FEOC, FEOPL and Far East Orchard are all members of the Sponsor.

Operationally, the structure of Far East H-Trust would require a high degree of co-operation between the Managers. In order for Far East H-REIT and Far East H-BT to function effectively, it is important that the Managers co-operate with each other in, for example:

- sharing accounting and other information as may be necessary or desirable to fulfil their respective obligations under the stapling deed;
- preparing and providing financial information to investors;
- holding general meetings;
- issuing Stapled Securities; and
- making distributions.

An application has been made to the MAS for an exemption from the requirement for the Trustee-Manager Directors to be independent from the Substantial shareholders of the Trustee-Manager, namely, the Sponsor (including Far East Orchard), while Far East H-REIT is stapled to Far East H-BT, on the basis that there will be no real prejudice to the interests of the holders of Far East H-BT Units as the Far East H-BT Units and Far East H-REIT Units will be stapled together and held by the same investors. The stapling together of Far East H-BT Units and Far East H-REIT Units means that the holders of Far East H-BT Units 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. 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.

## **Dealings in Stapled Securities or, as the case may be, Far East H-BT Units**

Currently, the BTA requires each Trustee-Manager Director to give notice in writing to the Trustee-Manager of his acquisition of Stapled Securities or (in the event that Unstapling has taken place) Far East H-BT Units or changes in the number of Stapled Securities, or, as the case may be, Far East H-BT Units which he holds or in which he has an interest, within two Business Days after the date on which the Trustee-Manager Director became a director of the Trustee-Manager or the date of such acquisition or the occurrence of the event giving rise to changes in the number of Stapled Securities, or, as the case may be, Far East H-BT Units which he holds or in which he has an interest.

Upon the coming into force of the Securities and Futures (Amendment) Act 2009, Section 137N of the SFA will require each Trustee-Manager Director and the Trustee-Manager Chief Executive Officer to give notice in writing to the Trustee-Manager of, among other things, particulars of his interest in Far East H-BT Units or of changes in the number of Far East H-BT Units which he has an interest, within two Business Days after the date on which the Trustee-Manager Director or Trustee-Manager Chief Executive Officer became a director or chief executive officer of the Trustee-Manager or the date on which he acquires an interest in the Far East H-BT Units or he becomes aware of the occurrence of the event giving rise to changes in the number of Far East H-BT Units in which he has an interest.

All dealings in Stapled Securities or, as the case may be, Far East H-BT Units by the Trustee-Manager Directors and, upon the coming into force of the Securities and Futures (Amendment) Act 2009, the Chief Executive Officer of the Trustee-Manager, will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

The directors and employees of the Trustee-Manager are prohibited from dealing in the Stapled Securities or, as the case may be, Far East H-BT Units:

- in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of Far East H-Trust or (in the event that Unstapling has taken place) Far East H-BT, and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and
- at any time while in possession of price sensitive information.

The directors and employees of the Trustee-Manager are also prohibited from communicating price sensitive information to any person.

All employees must obtain clearance from the Compliance Officer at least two days prior to any intended purchase or sale of the Stapled Securities (or as the case may be) or Far East H-BT Units. In addition, the trading pre-clearance process requires an employee to represent, *inter alia* prior to making any trade in any Stapled Securities or (as the case may be) Far East H-BT Units that:

- he/she is not in possession of material non-public information with respect to the Stapled Securities or (as the case may be) Far East H-BT Units, Far East H-BT or Far East H-Trust; and
- the trade is not inconsistent with the best interests of, and does not give rise to a potential breach of fiduciary duty owed to the Trustee-Manager.

Upon the coming into force of the Securities and Futures (Amendment) Act 2009, Section 137R of the SFA will require the Trustee-Manager to announce to the SGX-ST the particulars of its holdings in the Far East H-BT Units and any changes thereto as soon as practicable and in any case no later than the end of the Business Day in Singapore following the day on which it acquires or, as the case may be, disposes of any Far East H-BT Units.

### **Management of Business Risk**

The following will be put in place by the Trustee-Manager to manage business risk when 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 and feasibility studies on individual development projects 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.

### **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 Stapled Securityholder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Stapled Securityholder),

would constitute an Interested Person Transaction.

### ***The Trustee-Manager's Internal Control System***

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 Stapled Securityholders.

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 a Related Party of the Trustee-Manager (which would include relevant associates thereof) or Far East H-BT, the Trustee-Manager is required to 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 Stapled Securityholders; and
- in accordance 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 a Related Party 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.

Save for the transactions described under “Management and Corporate Governance — Far East H-BT — Interested Person Transactions and Potential Conflicts of Interest — Interested Person Transactions in Connection with the Setting up of Far East H-BT”, 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-BT’s annual report for the relevant financial year.

#### ***Interested Person Transactions in connection with the setting up of Far East H-BT***

The Trustee-Manager, on behalf of Far East H-BT, entered into a number of transactions with certain Interested Persons in connection with the setting up of Far East H-BT. These Interested Person Transactions are as follows:

- The Trustee-Manager entered into the Far East H-BT Trust Deed in connection with the setting up of Far East H-BT. The Trustee-Manager has also entered into the Stapling Deed with the REIT Manager and REIT Trustee. The terms of the Far East H-BT Trust Deed and Stapling Deed are generally described in “The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT”.

#### ***Exempted Agreements***

The entry into and the fees and charges payable by Far East H-BT under the Far East H-BT Trust Deed and the Stapling Deed, which each constitutes an Interested Person Transaction, are deemed to have been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities 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-BT. However, the renewal of such



agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual. (See “Overview — Certain Fees and Charges” for the fees and charges payable by Far East H-BT in connection with the establishment of Far East H-BT.)

Any renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual. (See “Management and Corporate Governance — Far East H-BT — Interested Person Transactions and Potential Conflicts of Interest — The Trustee-Manager’s Internal Control System” for further details.)

### ***Future Interested Person Transactions***

Far East H-BT is regulated by the Listing Manual and the BTA. The Listing Manual and the BTA regulate all Interested Person Transactions. Depending on the materiality of the transaction, Far East H-BT may be required to make a public announcement of the transaction (pursuant to Rule 905 of the Listing Manual), or to make a public announcement of and to obtain the prior approval of Stapled Securityholders for the transaction (pursuant to Rule 906 of the Listing Manual). Section 86 of the BTA further requires (i) the Board to make a written statement in accordance with a resolution of the Board and signed by not less than two Directors on behalf of the Board certifying that, among other things, the relevant Interested Person Transaction is not detrimental to the interests of all Stapled Securityholders as a whole based on the circumstances at the time of the transaction, and (ii) the Chief Executive Officer of Far East H-BT to, in his or her personal capacity, make a written statement certifying that he or she is not aware of any violation of duties of the Trustee-Manager that would have a material adverse effect on the business of Far East H-BT and the interests of all Stapled Securityholders as a whole. These statements must be annexed to the profit and loss accounts of Far East H-BT in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Board to attach to Far East H-BT’s profit and loss accounts, a statement of policies and practices in relation to management and governance of Far East H-BT containing such information as prescribed by Regulation 20 of the BTR including, among other things, a description of measures put in place by the Trustee-Manager to review Interested Person Transactions in relation to Far East H-BT.

The Far East H-BT Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as the BTA and such other guidelines relating to Interested Person Transactions as may be prescribed by the MAS or the SGX-ST applying to business trusts.

The Trustee-Manager may at any time in the future seek a general annual mandate from Stapled Securityholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with Interested Persons, and all transactions conducted under such a general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee-Manager will appoint an independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of Far East H-BT and Stapled Securityholders.

Both the BTA and the Listing Manual requirements would have to be complied with in respect of a proposed Interested Person Transaction that is prima facie governed by both sets of rules. Where matters concerning Far East H-BT relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of Far East H-BT with an Interested Person (as defined under the Listing Manual and/or the BTA), the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

### ***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-Trust must be approved by a majority of the Trustee-Manager Directors, including at least one Independent Trustee-Manager Director;
- all executive officers 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 a Related Party 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 Stapled Securityholders 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 a Related Party 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.

It should be noted that under Section 6(3) of the BTA, the Trustee Manager is prohibited from carrying on any business other than the management and operation of Far East H-BT as its trustee-manager.

### **THE HOTEL AND SERVICED RESIDENCE OPERATOR**

Jelco, the Hotel and Serviced Residence Operator, has been appointed as the property manager of the Excluded Commercial Premises, which will not be subject to any master lease

arrangement upon acquisition by Far East H-REIT. Jelco is currently a wholly-owned subsidiary of Far East Orchard, and was incorporated in Singapore on 6 October 1989. Its registered address is 14 Scotts Road #06-01, Far East Plaza, Singapore 228213. As at 31 March 2012, Jelco has an issued and paid-up capital of approximately S\$396.1 million.

## **ANNUAL REPORTS**

So long as Far East H-REIT is stapled to Far East H-BT, an annual report covering the period incorporating disclosures as required under the Listing Manual and all relevant laws will be issued by Far East H-Trust within the timeframe as set out in the Listing Manual and the CIS Code, and at least 14 days before the annual general meeting of Stapled Securityholders, which will comprise consolidated financial statements of Far East H-Trust and the separate financial statements of Far East H-REIT and Far East H-BT to Stapled Securityholders within three months from the end of each accounting period of Far East H-Trust containing, among other things, the following key items:

- (i) details of all real estate transactions entered into during the accounting period;
- (ii) details of Far East H-REIT's and (if applicable) Far East H-BT's real estate assets;
- (iii) if applicable, with respect to investments other than real estate property:
  - (i) a brief description of the business;
  - (ii) proportion of share capital owned;
  - (iii) cost;
  - (iv) (if relevant) directors of the Managers' valuation and in the case of listed investments, market value;
  - (v) dividends received during the year (indicating any interim dividends);
  - (vi) dividend cover or underlying earnings;
  - (vii) any extraordinary items; and
  - (viii) net assets attributable to investments;
- (iv) cost of each property held by Far East H-REIT and (if applicable) Far East H-BT;
- (v) annual valuation of each property of Far East H-REIT and (if applicable) Far East H-BT;
- (vi) analysis of provision for diminution in value of each property of Far East H-REIT and (if applicable) Far East H-BT (to the extent possible);
- (vii) annual rental income for each property;
- (viii) occupancy rates for each property;
- (ix) remaining term for each of Far East H-REIT's and (if applicable) Far East H-BT's leasehold properties;
- (x) amount of distributable income of Far East H-REIT and (if applicable) Far East H-BT held pending distribution;
- (xi) details of assets other than real estate of Far East H-REIT and (if applicable) Far East H-BT;

- (xii) details of Far East H-REIT's and (if applicable) Far East H-BT's exposure to derivatives;
- (xiii) details of Far East H-REIT's and (if applicable) Far East H-BT's investments in other property funds;
- (xiv) details of borrowings by and other financial accommodation to Far East H-REIT and (if applicable) Far East H-BT;
- (xv) value of the Far East H-REIT Deposited Property and the NAV of Far East H-REIT and Far East H-BT at the beginning and end of the accounting period under review;
- (xvi) the prices at which the Stapled Securities were quoted at the beginning and end of the accounting period, and the highest and lowest prices at which the Stapled Securities were traded on the SGX-ST during the accounting period;
- (xvii) volume of trade in the Stapled Securities during the accounting period;
- (xviii) the aggregate value of all transactions entered into by Far East H-REIT with a Related Party and all transactions entered into by (if applicable) Far East H-BT with an Interested Party during the accounting period under review;
- (xix) total operating expenses of Far East H-REIT and (if applicable) Far East H-BT in respect of the accounting period, including expenses paid to the REIT Manager, the REIT Trustee, the Trustee-Manager and Related Parties (if any), and taxation incurred in relation to Far East H-REIT's and (if applicable) Far East H-BT's properties;
- (xx) historical performance of Far East H-REIT and (if applicable) Far East H-BT, including rental income obtained and occupancy rate for each property where applicable in respect of the accounting period and other various periods of time (e.g. one-year, three-year, five-year or 10-year) and any distributions made;
- (xxi) names of the REIT Manager, the REIT Trustee and the Trustee-Manager, together with an indication of the terms and duration of their appointment and the basis of their remuneration;
- (xxii) total amount of fees paid to the REIT Manager, the REIT Trustee and the Trustee-Manager and the price(s) at which any Stapled Securities were issued in part payment thereof;
- (xxiii) an analysis of realised and unrealised surpluses or losses, stating separately profits and losses as between listed and unlisted investments, if applicable;
- (xxiv) any extraordinary items; and
- (xxv) such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

The first report will cover the period from the Listing Date to 31 December 2012.

Additionally, Far East H-Trust will announce the NAV of Far East H-REIT and Far East H-BT on a quarterly basis. The announcement of the NAV of Far East H-REIT and Far East H-BT will be based on the latest available valuation of the real estate of Far East H-REIT and Far East H-BT, which will be conducted at least once a year (as required under the Property Funds Appendix). The first such valuation will be conducted by 31 December 2012.

The Trustee-Manager Board is also required under Section 86 of the BTA to make a written statement, in accordance with a board resolution and signed by not less than two directors on behalf of the Trustee-Manager Board, certifying that:

- (i) fees or charges paid or payable out of the Far East H-BT Trust Property to the Trustee-Manager are in accordance with the Far East H-BT Trust Deed;
- (ii) Interested Person Transactions are not detrimental to the interests of all the holders of Far East H-BT Units as a whole based on the circumstances at the time of the transaction; and
- (iii) The Trustee-Manager Board 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 holders of Far East H-BT Units as a whole.

Such statement must be attached to the profit and loss accounts of Far East H-BT.

## THE SPONSOR

### THE SPONSOR

The Sponsor, comprising (i) FEOC, (ii) FEOPL, (iii) Golden Development Private Limited, (iv) Glory Realty Co. Private Ltd., (v) F. E. Holdings Pte. Ltd., (vi) Boo Han Holdings Pte. Ltd., (vii) Lucky Realty Company Pte Ltd, (viii) Orchard Landmark Pte. Ltd. and their respective subsidiaries, is a group of companies under Far East Organization which will be the vendors from whom Far East H-REIT will acquire the Properties (the “**Vendors**”) and companies which directly or indirectly hold the pipeline of hospitality properties that fall or may potentially fall within the Sponsor ROFRs. The Sponsor’s hospitality assets in Singapore include seven hotels and nine serviced residences with a combined inventory of approximately 3,200 units and are valued at more than S\$3.0 billion as at 31 December 2011.

The Sponsor includes Far East Orchard, a company listed on the SGX-ST with core businesses in hospitality, investment holding and property investment. As at 31 December 2011, the Sponsor has a total net asset value exceeding S\$2.0 billion.

### FAR EAST ORGANIZATION

Since its establishment in 1960, Far East Organization has been contributing to the transformation of Singapore’s urban landscape through its pioneering of innovative real estate products and solutions in Singapore. As at 31 December 2011, Far East Organization has developed a full spectrum of real estate products in the residential, hospitality, commercial, medical and industrial sectors, selling over 42,000 residential units or one in six private homes in Singapore. For 2011, Far East Organization sold 2,718 homes in Singapore, the highest ever residential sales number ever achieved by a property developer, approximately double that of its nearest competitor, which sold 1,434 homes<sup>1</sup>. Far East Organization is also a leader in introducing Singapore to many of the property industry’s “firsts” such as:






- Far East Shopping Centre — the first multi-storey retail mall along Orchard Road;
- Far East Plaza — One of the first mixed-use developments with retail, office and residential components; and
- Far East SOHO — a new integrated lifestyle concept.

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1 URA, DTZ Research. URA and DTZ Research have not provided their consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the reports published by URA and DTZ Research are reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such reports or verified the accuracy of the contents of the relevant information.



Far East Organization is the pioneer of innovative real estate products and solutions in Singapore

 <ul style="list-style-type: none"> <li>Singapore's first homes with turfed rooftop garden – <b>Katong Seaview Palace</b></li> <li>Transformation of Bukit Timah area with major development project of 2.3m sq ft – <b>Watten Estate</b></li> </ul>	 <ul style="list-style-type: none"> <li>Introduced Singapore's first high-rise retail / office development in Orchard Road – <b>Far East Shopping Centre</b></li> <li><b>Lucky Plaza</b> – first multi-storey retail mall in Orchard Road with observatory lift with airconditioning</li> </ul>	 <ul style="list-style-type: none"> <li><b>Far East Plaza</b> – considered "<b>Biggest Tourist Shopping Centre in Southeast Asia</b>" then, also first residential development offering services</li> <li><b>Orchard Plaza</b> – built on the first Government land sales site on Orchard Road</li> </ul>	 <ul style="list-style-type: none"> <li><b>Bayshore</b> – first development to receive multiple awards including BCA Best Buildable Design and FIABCI Prix d-Excellence (Residential)</li> <li><b>Far East Square</b> – unique conservation development that won the FIABCI Prix d-Excellence award (Specialised)</li> </ul>	 <ul style="list-style-type: none"> <li><b>ICON</b> – First inner-city living project</li> <li><b>Novena Medical Center</b> – First foray into healthcare services</li> <li><b>Far East SOHO</b> – Pioneered new integrated lifestyle concept</li> <li><b>SOHO at Central</b> – First "live-work-play" project by the Singapore River</li> <li><b>Inessence</b> – New ultra luxury development brand</li> <li><b>euHabitat</b> – Unique development comprising four exceptional habitats (SOHO-concept homes, suites, condominiums and townhouses)</li> </ul>
1960s	1970s	1980s	1990s	2000s and Beyond

In addition to its private development and investment arm, the Sponsor includes Far East Orchard, a public-listed hotel and property group in which the Sponsor owns a majority interest of 59.8%, and as of 31 December 2011, the Sponsor also holds an effective interest of 60.4% in Yeo Hiap Seng Limited, a public-listed industry pioneer with over 100 years' history in the manufacture and distribution of food and beverage products.

Winner of the "Best Developer in South East Asia and Singapore" award at the South East Asia Property Awards 2011, Far East Organization is also a multiple winner of the prestigious FIABCI Prix d'Excellence Awards, underscoring its unique achievements in the international and regional real estate arena. To date, Far East Organization is the only developer in the world to have won seven FIABCI Prix d'Excellence Awards.

Far East Organization engages in all aspects of real estate development and investment. Far East Organization's property development portfolio includes over 12.0 million sq ft in GFA of development land bank and over 10.0 million sq ft of projects in various stages of construction in Singapore. In addition, Far East Organization owns and operates an investment portfolio of hotels/serviced residences, residential, retail/commercial, and industrial properties in Singapore with NLA totalling over 10.0 million sq ft.

This varied portfolio is fully managed by Far East Organization's in-house specialist team that provides the full spectrum of property services and group resources to support the various business operations.

Recent government land sales have been increasingly geared towards mixed-use developments, and Far East Organization has been actively involved in various bidding processes for such mixed-use developments either alone or through joint ventures. Since the start of 2010, Far East Organization has bid for and won more than 20 land sites including property acquisitions, totalling more than 7.0 million sq ft of GFA, valued at more than S\$4.0 billion. Far East Organization's successful bidding track record is expected to provide future pipeline projects for Far East H-Trust.



Some examples of hospitality properties within the mixed-use projects currently being developed by Far East Organization include:

- *Oasia Downtown Hotel*: Oasia Downtown Hotel is a 314-room hotel with approximately 100 commercial SOHOs. Oasia Downtown Hotel is designed by award-winning Singapore-based architecture practice, WOHA and Spanish interior designer Patricia Urquiola. The expected date of obtaining a TOP is 2H2015.
- *Oasia West Residences*: Oasia West Residences is slated to be part of a mixed-use residential and serviced residence development. Upon completion and subject to approval of URA, the development is expected to have more than 170 residential units comprising SOHO units, condominium units and townhouses, as well as 116 serviced residence units. The expected date of obtaining TOP is 2H2015.

## THE FORMATION AND STRUCTURE OF FAR EAST H-TRUST, FAR EAST H-REIT AND FAR EAST H-BT

*The Deeds are complex documents and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Deeds. Investors should refer to the Deeds themselves to confirm specific information or for a detailed understanding of Far East H-Trust, Far East H-REIT and Far East H-BT. A copy of the Stapling Deed and the Far East H-REIT Trust Deed are available for inspection at the registered office of the REIT Manager while a copy of the Stapling Deed and the Far East H-BT Trust Deed are available for inspection at the registered office of the Trustee-Manager.*

### THE FORMATION AND STRUCTURE OF FAR EAST H-TRUST

Far East H-Trust is a hospitality stapled group comprising units in Far East H-REIT and Far East H-BT. The Far East H-REIT Units and Far East H-BT Units are stapled together under the terms of the Stapling Deed and cannot be traded separately. The Far East H-REIT Units and Far East H-BT Units together form the Stapled Securities, and are treated as one instrument. Far East H-REIT cannot issue (including the issue of partly paid units), transfer, register the transfer, consolidate or divide, redeem or buy back or cancel any of its units, unless the same action occurs in respect of Far East H-BT, and *vice versa*.

As at the Listing Date, Far East H-BT will be dormant. It will, however, become active if any of the following occurs:

- It is appointed by Far East H-REIT as a master lessee of a Property. Far East H-BT will not, however, manage or operate any of the hotel or serviced residence assets in Far East H-REIT's portfolio, and the intention is for Far East H-BT to appoint a professional hotel and serviced residence operator, such as Jelco, to manage that hotel or serviced residence. Far East H-BT exists primarily as "a master lessee of last resort" with regard to the Properties so that in the event that the Master Lessees terminate or do not renew the Master Lease Agreements beyond their initial terms and Far East H-REIT is unable to lease any of the Properties to another master lessee for any reason, including failing to reach agreement on commercially favourable terms with other potential master lessees, then Far East H-BT will enter into a master lease agreement for the Property on substantially the same terms as the previous Master Lease Agreement (see "The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT — The Formation and Structure of Far East H-BT" for further details);
- Far East H-REIT acquires hotels or serviced residences in the future, and, if there are no other suitable master lessees, leases these acquired hotels or serviced residences to Far East H-BT. Far East H-BT will then become a master lessee for that hotel or serviced residence and will appoint a professional manager to manage that hotel or serviced residence; or
- Far East H-BT expands into other activities on its own such as project development and asset acquisitions.

Further, through Far East H-BT, Far East H-Trust may undertake certain hospitality-related development projects, acquisitions and investments which may not be suitable for Far East H-REIT. Far East H-BT may thus acquire and/or invest in properties in its own name.

Far East H-REIT will not guarantee any debt of Far East H-BT, and *vice versa*. This will help to shield each entity from the other's financial obligations because each entity's creditors will not have recourse to the other.

### **The Stapling Deed**

The Far East H-REIT Units and Far East H-BT Units are stapled together under the terms of the Stapling Deed. The Stapling Deed is governed by the laws of Singapore. In the event of any inconsistencies, the terms and conditions of the Stapling Deed takes precedence over the respective constitutions of the two entities forming Far East H-Trust namely, the Far East H-REIT Trust Deed and the Far East H-BT Trust Deed.

Under the terms of the Stapling Deed, Far East H-REIT and Far East H-BT must co-operate with each other in all matters concerning the Stapled Securities and must make available to each other all information in their possession as may be necessary or desirable to fulfil their respective obligations under the Stapling Deed. Far East H-REIT and Far East H-BT must also keep confidential any information obtained concerning the affairs or assets of the other.

Notwithstanding the above, Far East H-REIT and Far East H-BT will remain separate entities. The Stapling Deed does not create any association, joint venture or partnership between Far East H-REIT and Far East H-BT for any purpose or authorising the sharing of the benefits of any assets (and any profits therefrom).

The Stapling Deed requires each Stapled Securityholder to hold the same number of Far East H-REIT Units and Far East H-BT Units. These units are stapled, meaning that an individual Far East H-REIT Unit may not be transferred, or otherwise dealt with, without the other corresponding stapled Far East H-BT Unit and *vice versa*. The units that together form each of the Stapled Securities are treated as one instrument for trading purposes. Each of the entities in Far East H-Trust must not issue (including the issue of partly paid units and options), transfer, register the transfer, consolidate or divide, redeem or buy back or cancel any of the instruments that constitute the Stapled Securities unless the same action occurs in respect of the other constituent instruments and *vice versa*. For example, a takeover relating to Far East H-Trust would need to apply to all components of the Stapled Securities.

In addition, so long as the Far East H-REIT Units and Far East H-BT Units are stapled together, in relation to:

- **Co-operation** — The Managers must co-operate with each other to ensure that each entity complies with its obligations under the Stapling Deed, the Far East H-REIT Trust Deed or, as the case may be, the Far East H-BT Trust Deed, the Companies Act, the SFA, the Listing Manual, the Property Funds Appendix, the Hotels Act and any other legislation and regulations that may be relevant, as applicable;
- **Administration** — Far East H-REIT and Far East H-BT must co-operate with each other to carry out all the activities necessary for the administration of Far East H-Trust such as developing and maintaining investor relations, including but not limited to customer service to investors, register analysis, information coordination and distribution, coordination of investor and analyst briefing and marketing, coordination of media releases and SGX-ST announcements (if applicable); corporate branding; and liaising with and responding to queries from the public in relation to Far East H-Trust;

- **Issue price** — The Managers must agree from time to time the proportion of the issue price, the repurchase price or buy-back price of a Stapled Security which is to represent the issue price, the repurchase price or the buy-back price of each unit comprising the Stapled Security. The allocation of this amount is to be determined by agreement between the Managers before the issue, redemption or buy-back of the Stapled Security;
- **Options** — An offering or issue of options over the Stapled Securities may only take place if it is part of a concurrent offering or issue of options in Far East H-REIT Units and Far East H-BT Units. An option may only be exercised if, at the same time as Far East H-REIT Units are acquired under one option, the same person exercises an option over an identical number of units in Far East H-BT;
- **Meetings** — The directors or other representatives of the Managers may attend and speak at any meeting of the holders of Far East H-REIT Units and any meeting of the holders of Far East H-BT Units or invite any other person to attend and speak. If permitted by the Companies Act, any meeting of the holders of Far East H-REIT Units and any meeting of the holders of Far East H-BT Units may be held with and as part of a joint meeting of the holders of each entity. At any such joint meeting, on a show of hands, each Stapled Securityholder has one vote, and on a poll, each Stapled Securityholder has one vote per Stapled Security;
- **Joint expenses** — All fees, costs, charges and expenses properly and reasonably incurred by the REIT Manager, the REIT Trustee and the Trustee-Manager in the carrying out of their duties under the Stapling Deed shall be paid in accordance with any agreement between the REIT Manager, the REIT Trustee and the Trustee-Manager. If the REIT Manager, the REIT Trustee and the Trustee-Manager are unable to reach agreement, the expenses will be borne equally between Far East H-REIT and Far East H-BT;
- **Interests of Stapled Securityholders** — So long as Far East H-REIT Units remain stapled to Far East H-BT Units, in exercising any power or discretion, (i) the REIT Manager, the REIT Trustee and the Trustee-Manager may have regard to the interests of Stapled Securityholders as a whole and not only to the interests of the holders of Far East H-REIT Units or holders of Far East H-BT Units separately; (ii) the REIT Manager shall exercise all due diligence and vigilance to safeguard the rights and interests of Stapled Securityholders whose rights and interests shall prevail in the event of a conflict of interests between the REIT Manager and the shareholder(s) of the REIT Manager collectively, and Stapled Securityholders; and (iii) the Trustee-Manager shall exercise all due diligence and vigilance to safeguard the rights and interests of Stapled Securityholders whose rights and interests shall prevail in the event of a conflict of interests between the Trustee-Manager and the shareholder(s) of the Trustee-Manager collectively, and Stapled Securityholders; and
- **Allocation of funds** — The Managers have the flexibility to allocate funds between Far East H-REIT and Far East H-BT.

Subject to the Companies Act, the SFA, the Listing Manual, the CIS Code (including the Property Funds Appendix) and any other relevant legislation or regulations, Far East H-REIT and Far East H-BT may agree to cause the stapling of any further security to the Stapled Securities. Any such “attached securities” may be governed by the laws of a jurisdiction other

than Singapore, and in the case of units in a trust constituted outside Singapore, subject to the grant by the MAS (at its discretion) of the relevant exemption under Singapore law if and when such stapling occurs. For the purposes of any such stapling, Far East H-REIT and Far East H-BT may make an in-specie distribution of securities to Stapled Securityholders.

### **Unstapling**

From 1 August 2012, all Stapled Securities will remain stapled for so long as the Stapled Securities remain in issue, unless otherwise determined by (a) Extraordinary Resolutions passed by the holders of Far East H-REIT Units and the holders of Far East H-BT Units respectively, and prior approval from the SGX-ST for such Unstapling; or (b) if stapling becomes unlawful or prohibited by the relevant laws, regulations and guidelines, and with notification provided to the SGX-ST prior to such Unstapling; or (c) if either Far East H-REIT or, as the case may be, Far East H-BT is terminated or (as the case may be) wound up.

On and from the occurrence of an abovementioned Unstapling event, the Managers must procure that Far East H-REIT Units and Far East H-BT Units are unstapled. The Stapling Deed will cease to be of effect from that point in time except in relation to certain on-going obligations stated in the Stapling Deed.

If, as a consequence of Unstapling, the Far East H-REIT Units and the Far East H-BT Units are no longer stapled, the Managers must promptly:

- repay any outstanding amount (including any interest thereon) under any loan given to it by the other stapling entity prior to Unstapling, unless the other party agrees otherwise;
- pay any outstanding amounts (including any interests thereon) which the REIT Manager or the Trustee-Manager has agreed is its responsibility to repay (unless the Managers otherwise agree); and
- obtain a release from the other stapling entity from any guarantee or other security given by that other stapling entity on its behalf to any person.

### **Issue of the Stapled Securities**

The following is a summary of the provisions of the Deeds relating to the issue of Stapled Securities, on the assumption that the Far East H-REIT Units will remain stapled to the Far East H-BT Units.

The Managers have the joint exclusive right to issue Stapled Securities. The provisions of the Deeds provide that for so long as Far East H-Trust is listed on the SGX-ST or such other stock exchange of repute in any part of the world ("**Recognised Stock Exchange**") and Far East H-REIT Units remain stapled to Far East H-BT Units, the Managers may, in accordance with the Deeds and such laws, rules and regulations as may be applicable (including the provisions of the Listing Manual), issue further Stapled Securities on any Business Day at an issue price per Stapled Security equal to the "market price", without prior approval of the holders of Far East H-REIT Units and Far East H-BT Units. However, Stapled Securityholders should note that the right of the Managers to issue Stapled Securities is subject to the following:

- (a) pursuant to the Listing Rules and Section 36 of the BTA (in the case of Far East H-BT), Stapled Securityholders must give prior approval to the Managers (whether by way of a

general mandate or by way of a specific approval) by Ordinary Resolution in general meetings of the holders of Far East H-REIT Units and general meetings of the holders of Far East H-BT Units before the Managers can jointly issue additional Stapled Securities.

- (b) pursuant to the Listing Rules, the scope of the general mandate to be given in a general meeting of the holders of Far East H-REIT Units is limited to the issue of an aggregate number of additional Far East H-REIT Units which must not exceed 50.0% of the total number of Far East H-REIT Units in issue, of which the aggregate number of additional Far East H-REIT Units to be issued other than on a *pro rata* basis to the existing holders of Far East H-REIT Units must not exceed 20.0% of the total number of Far East H-REIT Units in issue (the “**Far East H-REIT Unit Issue Mandate**”);
- (c) similarly, pursuant to the Listing Rules, the scope of the general mandate to be given in a general meeting of the holders of Far East H-BT Units is limited to the issue of an aggregate number of additional Far East H-BT Units which must not exceed 50.0% of the total number of Far East H-BT Units in issue, of which the aggregate number of additional Far East H-BT Units to be issued other than on a *pro rata* basis to the existing holders of Far East H-BT Units must not exceed 20.0% of the total number of Far East H-BT Units in issue (the “**Far East H-BT Unit Issue Mandate**”); and
- (d) pursuant to Rule 804 and Rule 805 of the Listing Manual, the REIT Manager may not issue any new Far East H-REIT Units without the prior approval of the holders of Far East H-REIT Units in a general meeting, unless a general mandate for the issuance of new Far East H-REIT Units is obtained from the holders of Far East H-REIT Units and is still in force, subject to the limits specified in the Listing Rules. Similarly, pursuant to Section 36 of the BTA relating to the issue of new units in a business trust, the Trustee-Manager may not issue any new Far East H-BT Units without the prior approval of the holders of Far East H-BT Units in a general meeting, unless a general mandate for the issuance of new Far East H-BT units is obtained from the holders of Far East H-BT Units and is still in force.

For the purposes of the paragraph above, “**market price**” shall mean (i) the volume weighted average price per Stapled Security (if applicable, of the same class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which Far East H-Trust is listed, in the ordinary course of trading, for the period of 10 Business Days (or such other period as prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day or, (ii) where the Managers believe that such market price is not a fair reflection of the market price of a Stapled Security, such amount as determined between the REIT Manager, the Trustee-Manager and the REIT Trustee (after consultation with a stockbroker approved by the REIT Trustee), as being the fair market price of a Stapled Security.

The Managers shall comply with the Listing Rules or the listing rules of such relevant Recognised Stock Exchange in determining the issue price, including the issue price for a rights issue on a pro-rata basis to all existing Stapled Securityholders, the issue price of a Stapled Security issued other than by way of a rights issue offered on a pro-rata basis to all existing Stapled Securityholders, the issue price for any reinvestment of distribution arrangement, the issue price of any Stapled Securities which are issued as full or partial consideration of an Authorised Investment by Far East H-REIT or Far East H-BT and the issue price for a conversion of instruments which may be convertible into Stapled Securities.



Where the Stapled Securities are issued as full or partial consideration for the acquisition of an Authorised Investment in conjunction with an issue of Stapled Securities to raise cash for the balance of the consideration for the said investment (or part thereof) or for acquiring other investments in conjunction with the said investment, the Managers shall have the discretion to determine that the issue price of the Stapled Securities so issued as consideration shall be the same as the issue price for the Stapled Securities issued in conjunction with an issue of Stapled Securities to raise cash for the aforesaid purposes.

If in connection with an issue of a Stapled Security, any requisite payment of the issue price for such Stapled Security has not been received by the REIT Trustee and the Trustee-Manager before the seventh Business Day after the Stapled Security was agreed to be issued (or such other date as the Managers may agree), the Managers may cancel its agreement to issue such Stapled Security by giving notice to that effect, such Stapled Security will be deemed never to have been issued or agreed to be issued. In such an event, the Managers:

- shall be entitled to charge the investor (and retain the same for their own account) a cancellation fee of such amount as the Managers may from time to time determine to represent the administrative costs involved in processing the application for such Stapled Security from such applicant; and
- may, but shall not be bound to, require the applicant to pay to the Managers for the account of Far East H-REIT in respect of each Stapled Security so cancelled an amount (if any) by which the issue price of such Stapled Security exceeds the repurchase price applying if such Stapled Security was requested to have been repurchased or redeemed on the same day.

### **Stapled Security Issue Mandate**

As at the date of this Prospectus, Golden Development Private Limited is the sole Stapled Securityholder. Golden Development Private Limited has approved, and investors by subscribing for the Stapled Securities pursuant to or in connection with the Offering are deemed to have approved, (A) the issuance of the Stapled Securities pursuant to or in connection with the Offering, the Sponsor Stapled Securities and the Cornerstone Stapled Securities and (B) deemed to have given the authority (the “**Stapled Security Issue Mandate**”) to the Managers to:

- (i) (a) issue Stapled Securities whether by way of rights, bonus or otherwise; and/or
- (b) 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 Managers may in their absolute discretion deem fit; and
- (ii) issue Stapled Securities in pursuance of any Instrument made or granted by the Managers while the Stapled Security Issue Mandate was in force (notwithstanding that the authority conferred by the Stapled Security Issue Mandate may have ceased to be in force at the time such Stapled Securities are issued),



provided that:

- (A) the aggregate number of Stapled Securities to be issued pursuant to the Stapled Security Issue Mandate (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to the Stapled Security Issue Mandate) shall not exceed 50.0% of the total number of issued Stapled Securities (excluding treasury Stapled Securities, if any) (as calculated in accordance with sub-paragraph (B) 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 20.0% of the total number of issued Stapled Securities (excluding treasury Stapled Securities, if any) (as calculated in accordance with sub-paragraph (B) below);
- (B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (A) above, the total number of issued Stapled Securities (excluding treasury Stapled Securities, if any) shall be based on the number of issued Stapled Securities (excluding treasury Stapled Securities, if any) after completion of the Offering, after adjusting for any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
- (C) in exercising the Stapled Security Issue Mandate, the Managers shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST), the Far East H-REIT Trust Deed and the Far East H-BT Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);
- (D) (unless revoked or varied by Stapled Securityholders in a general meeting) the authority conferred by the Stapled Security Issue Mandate shall continue in force until (i) the conclusion of the first annual general meeting of Far East H-Trust or (ii) the date by which first annual general meeting of Far East H-Trust is required by applicable regulations to be held, whichever is earlier; and
- (E) 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 Managers are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by the Stapled Security Issue Mandate may have ceased to be in force at the time the Instruments or Stapled Securities are issued; and
- (F) the Managers and the REIT Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such other documents as may be required) as the Managers or, as the case may be, the REIT Trustee, may consider expedient or necessary or in the interest of Far East H-Trust to give effect to the authority conferred by the Stapled Security Issue Mandate.

Unless revoked or varied by Stapled Securityholders in a general meeting, such authority shall continue in full force until the conclusion of the first annual general meeting of Far East H-Trust or the date by which the first annual general meeting is required by law to be held, whichever is the earlier.

Far East H-REIT's and Far East H-BT's first financial year will be from 1 August 2012, the date of constitution as a REIT and a business trust respectively, to 31 December 2012. Accordingly, Far East H-REIT and Far East H-BT will hold their first annual general meeting by 30 April 2013, which is within 18 months from the date of constitution of Far East H-REIT and the date of registration of Far East H-BT. The Stapled Security Issue Mandate will be in force until that date.

### **Suspension of Issue of the Stapled Securities**

The REIT Manager, the REIT Trustee or the Trustee-Manager may, with the prior approval of the others, and subject to the Listing Manual (while Far East H-Trust is listed on the SGX-ST) or the listing rules of any other Recognised Stock Exchange (where the Stapled Securities are listed on such other Recognised Stock Exchange), suspend the issue of the Stapled Securities during any of the following events:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- the existence of any state of affairs which, in the opinion of the REIT Manager, the REIT Trustee or as the case may be, the Trustee-Manager, might seriously prejudice the interests of Stapled Securityholders as a whole, the Far East H-REIT Deposited Property or, as the case may be, the Far East H-BT Trust Property;
- any breakdown in the means of communication normally employed in determining the price of any investments of Far East H-Trust or (if relevant) the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of Far East H-Trust cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any investments of Far East H-Trust or (if relevant) in the payment for such asset of Far East H-Trust cannot, in the opinion of the REIT Manager, the Trustee-Manager or, as the case may be, the REIT Trustee, be carried out at normal rates of exchange;
- any period where the issuance of the Stapled Securities is suspended pursuant to any order or direction issued by the MAS or other relevant regulatory authorities;
- in relation to any general meeting of the holders of Far East H-REIT Units or the holders of Far East H-BT Units, any 48-hour period before such general meeting or any adjournment thereof; or
- when the business operations of the REIT Manager, the REIT Trustee or the Trustee-Manager in relation to Far East H-REIT or, as the case may be, Far East H-BT are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the REIT Manager, the Trustee-Manager or, as the case may be, the REIT Trustee and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the REIT Manager, the REIT Trustee or, as the case may be, the Trustee-Manager.

In the event of any suspension while Far East H-Trust is listed on the SGX-ST and/or any other Recognised Stock Exchange(s), the Managers shall ensure that immediate announcement of such suspension is made through the SGX-ST or the relevant Recognised Stock Exchange.

### **Redemption of the Stapled Securities**

#### ***When Far East H-Trust is listed on the SGX-ST and/or any other Recognised Stock Exchange***

The Managers are not obliged to repurchase or cause the redemption of Stapled Securities so long as Far East H-Trust is listed on the SGX-ST and/or any other Recognised Stock Exchange. It is intended that Stapled Securityholders may only deal in their listed Stapled Securities through trading on the SGX-ST. However, under the Stapling Deed, the Managers must consult and agree with each other on the terms for the repurchase and/or redemption of the Stapled Securities prior to taking any action. In the event the Managers decide to repurchase and/or cause the redemption of the Stapled Securities, such repurchase and/or redemption must be carried out in accordance with the Far East H-REIT Trust Deed and the Far East H-BT Trust Deed, subject to compliance with the relevant laws, regulations and guidelines and the listing rules of the SGX-ST and/or the listing rules of any other relevant Recognised Stock Exchange and applicable laws, regulations and guidelines.

The Managers may also, subject to all applicable laws, regulations and guidelines, the listing rules of the SGX-ST and/or any other Recognised Stock Exchange, suspend the repurchase or redemption of the Stapled Securities for any period when the issue of the Stapled Securities is suspended pursuant to the terms and conditions of the Stapling Deed.

(See “The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT — The Formation and Structure of Far East H-Trust — Suspension of Issue of the Stapled Securities” for further details.)

#### ***When Far East H-Trust is Unlisted***

When Far East H-Trust is Unlisted, the Managers may but are not obliged to repurchase or cause the redemption of Stapled Securities more than once a year in accordance with the rules of the Listing Manual and/or the listing rules of such Recognised Stock Exchange and all other applicable laws, regulations and guidelines and a Stapled Securityholder has no right to request for the repurchase or redemption of Stapled Securities more than once a year. “**Unlisted**” in this context means not being included on, or having been delisted from, the Official List of the SGX-ST or, as the case may be, any other Recognised Stock Exchange, and in relation to the Stapled Securities, means having been suspended for more than 60 consecutive calendar days from being listed, quoted or traded on the SGX-ST or, as the case may be, any other Recognised Stock Exchange.

### **Relevant Legislation Applicable to Far East H-Trust**

Far East H-REIT is principally a Singapore-based hospitality and hospitality-related asset REIT constituted by the Far East H-REIT Trust Deed and is principally regulated by the SFA, the CIS Code, the Companies Act, Property Funds Appendix, other relevant legislation and regulations as well as the Far East H-REIT Trust Deed.

Far East H-BT is a business trust constituted by the Far East H-BT Trust Deed and is principally regulated by the BTA, the SFA, other relevant legislation and regulations as well as the Far East H-BT Trust Deed.

### **The Take-Over Code**

Stapled Securityholders must closely adhere to the Take-Over Code in respect of any acquisitions or investments as REITs and business trusts are subject to the Take-Over Code.

Under the Take-Over Code, any person acquiring an interest, either individually or with parties acting in concert, in 30.0% or more of the Stapled Securities may be required to extend a takeover offer for the remaining Stapled Securities in accordance with the Take-Over Code. A mandatory takeover offer is also required to be made if a person holding between 30.0% and 50.0% inclusive of the Stapled Securities, either individually or in concert, acquires an additional 1.0% or more of the Stapled Securities in any six-month period under the Take-Over Code.

### **THE FORMATION AND STRUCTURE OF FAR EAST H-REIT**

Far East H-REIT was constituted as a REIT on 1 August 2012 by a declaration of trust made between the REIT Trustee and the REIT Manager, and is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix). Far East H-REIT was authorised as a collective investment scheme by the Authority on [●].

The terms and conditions of the Far East H-REIT Trust Deed shall be binding on each holder of Far East H-REIT Units (and persons claiming through such holder of Far East H-REIT Units) as if such holder of Far East H-REIT Units had been a party to the Far East H-REIT Trust Deed and as if the Far East H-REIT Trust Deed contains covenants by such holder of Far East H-REIT Units to do all such acts and things as the Far East H-REIT Trust Deed may require the REIT Manager and/or the REIT Trustee to do.

### **Operational Structure**

Far East H-REIT is constituted to invest in real estate and real estate-related assets and the REIT Manager must manage Far East H-REIT so that the principal investments of Far East H-REIT are real estate and real estate-related assets (including ownership of companies or other legal entities whose primary purpose is to hold or own real estate or real estate-related assets). The principal investment strategy of Far East H-REIT is to invest on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

Far East H-REIT aims to generate returns for the holders of Far East H-REIT Units by owning, buying and managing such properties in line with its investment strategy (including selling any property that has reached a stage that offers only limited scope for growth).

Subject to the restrictions and requirements in the CIS Code (including the Property Funds Appendix) and the Listing Manual, the REIT Manager is also authorised under the Far East H-REIT Trust Deed to invest in investments other than real estate. Although the REIT Manager may use certain financial derivative instruments to the extent permitted by such laws, rules and regulations as may be applicable including, but not limited, to the CIS Code

(including the Property Funds Appendix) and the Listing Manual, the REIT Manager presently does not have any intention for Far East H-REIT to invest in options, warrants, commodities, futures contracts and precious metals.

### **The Far East H-REIT Trust Deed**

While the Far East H-REIT Units remain stapled to the Far East H-BT Units, the terms and conditions of the Far East H-REIT Trust Deed shall be binding on each Stapled Securityholder (and persons claiming through such Stapled Securityholders) as if such Stapled Securityholder had been a party to the Far East H-REIT Trust Deed and as if the Far East H-REIT Trust Deed contains covenants by such Stapled Securityholder to observe and be bound by the provisions of the Far East H-REIT Trust Deed and an authorisation by each Stapled Securityholder to do all such acts and things as the Far East H-REIT Trust Deed may require the REIT Manager and/or the REIT Trustee to do.

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the Far East H-REIT Trust Deed and certain rights, duties and obligations of the REIT Manager, the REIT Trustee and (while Far East H-REIT Units remain stapled to Far East H-BT Units) Stapled Securityholders under the Far East H-REIT Trust Deed. The Property Funds Appendix also imposes certain restrictions on REITs in Singapore, including a restriction on the types of investments which REITs in Singapore may hold, a general limit on their level of borrowings and certain restrictions with respect to Interested Party Transactions. To the extent of any inconsistency between the obligations of the REIT Manager under the Far East H-REIT Trust Deed and the Stapling Deed, the provisions of the Stapling Deed will prevail.

### **The Far East H-REIT Units and the holders of Far East H-REIT Units**

The rights and interests of the holders of Far East H-REIT Units are contained in the Far East H-REIT Trust Deed. Under the Far East H-REIT Trust Deed, these rights and interests are safeguarded by the REIT Trustee.

Each Far East H-REIT Unit represents an undivided interest in Far East H-REIT. Holders of Far East H-REIT Units have no equitable or proprietary interest in the Far East H-REIT Deposited Property and are not entitled to the transfer to them of the Far East H-REIT Deposited Property (or any part thereof) or of any estate or interest in the Far East H-REIT Deposited Property (or any part thereof). The rights of holders of Far East H-REIT Units under the Far East H-REIT Trust Deed are limited to the right to require due administration of Far East H-REIT in accordance with the provisions of the Far East H-REIT Trust Deed, including, without limitation, by suit against the REIT Trustee or the REIT Manager.

Under the Far East H-REIT Trust Deed, each holder of Far East H-REIT Units acknowledges and agrees that it will not commence or pursue any action against the REIT Trustee or the REIT Manager seeking an order for specific performance or for injunctive relief in respect of the Far East H-REIT Deposited Property (or any part thereof), including all its Authorised Investments, and waives any rights it may otherwise have to such relief. If the REIT Trustee or the REIT Manager breaches or threatens to breach its duties or obligations to the holders of Far East H-REIT Units under the Far East H-REIT Trust Deed, the holders of Far East H-REIT Units have recourse against the REIT Trustee or the REIT Manager but this is limited to a right to recover damages or compensation from the REIT Trustee or the REIT Manager in



a court of competent jurisdiction, and the holder of Far East H-REIT Units acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the Far East H-REIT Trust Deed, a holder of Far East H-REIT Units may not interfere or seek to interfere with the rights, powers, authority or discretion of the REIT Manager or the REIT Trustee, exercise any right in respect of the Far East H-REIT Deposited Property (or any part thereof) or lodge any caveat or other notice affecting the Far East H-REIT Deposited Property or any of the Far East H-REIT Deposited Property, or require that any of the Far East H-REIT Deposited Property be transferred to such holders of Far East H-REIT Units.

No certificate shall be issued to a holder of the Far East H-REIT Units by either the REIT Manager or the REIT Trustee in respect of Far East H-REIT Units issued to the holders of Far East H-REIT Units. For so long as Far East H-Trust is listed, quoted and traded on the SGX-ST, the REIT Manager shall, appoint CDP as the unit depository for Far East H-REIT in respect of all scripless Far East H-REIT Units in accordance with CDP's depository services terms and conditions relating to the deposit of Far East H-REIT Units in CDP ("**Depository Services Terms and Conditions**"). Stapled Securities, and all Far East H-REIT Units issued as part of the Stapled Securities will be represented by entries in both the register of the holders of Far East H-REIT Units kept by the REIT Trustee or the agent appointed by the REIT Trustee and the register of Stapled Securityholders jointly kept by the REIT Trustee and the Trustee-Manager or their agents in the name of, and deposited with, CDP as the registered holder of such Stapled Securities.

The Managers or their jointly appointed agent shall issue to CDP not more than 10 Business Days after the issue of Stapled Securities a confirmation note confirming the date of issue and the number of Stapled Securities so issued and, if applicable, also stating that Stapled Securities are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Far East H-REIT Trust Deed and the Stapling Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Far East H-REIT Units and the corresponding Stapled Securities issued.

There are no restrictions under the Stapling Deed, the Far East H-REIT Trust Deed, the Far East H-BT Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Far East H-REIT Units and to own the Far East H-REIT Units except in the case of a rights issue or, as the case may be, any preferential offering, where the REIT Manager has the right under the Far East H-REIT Trust Deed to elect not to extend an offer of Far East H-REIT Units under the rights issue or, as the case may be, any preferential offering to holders of Far East H-REIT Units whose addresses are outside Singapore. The Take-Over Code applies to REITs. As a result, acquisitions of Stapled Securities which may result in a change in effective control of Far East H-Trust and the aggregate Stapled Securityholdings of an entity and its concert parties crossing certain thresholds may be subject to the provisions of the Take-Over Code, such as a requirement to make a mandatory offer for Stapled Securities.

### **Changes in Equity of the Holders of Far East H-REIT Units**

The REIT Manager may at any time with the approval of the REIT Trustee and on prior written notice (i) given to each holder of Far East H-REIT Unit, or (ii) (when Far East H-REIT is listed, quoted and traded on the SGX-ST) by the REIT Trustee delivering such notice in writing to

CDP for onward delivery to the Depositors, determine that each Far East H-REIT Unit shall be sub-divided into two or more Far East H-REIT Units or consolidated with one or more other Far East H-REIT Units and the holders of Far East H-REIT Units shall be bound accordingly. While Stapling applies, Far East H-REIT Units may not be sub-divided or consolidated unless the corresponding Far East H-BT Units are sub-divided or, as the case may be, consolidated at the same time and to the same extent.

The Register shall be altered accordingly to reflect the new number of Far East H-REIT Units held by each holder of Far East H-REIT Units as a result of such sub-division or consolidation and the REIT Manager shall cause CDP to alter the depository register accordingly in respect of the securities account of each relevant holder of Far East H-REIT Unit to reflect the new number of Far East H-REIT Units held by such holder of Far East H-REIT Unit as a result of such sub-division or consolidation.

### **Rights, Preferences and Restrictions Attaching to Each Class of Far East H-REIT Units**

The Far East H-REIT Trust Deed provides that rights attached to the Far East H-REIT Units issued with special conditions have to be clearly defined in the Far East H-REIT Trust Deed and, if at any time, different classes of Far East H-REIT Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Far East H-REIT Units of that class) may, subject to the provisions of any applicable laws, regulations and guidelines, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of Far East H-REIT Units of that class.

Currently, there is only one class of Far East H-REIT Units and every Far East H-REIT Unit carries the same voting rights. For so long as Far East H-REIT is listed, CDP shall be the registered holder of all the Far East H-REIT Units in issue and CDP shall be the registered holder of all the Far East H-REIT Units in issue and CDP shall pursuant to the Depository Services Terms and Conditions maintain a record in a depository register of the holders of Far East H-REIT Units having Far East H-REIT Units credited into their respective Securities Accounts and to record in the depository register the following information stated below in relation to each namely:

- the names and addresses of the holders of Far East H-REIT Units;
- the class of Far East H-REIT Units held by each holder of Far East H-REIT Units;
- the number of Far East H-REIT Units held by each holder of Far East H-REIT Units;
- the date on which every such person entered in respect of the Far East H-REIT Units standing in his name became a holder of Far East H-REIT Units and, where he became a holder of Far East H-REIT Units by virtue of an instrument of transfer, a sufficient reference to enable the name and address of the transferor to be identified;
- the date on which any transfer is registered and the name and address of the transferee; and
- where applicable, the day on which the holder of Far East H-REIT Units ceased to be a holder of Far East H-REIT Units.

Each holder of Far East H-REIT Units named in the depository register shall for such period as the Far East H-REIT Units are entered against his name in the depository register, be deemed to be the owner in respect of the number of Far East H-REIT Units entered against



the name of such holder of Far East H-REIT Units in the depository register and the REIT Manager shall be entitled to rely on any and all such information in the depository register.

The entries in the depository register shall (save in the case of manifest error) be conclusive evidence of the number of Far East H-REIT Units held by each holder of Far East H-REIT Units and, in the event of any discrepancy between the entries in the depository register and the details appearing in any confirmation note or monthly statement issued by CDP, the entries in the depository register shall prevail unless the holder of Far East H-REIT Units proves to the satisfaction of the REIT Manager and CDP that the depository register is incorrect.

## **Distributions**

Subject to the Far East H-REIT Trust Deed and all applicable laws, regulations and guidelines, the REIT Manager shall have the right to make regular distributions of all (or such lower percentage as the REIT Manager may determine) (i) net tax-exempt income, after adjusting for cash expenses to holders of Far East H-REIT Units at quarterly or such other intervals as the REIT Manager shall decide in its absolute discretion, and (ii) net Taxable Income (excluding gains from sale of Authorised Investments) at such time as the REIT Manager may in its absolute discretion deem fit. All distributions are paid *pro rata* among the holders of Far East H-REIT Units in proportion to the amount paid-up on each of their Far East H-REIT Units, unless the rights attached to an issue of any Far East H-REIT Unit provide otherwise. Any monies payable to holders of Far East H-REIT Units which remain unclaimed after a period of 12 months shall be accumulated in a special account (the “**Unclaimed Monies Account**”) from which the REIT Trustee may, from time to time, make payments to holders of Far East H-REIT Units claiming any such monies. Subject to the winding-up provisions in the Far East H-REIT Trust Deed, the REIT Trustee shall cause such sums which represent monies remaining in the Unclaimed Monies Account for five years after the date of payment of such monies into the Unclaimed Monies Account and interest, if any, earned thereon, to be paid into the courts of Singapore and any fees, costs and expenses incurred in relation to such payment into the courts of Singapore shall be deducted from the monies payable to the relevant holder of Far East H-REIT Units.<sup>1</sup> If the said monies are insufficient to meet all such fees, costs and expenses, the REIT Trustee shall be entitled to have recourse to the Far East H-REIT Deposited Property for such payment. Where the Far East H-REIT is listed and to the extent that such unclaimed moneys are held by the CDP, subject to the winding-up provisions in the Far East H-REIT Trust Deed, the REIT Trustee shall cause such sums which are returned by the CDP to the REIT Trustee (and which have remained unclaimed by a Holder for a period of six years after the time when such moneys became payable to such holder of Far East H-REIT Units) to be paid into the courts of Singapore and any fees, costs and expenses incurred in relation to such payment into the courts of Singapore shall be deducted from the moneys payable to the relevant holder of Far East H-REIT Units PROVIDED THAT if the said moneys are insufficient to meet the payment of all such fees, costs and expenses, the REIT Trustee shall be entitled to have recourse to the Far East H-REIT Deposited Property for such payment.

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<sup>1</sup> The Trustees Act, Chapter 337 of Singapore (the “**Trustees Act**”) allows a trustee to discharge its liabilities towards unclaimed monies by paying such monies into Singapore courts, although it does not prescribe the period for which the monies must be unclaimed before they may be paid into the courts.

## **Voting Rights**

A holder of Far East H-REIT Units is entitled to attend, speak and vote at any general meeting of the holders of Far East H-REIT Units in person or by proxy and a holder of Far East H-REIT Units may appoint not more than two proxies to attend and vote at the same general meeting as a holder of Far East H-REIT Units if his name appears on the depository register as at 48 hours before the time of the relevant general meeting as certified by the depository to Far East H-REIT. Except as otherwise provided in the Far East H-REIT Trust Deed, not less than two holders of Far East H-REIT Units must be present in person or by proxy of one-tenth in value of all the Far East H-REIT Units for the time being in issue to constitute a quorum at any general meeting. Under the Far East H-REIT Trust Deed, on a show of hands every holder of Far East H-REIT Units present in person or by proxy shall have one vote, and on a poll, every holder of Far East H-REIT Units who is present in person or by proxy shall have one vote for every Far East H-REIT Unit which he holds or represents. Subject to the requirements of the prevailing listing rules of the SGX-ST, voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the general meeting or by five or more holders of Far East H-REIT Units (including their proxies) having the right to vote at the general meeting or by holders of Far East H-REIT Units (including their proxies) representing not less than 10.0% of the total voting rights of all the holders of Far East H-REIT Units having the right to vote at the general meeting.

## **Variation of Rights of Respective Classes of Far East H-REIT Units**

If at any time different classes of Far East H-REIT Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Far East H-REIT Units of that class) may, subject to any applicable laws, regulations and guidelines, whether or not Far East H-REIT is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of Far East H-REIT Units of that class. To every such Extraordinary Resolution of the holders of Far East H-REIT Units of that class, the provisions of the Far East H-REIT Trust Deed relating to general meetings of the holders of Far East H-REIT Units shall apply *mutatis mutandis* provided that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued Far East H-REIT Units of the class and that any holders of Far East H-REIT Units of that class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every Unit of the class held by him, PROVIDED ALWAYS that where the necessary majority for such an Extraordinary Resolution is not obtained at such meeting of the holders of Far East H-REIT Units, consent in writing if obtained from the holders of three-quarters of the issued Far East H-REIT Units of the class concerned within two months of such meeting of the holders of Far East H-REIT Units shall be as valid and effectual as an Extraordinary Resolution at such meeting of the holders of Far East H-REIT Units.

The rights conferred upon the holders of Far East H-REIT Units of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the Far East H-REIT Units of that class or by the Far East H-REIT Trust Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further Far East H-REIT Units ranking equally therewith, and would therefore require the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of Far East H-REIT Units of such class.

The Far East H-REIT Trust Deed does not impose more stringent conditions than those required by the applicable law.

### **Issue of Far East H-REIT Units**

The REIT Manager has the right to issue Far East H-REIT Units for the account of Far East H-REIT. For so long as Far East H-REIT is listed on the SGX-ST, the REIT Manager may, subject to the provisions of the Listing Manual, the Far East H-REIT Trust Deed and any other applicable laws, regulations and guidelines, issue Far East H-REIT Units.

If in connection with an issue of a Far East H-REIT Unit, any requisite payment of the issue price for such Far East H-REIT Unit has not been received by the REIT Trustee before the seventh Business Day after the date on which the Far East H-REIT Unit was agreed to be issued (or such other date as the REIT Manager and the REIT Trustee may agree), the REIT Manager may, in its absolute discretion, cancel its agreement to issue such Far East H-REIT Unit and such Far East H-REIT Unit will be deemed never to have been issued or agreed to be issued. In such an event, the REIT Manager may, at its discretion, charge the investor (and retain the same for its own account) a cancellation fee of such amount as the REIT Manager may from time to time determine to represent the administrative costs involved in processing the application for such Far East H-REIT Unit.

### **Suspension of Issue of Far East H-REIT Units**

The REIT Manager or the REIT Trustee may, with the prior written approval of the other and subject to the Listing Manual suspend the issue of Far East H-REIT Units during any of the following events:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- the existence of any state of affairs which, in the opinion of the REIT Manager or, as the case may be, the REIT Trustee, might seriously prejudice the interests of the holders of Far East H-REIT Units as a whole or the Far East H-REIT Deposited Property;
- any breakdown in the means of communication normally employed in determining the price of any assets of Far East H-REIT or the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of Far East H-REIT cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any asset of Far East H-REIT or in the payment for such asset of Far East H-REIT cannot, in the opinion of the REIT Manager, be carried out at normal rates of exchange;
- any period where the issuance of Far East H-REIT Units is suspended pursuant to any order or direction issued by the MAS or other relevant regulatory authorities;
- in relation to any general meeting of holders of Far East H-REIT Units, any 48-hour period before such general meeting or any adjournment thereof; or
- when the business operations of the REIT Manager or the REIT Trustee in relation to Far East H-REIT are substantially interrupted or closed as a result of, or arising from,

pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the REIT Manager or, as the case may be, the REIT Trustee, and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the REIT Manager or, as the case may be, the REIT Trustee.

In the event of any suspension while Far East H-REIT is listed on the SGX-ST, the REIT Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST.

### **Meeting of Holders of Far East H-REIT Units**

Under applicable law and the provisions of the Far East H-REIT Trust Deed, Far East H-REIT will not hold any meetings for holders of Far East H-REIT Units unless the REIT Manager or the REIT Trustee convenes a meeting or unless not less than 50 holders of Far East H-REIT Units or the holders of Far East H-REIT Units holding not less than 10.0% of issued Far East H-REIT Units (whichever is the lesser) request a meeting to be convened.

A meeting of holders of Far East H-REIT Units when convened may:

- by Extraordinary Resolution and in accordance with the Far East H-REIT Trust Deed, sanction any modification, alteration or addition to the Far East H-REIT Trust Deed which shall be agreed by the REIT Manager and the REIT Trustee as provided in the Far East H-REIT Trust Deed;
- by Extraordinary Resolution and in accordance with the Far East H-REIT Trust Deed, sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of fees payable to the REIT Manager and the REIT Trustee;
- by Extraordinary Resolution and in accordance with the Far East H-REIT Trust Deed, remove the auditors of Far East H-REIT and appoint other auditors in their place;
- by Extraordinary Resolution and in accordance with the Far East H-REIT Trust Deed, delist Far East H-REIT after it has been listed;
- by Extraordinary Resolution and in accordance with the Far East H-REIT Trust Deed, issue Far East H-REIT Units on an unpaid or partly paid basis;
- by Extraordinary Resolution and in accordance with the Far East H-REIT Trust Deed, remove the REIT Trustee; and
- by Extraordinary Resolution and in accordance with the Far East H-REIT Trust Deed, direct the REIT Trustee to take any action pursuant to Section 295 of the SFA.

A meeting of holders of Far East H-REIT Units may, also by Ordinary Resolution and in accordance with the Far East H-REIT Trust Deed, remove the REIT Manager.

Any decision to be made by resolution of the holders of Far East H-REIT Units other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code, the Listing Manual or any other applicable laws and regulations.

Except as otherwise provided for in the Far East H-REIT Trust Deed, 14 days' notice at the least (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the holders of Far East H-REIT Units in the manner provided in the Far East H-REIT Trust Deed. The quorum at a meeting shall not be less than two holders of Far East H-REIT Units present in person or by proxy together holding or representing one-tenth in value of all Far East H-REIT Units for the time being in issue. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed, and each such notice may, in general, be given by advertisement in the daily press and in writing to each stock exchange on which Far East H-REIT is listed.

Subject to the requirements of the prevailing listing rules by the SGX-ST, voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the meeting, or by five or more holders of Far East H-REIT Units present in person or by proxy, or holding or representing one tenth in value of all Far East H-REIT Units represented at the meeting. Holders of Far East H-REIT Units do not have different voting rights on account of the number of votes held by a particular holder of Far East H-REIT Units. On a show of hands, every holder of Far East H-REIT Units has one vote. On a poll, every holder of Far East H-REIT Units has one vote for each Far East H-REIT Unit of which it is the holder. The Far East H-REIT Trust Deed does not contain any limitation on non-Singapore resident or foreign holders of Far East H-REIT Units holding Far East H-REIT Units or exercising the voting rights with respect to their holdings of Far East H-REIT Units.

Neither the REIT Manager nor any of its associates shall be entitled to vote or be counted as part of a quorum at a meeting convened to consider a matter in respect of which the REIT Manager or any of its associates has a material interest save for an Ordinary Resolution duly proposed to remove the REIT Manager, in which case, no holder of Far East H-REIT Units shall be disenfranchised.

For so long as the REIT Manager is the manager of Far East H-REIT, the controlling shareholders (as defined in the Listing Manual) of the REIT Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of holders of Far East H-REIT Units 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 a material interest.

### **Rights and Liabilities of the Holders of Far East H-REIT Units**

The key rights of the holders of Far East H-REIT Units include rights to:

- receive income and other distributions attributable to Far East H-REIT Units held;
- receive audited financial statements and the annual reports of Far East H-REIT; and
- participate in the termination of Far East H-REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Far East H-REIT less any liabilities, in accordance with their proportionate interests in Far East H-REIT.

No holder of Far East H-REIT Units has a right to require that any asset of Far East H-REIT be transferred to him.

Further, the holders of Far East H-REIT Units cannot give any directions to the REIT Manager or the REIT Trustee (whether at a meeting of holders of Far East H-REIT Units or otherwise)

if it would require the REIT Manager or the REIT Trustee to do or omit from doing anything which may result in:

- Far East H-REIT ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the REIT Manager or the REIT Trustee by the Far East H-REIT Trust Deed or the determination of any matter which, under the Far East H-REIT Trust Deed, requires the agreement of either or both of the REIT Manager and the REIT Trustee.

The Far East H-REIT Trust Deed contains provisions that are designed to limit the liability of a holder of Far East H-REIT Units to the amount paid or payable for any Far East H-REIT Unit. The provisions seek to ensure that if the issue price of Far East H-REIT Units held by a holder of Far East H-REIT Units has been fully paid, no such holder of Far East H-REIT Units, by reason alone of being a holder of Far East H-REIT Units, will be personally liable to indemnify the REIT Trustee or any creditor of Far East H-REIT in the event that the liabilities of Far East H-REIT exceed its assets.

Under the Far East H-REIT Trust Deed, each Far East H-REIT Unit carries the same voting rights.

### **Limitations on the Right to Own Far East H-REIT Units**

#### ***Far East H-REIT Units issued to persons resident outside Singapore***

In relation to any rights issue or preferential offering, the REIT Manager may in its absolute discretion elect not to extend an offer of Far East H-REIT Units under the rights issue or preferential offering to those holders of Far East H-REIT Units, whose addresses are outside Singapore. In the case of a rights issue, the provisional allocation of Far East H-REIT Units of such holders of Far East H-REIT Units may be offered for sale by the REIT Manager as the nominee and authorised agent of each such relevant holder of Far East H-REIT Unit in such manner and at such price, as the REIT Manager may determine.

Where necessary, the REIT Trustee shall have the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant holders of Far East H-REIT Units whose rights or entitlements have been thus sold, provided that where such proceeds payable to the relevant holders of Far East H-REIT Units are less than S\$10.00, the REIT Manager shall be entitled to retain such proceeds as part of the Far East H-REIT Deposited Property.

### **Amendment of the Far East H-REIT Trust Deed**

Save where an amendment to the Far East H-REIT Trust Deed has been approved by an Extraordinary Resolution passed at a meeting of holders of Far East H-REIT Units duly convened and held in accordance with the provisions of the Far East H-REIT Trust Deed, no amendment may be made to the provisions of the Far East H-REIT Trust Deed unless the REIT Trustee certifies, in its opinion, that such amendment:

- (i) does not materially prejudice the interests of the holders of Far East H-REIT Units and does not operate to release to any material extent the REIT Manager or the REIT Trustee from any responsibility to the holders of Far East H-REIT Units;



- (ii) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law), including, without limitation, requirements under all other applicable laws, regulations and guidelines; or
- (iii) is made to remove obsolete provisions or to correct a manifest error.

No such amendment shall impose upon any holder of Far East H-REIT Units any obligation to make any further payments in respect of his Far East H-REIT Units or to accept any liability in respect thereof.

**Circumstances under which the REIT Manager and/or REIT Trustee may be indemnified out of the Far East H-REIT Deposited Property**

In general, subject to any express provision under the Far East H-REIT Trust Deed and without prejudice to any right of indemnity at law given to the REIT Manager and/or the REIT Trustee, the REIT Manager and/or the REIT Trustee shall be entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as REIT Manager and/or the REIT Trustee to have recourse to the Far East H-REIT Deposited Property or any part thereof, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence or wilful default or breach of the Far East H-REIT Trust Deed by the REIT Manager and/or the REIT Trustee or a breach of trust by the REIT Trustee.

**Circumstances under which the REIT Manager and/or the REIT Trustee may exclude liability in relation to carrying out of its duties with respect to Far East H-REIT**

Subject to the duties and obligations of the REIT Trustee under the Far East H-REIT Trust Deed, the REIT Trustee shall at all times be entitled to rely on the recommendations, certifications and representations of the REIT Manager in relation to Far East H-REIT and shall not be liable for any act or omission of the REIT Manager in relation to Far East H-REIT save where the REIT Trustee is fraudulent, grossly negligent or in wilful default.

In the absence of fraud, gross negligence, wilful default or breach of trust by the REIT Trustee, the REIT Trustee shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Far East H-REIT Trust Deed.

The REIT Manager shall not be under any liability except such liability as may be assumed by it under the Far East H-REIT Trust Deed nor shall the REIT Manager (save as otherwise appears in the Far East H-REIT Trust Deed) be liable for any act or omission of the REIT Trustee.

In the absence of fraud, gross negligence, wilful default or breach of the Far East H-REIT Trust Deed by REIT Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Far East H-REIT Trust Deed.

**Substantial Far East H-REIT Unitholdings**

As the Stapled Securities comprise Far East H-REIT Units and Far East H-BT Units stapled together, Stapled Securityholders have to comply with the regulatory requirements imposed on both Far East H-REIT and Far East H-BT, including that of the requirement to disclose substantial holdings.



With regard to Far East H-REIT, any holder of Far East H-REIT Units with an interest in one or more Far East H-REIT Units constituting not less than 5.0% of all Far East H-REIT Units in issue (“**Substantial holders of Far East H-REIT Units**”) will be required to notify the REIT Trustee and the SGX-ST of their deemed and direct holdings and any subsequent change in the percentage level of such holdings or their ceasing to hold 5.0% or more of the total number of Far East H-REIT Units within two Business Days of acquiring such holdings or of such changes or such cessation. Failure to comply with the notification requirements of the SFA constitutes an offence and will render a Substantial holder of Far East H-REIT Units liable to a fine on conviction.

The REIT Manager also has power under the Far East H-REIT Trust Deed to require information to be provided where it has reasonable cause to believe that the relevant SFA provisions have been triggered. Failure to comply with a request of the REIT Manager or with the SFA requirements will also entitle the REIT Manager to take various actions with respect to the particular Far East H-REIT Units, including suspending voting rights and suspending distribution entitlements.

Under the existing Section 137B of the SFA, Substantial Stapled Securityholders are required to notify the REIT Trustee of (i) their interest(s) in Far East H-REIT Units within two Business Days after becoming a Substantial Stapled Securityholder, (ii) any subsequent change in the percentage level of such holdings (rounded down to the next whole number) within two Business Days after they become aware of such changes or (iii) their ceasing to hold 5.0% or more of the total number of Units within two Business Days after such cessation. Under the existing Section 137A of the SFA, Substantial Stapled Securityholders must also, within the same time limit, submit such notifications to the SGX-ST.

On 19 January 2009, the Securities and Futures (Amendment) Act 2009 was passed by the Singapore Parliament. However, certain provisions of the Securities and Futures (Amendment) Act 2009 (including the new and/or amended Sections 135 to 137B and 137U of the SFA relating to notification of unitholdings by Substantial Stapled Securityholders) have not come into force as at the date of this Prospectus. When the new and/or amended Sections 135 to 137B of the SFA (read with the new Section 137U of the SFA) come into force, Substantial Stapled Securityholders will be required to notify the REIT Manager and the REIT Trustee within two Business Days after becoming aware of their becoming a Substantial Stapled Securityholder, any subsequent change in the percentage level of their interest(s) in Stapled Securities (rounded down to the next whole number) or their ceasing to be a Substantial Stapled Securityholder.

(See “The Formation and Structure of Far East H-Trust, Far East H-REIT and Far East H-BT — Far East H-BT — Substantial Far East H-BT Holdings” for further details.)

### **The REIT Manager Board’s Declaration of Holdings of Far East H-REIT Units**

Under the Far East H-REIT Trust Deed, the REIT Manager Directors are required to give notice to the REIT Manager of their acquisition of Far East H-REIT Units or of changes to the number of Far East H-REIT Units which they hold or in which they have an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of Far East H-REIT Units which they hold or in which they have an interest, as applicable. Upon such notification, the REIT Manager will promptly announce such interests or changes via SGXNET or to any other relevant Recognised Stock Exchange.

A REIT Manager Director is deemed to have an interest in Far East H-REIT Units in the following circumstances:

- Where he is the beneficial owner of a Far East H-REIT Unit (whether directly through a Securities Account with CDP or indirectly through a depository agent or otherwise);
- Where a body corporate is the beneficial owner of a Far East H-REIT Unit and he is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate;
- Where his spouse or child (including step-child and adopted child) who is a minor has any interest in a Far East H-REIT Unit;
- Where he, his spouse or infant child (including step-child and adopted child):
  - has entered into a contract to purchase a Far East H-REIT Unit;
  - has a right to have a Far East H-REIT Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;
  - has the right to acquire a Far East H-REIT Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or
  - is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of holders of Far East H-REIT Units) to exercise or control the exercise of a right attached to a Far East H-REIT Unit, not being a Far East H-REIT Unit of which any of them is the holder; and
- Where the property subject to a trust consists of, or includes, a Far East H-REIT Unit and the REIT Manager Director knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Far East H-REIT Unit.

### **Duty of the REIT Manager to Make Disclosure**

On 19 January 2009, the Securities and Futures (Amendment) Act 2009 was passed by the Singapore Parliament. However, certain provisions of the Securities and Futures (Amendment) Act 2009 (including the new Section 137ZC of the SFA relating to notification of unitholdings) have not come into force as at the date of this Prospectus. When the new Section 137ZC of the SFA comes into force, where the REIT Manager acquires or disposes of interests in Far East H-REIT Units or debentures or units of debentures of Far East H-Trust, or the REIT Manager has been notified in writing by, inter alia, a Substantial Stapled Securityholder or director or Chief Executive Officer of the REIT Manager pursuant to the unitholdings disclosure requirements of the SFA as set out below, the REIT Manager shall announce such information via the SGXNET and in such form and manner as the Authority may prescribe as soon as practicable and in any case no later than the end of the Business Day following the day on which the REIT Manager became aware of the acquisition or disposal or received the notice.

## **Directors and Chief Executive Officer of the REIT Manager**

On 19 January 2009, the Securities and Futures (Amendment) Act 2009 was passed by the Singapore Parliament. However, certain provisions of the Securities and Futures (Amendment) Act 2009 (including the new Section 137Y of the SFA relating to notification of unitholdings by directors and chief executive officer of the REIT Manager) have not come into force as at the date of this Prospectus. When the new Section 137Y of the SFA comes into force, directors and chief executive officers of the REIT Manager will be required to, within two Business Days, notify the REIT Manager of their acquisition of interest in Stapled Securities or of changes to the number of Stapled Securities which they hold or in which they have an interest.

A director of the REIT Manager is deemed to have an interest in Far East H-REIT Units in the following circumstances:

- Where the REIT Manager Director is the beneficial owner of a Far East H-REIT Unit (whether directly through a direct Securities Account or indirectly through a depository agent or otherwise), he is deemed to have an interest in that Far East H-REIT Unit.
- Where a body corporate is the beneficial owner of a Far East H-REIT Unit and the director is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate, he is deemed to have interest in that Far East H-REIT Unit.
- Where the REIT Manager Director's (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years has any interest in a Far East H-REIT Unit, he is deemed to have an interest in that Far East H-REIT Unit.
- Where the REIT Manager Director, his (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years:
  - has entered into a contract to purchase a Far East H-REIT Unit;
  - has a right to have a Far East H-REIT Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;
  - has the right to acquire a Far East H-REIT Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or
  - is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of holders of Far East H-REIT Units) to exercise or control the exercise of a right attached to a Far East H-REIT Unit, not being a Far East H-REIT Unit of which any of them is the holder,the REIT Manager Director is deemed to have an interest in that Far East H-REIT Unit.
- Where the property subject to a trust consists of or includes a Far East H-REIT Unit and the REIT Manager Director knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Far East H-REIT Unit, he is deemed to have an interest in that Far East H-REIT Unit.

## **The REIT Trustee**

The trustee of Far East H-REIT is DBS Trustee Limited. The REIT Trustee is a company incorporated in Singapore and is registered as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the date of this Prospectus, the REIT Trustee has a paid-up capital of S\$2.5 million. The REIT Trustee has a place of business in Singapore at 12 Marina Boulevard, #44-01 DBS Asia Central @ Marina Bay Financial Centre Tower 3, Singapore 018982.

### ***Powers, Duties and Obligations of the REIT Trustee***

The REIT Trustee's powers, duties and obligations are set out in the Far East H-REIT Trust Deed. The powers and duties of the REIT Trustee include:

- acting as trustee of Far East H-REIT and, in such capacity, safeguarding the rights and interests of the holders of Far East H-REIT Units, for example, by satisfying itself that transactions it enters into for and on behalf of Far East H-REIT with a Related Party of the REIT Manager or Far East H-REIT are conducted on normal commercial terms, are not prejudicial to the interests of Far East H-REIT and the holders of Far East H-REIT Units, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;
- holding the assets of Far East H-REIT on trust for the benefit of the holders of Far East H-REIT Units in accordance with the Far East H-REIT Trust Deed;
- lending monies out of the assets of Far East H-REIT for the benefit of Stapled Securityholders as a whole in accordance with the Far East H-REIT Trust Deed and subject to compliance with the applicable laws, regulations and guidelines; and
- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of Far East H-REIT.

The REIT Trustee has covenanted in the Far East H-REIT Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of the holders of Far East H-REIT Units.

In the exercise of its powers, the REIT Trustee may (on the recommendation of the REIT Manager) and subject to the provisions of the Far East H-REIT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The REIT Trustee may, subject to the provisions of the Far East H-REIT Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
- any real estate agents or managers, including a Related Party of the REIT Manager, in relation to the management, development, leasing, purchase or sale of any real estate assets and real estate-related assets.

Although the REIT Trustee may borrow money and obtain other financial accommodation for the purposes of Far East H-REIT and to on-lend money to Far East H-BT, both on a secured and unsecured basis, the REIT Manager must not direct the REIT Trustee to incur a liability if to do so would mean that total liabilities of Far East H-REIT exceed 35.0% of the value of the Far East H-REIT Deposited Property (or such other limit as may be stipulated by the Property Funds Appendix or other limit prescribed by the MAS) unless a credit rating from Fitch,

Moody's or Standard & Poor's is obtained and disclosed to the public. The Property Funds Appendix allows Far East H-REIT to borrow up to 60.0% of the value of the Far East H-REIT Deposited Property only if such credit rating is obtained and disclosed to the public.

The REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the Far East H-REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Tax Ruling and all other applicable laws, regulations and guidelines. It must retain Far East H-REIT's assets, or cause Far East H-REIT's assets to be retained, in safe custody and cause Far East H-REIT's accounts to be audited. It can appoint valuers to value the real estate assets and real estate-related assets of Far East H-REIT.

The REIT Trustee is not personally liable to a holder of Far East H-REIT Units in connection with the office of the REIT Trustee except in respect of its own fraud, gross negligence, wilful default, breach of trust or breach of the Far East H-REIT Trust Deed and Stapling Deed. Any liability incurred and any indemnity to be given by the REIT Trustee shall be limited to the assets of Far East H-REIT over which the REIT Trustee has recourse, provided that the REIT Trustee has acted without fraud, gross negligence, wilful default, breach of trust or breach of the Far East H-REIT Trust Deed. The Far East H-REIT Trust Deed contains certain indemnities in favour of the REIT Trustee under which it will be indemnified out of the assets of Far East H-REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

#### ***Retirement and Replacement of the REIT Trustee***

The REIT Trustee may retire or be replaced under the following circumstances:

- The REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Far East H-REIT Trust Deed); and
- The REIT Trustee may be removed by notice in writing to the REIT Trustee by the REIT Manager:
  - if the REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the REIT Trustee;
  - if the REIT Trustee ceases to carry on business;
  - if the REIT Trustee fails or neglects after reasonable notice from the REIT Manager to carry out or satisfy any material obligation imposed on the REIT Trustee by the Far East H-REIT Trust Deed;
  - if the holders of Far East H-REIT Units by Extraordinary Resolution duly passed at a meeting of holders of Far East H-REIT Units held in accordance with the provisions of the Far East H-REIT Trust Deed, and of which not less than 21 days' notice has been given to the REIT Trustee and the REIT Manager, shall so decide; or
  - if the MAS directs that the REIT Trustee be removed.

### ***Remuneration of the REIT Trustee***

The REIT Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of the Far East H-REIT Deposited Property, subject to a minimum of S\$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 will also be paid a one-time inception fee of S\$50,000.

Under the Far East H-REIT Trust Deed, the maximum fee which the REIT Trustee may charge is 0.02% per annum of the Far East H-REIT Deposited Property. Any increase in the REIT Trustee's fee beyond the current scaled basis but subject to the maximum permitted amount of up to 0.02% per annum of the value of the Far East H-REIT Deposited Property will be subject to agreement between the REIT Manager and the REIT Trustee.

Any increase in the maximum permitted amount or any change in the structure of the REIT Trustee's fee must be approved by an Extraordinary Resolution at a meeting of holders of the Far East H-REIT Units duly convened and held in accordance with the provisions of the Far East H-REIT Trust Deed.

### ***Changes in the Fees payable***

An Extraordinary Resolution of the holders of Far East H-REIT Units at a meeting convened and held in accordance with the provisions of the Far East H-REIT Trust Deed is required to approve:

- any increase in the rate above the permitted limit or any change in the structure of the REIT Trustee's fee; and
- any increase in the rate above the permitted limit or any change in the structure of the REIT Manager's acquisition fee, divestment fee and development management fee.

### **Termination of Far East H-REIT**

Under the provisions of the Far East H-REIT Trust Deed, the duration of Far East H-REIT shall end on the earliest of:

- the date on which Far East H-REIT is terminated by the REIT Manager in such circumstances as set out under the provisions of the Far East H-REIT Trust Deed, as described below; or
- the date on which Far East H-REIT is terminated by the REIT Trustee in such circumstances as set out under the provisions of the Far East H-REIT Trust Deed, as described below.

The REIT Manager may in its absolute discretion terminate Far East H-REIT by giving notice in writing to all the holders of Far East H-REIT Units and the REIT Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the REIT Manager impracticable or inadvisable to continue Far East H-REIT;



- if the NAV of the Far East H-REIT Deposited Property shall be less than S\$50.0 million after the end of the first anniversary of the date of the Far East H-REIT Trust Deed or any time thereafter; and
- if at any time Far East H-REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable laws or regulations, Far East H-REIT may be terminated by the REIT Trustee by notice in writing in any of the following circumstances, namely:

- if the REIT Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the REIT Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the REIT Trustee fails to appoint a successor manager in accordance with the provisions of the Far East H-REIT Trust Deed;
- if any law shall be passed which renders it illegal or in the opinion of the REIT Trustee impracticable or inadvisable to continue Far East H-REIT; and
- if within the period of three months from the date of the REIT Trustee expressing in writing to the REIT Manager the desire to retire the REIT Manager fails to appoint a new trustee in accordance with the provisions of the Far East H-REIT Trust Deed.

The decision of the REIT Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the REIT Trustee shall be under no liability on account of any failure to terminate Far East H-REIT pursuant to the paragraph above or otherwise. The REIT Manager shall accept the decision of the REIT Trustee and relieve the REIT Trustee of any liability to it therefor and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

In addition to the above, the holders of the Far East H-REIT Units may, by Extraordinary Resolution duly passed at a meeting of the holders of the Far East H-REIT Units held in accordance with Section 295 of the SFA, terminate Far East H-REIT.

Generally, upon the termination of Far East H-REIT, the REIT Trustee shall, subject to any authorisations or directions given to it by the REIT Manager or the holders of Far East H-REIT Units pursuant to the Far East H-REIT Trust Deed, sell the Far East H-REIT Deposited Property and repay any borrowings incurred on behalf of Far East H-REIT in accordance with the Far East H-REIT Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of Far East H-REIT before distributing the balance of the Far East H-REIT Deposited Property to the holders of Far East H-REIT Units in accordance with their proportionate interests in the Far East H-REIT Deposited Property.

## **THE FORMATION AND STRUCTURE OF FAR EAST H-BT**

Far East H-BT was constituted as a business trust on 1 August 2012 by a declaration of trust made by the Trustee-Manager. Far East H-BT was registered as a business trust on [●].

The terms and conditions of the Far East H-BT Trust Deed shall be binding on each holder of Far East H-BT Units (and persons claiming through such holder of Far East H-BT Units) as if such holder of Far East H-BT Units had been a party to the Far East H-BT Trust Deed and as



if the Far East H-BT Trust Deed contains covenants by such holder of Far East H-BT Units to do all such acts and things as the Far East H-BT Trust Deed may require the Trustee-Manager to do.

### **The Far East H-BT Trust Deed**

While Far East H-REIT Units remain stapled to Far East H-BT Units, the terms and conditions of the Far East H-BT Trust Deed shall be binding on each Stapled Securityholder (and persons claiming through such Stapled Securityholder) as if such Stapled Securityholder had been a party to the Far East H-BT Trust Deed and as if the Far East H-BT Trust Deed contains covenants by such Stapled Securityholder to observe and be bound by the provisions of the Far East H-BT Trust Deed and an authorisation by each Stapled Securityholder to do all such acts and things as the Far East H-BT Trust Deed may require the Trustee-Manager to do.

The provisions of the BTA prescribe certain terms of the Far East H-BT Trust Deed and certain rights, duties and obligations of the Trustee-Manager and (while Far East H-REIT Units remain stapled to Far East H-BT Units) Stapled Securityholders under the Far East H-BT Trust Deed. To the extent of any inconsistency between the obligations of the Trustee-Manager under the Far East H-BT Trust Deed and the Stapling Deed, the provisions of the Stapling Deed shall prevail.

### **The Far East H-BT Units and the Holders of Far East H-BT Units**

The rights and interests of holders of Far East H-BT Units are contained in the Far East H-BT Trust Deed. Under the Far East H-BT Trust Deed, these rights and interests are safeguarded by the Trustee-Manager.

Each Far East H-BT Unit represents an undivided interest in Far East H-BT. Holders of Far East H-BT Units have no equitable or proprietary interest in the underlying assets of Far East H-BT and are not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and any real estate-related assets (or any part thereof) of Far East H-BT. The rights of the holders of Far East H-BT Units are limited to the right to require due administration of Far East H-BT in accordance with the provisions of the Far East H-BT Trust Deed, including, without limitation, by suit against the Trustee-Manager.

Under the Far East H-BT Trust Deed, each holder of Far East H-BT Units acknowledges and agrees that it will not commence or pursue any action against the Trustee-Manager seeking an order for specific performance or for injunctive relief in respect of the assets of Far East H-BT (or any part thereof), including all its Authorised Investments (as defined in the Far East H-BT Trust Deed), and waives any rights it may otherwise have to such relief. If the Trustee-Manager breaches or threatens to breach its duties or obligations to holders of Far East H-BT Units under the Far East H-BT Trust Deed, recourse by the holders of Far East H-BT Units against the Trustee-Manager is limited to a right to recover damages or compensation from the Trustee-Manager in a court of competent jurisdiction, and holders of Far East H-BT Units acknowledge and agree that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the Far East H-BT Trust Deed, holders of Far East H-BT Units may not interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager, exercise any right in respect of the assets of Far East

H-BT or any part thereof, or require that any Authorised Investments forming part of the assets of Far East H-BT be transferred to such holders of Far East H-BT Units.

No certificate shall be issued to holders of Far East H-BT Units by the Trustee-Manager in respect of Far East H-BT Units issued to holders of Far East H-BT Units. For so long as Far East H-Trust is listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange, in accordance with the listing rules and requirements of the relevant stock exchange, the Trustee-Manager shall appoint CDP as the unit depository for Far East H-BT in respect of all scripless Stapled Securities in accordance with the Depository Services Terms and Conditions. All Stapled Securities issued will be represented by entries in the register of holders of Far East H-BT Units kept by the Trustee-Manager or the agent appointed by the Trustee-Manager in the name of, and deposited with, CDP as the registered holder of such Stapled Securities and, as the case may be, in the name of Stapled Securityholders (other than the CDP) whose Stapled Securities are not deposited with the CDP. The Trustee-Manager or their jointly appointed agent shall issue to CDP not more than 10 Business Days after the issue of Stapled Securities a confirmation note confirming the date of issue and the number of Stapled Securities so issued and, if applicable, also stating that the Stapled Securities are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Far East H-BT Trust Deed and the Stapling Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Far East H-BT Units and the corresponding Stapled Securities issued.

There are no restrictions under the Stapling Deed, the Far East H-BT Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Far East H-BT Units and to own Far East H-BT Units except in the case of rights issue or, as the case may be, any preferential offering where the Trustee-Manager has the right under the Far East H-BT Trust Deed to elect not to extend an offer of Far East H-BT Units under the rights issue or, as the case may be, any preferential offering to holders of Far East H-BT Units whose addresses are outside Singapore.

### **Changes in Equity of the Holders of Far East H-BT Units**

The Trustee-Manager may at any time and on prior written notice (such notice period shall be determined by the Trustee-Manager in its absolute discretion) to each holder of Far East H-BT Units by the Trustee-Manager delivering such notice in writing to CDP for onward delivery to the holders of Far East H-BT Units, determine that each Far East H-BT Unit shall be sub-divided into two or more Far East H-BT Units or consolidated with one or more other Far East H-BT Units and the holders of Far East H-BT Units shall be bound accordingly. The Trustee-Manager shall thereupon require each holder of Far East H-BT Units to deliver up to his confirmation note (if any) for endorsement or enfacement with the number of Far East H-BT Units thereby represented as a result of such sub-division or consolidation (in the case of a sub-division) or send or cause to be sent to each holder of Far East H-BT Units, a confirmation note representing the number of additional Far East H-BT Units to which he has become entitled by reason of the sub-division.

While Stapling applies, Far East H-BT Units may not be sub-divided or consolidated unless the corresponding Far East H-REIT Units are sub-divided or, as the case may be, consolidated at the same time and to the same extent.

The Register shall be altered accordingly to reflect the new number of Far East H-BT Units held by each holder of Far East H-BT Unit or, as the case may be, Stapled Securities as a result of such sub-division or consolidation and the Trustee-Manager shall cause CDP to alter the depository register maintained by CDP accordingly in respect of the Securities Account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP ("**Securities Account**") of each holder of the Far East H-BT Units to reflect the new number of Far East H-BT Units held by such holder of Far East H-BT Units as a result of such sub-division or consolidation.

### **Rights, Preferences and Restrictions Attaching to Each Class of Far East H-BT Units**

The Far East H-BT Trust Deed provides that rights attached to the Far East H-BT Units issued with special conditions have to be clearly defined in the Far East H-BT Trust Deed and, if at any time, different classes of Far East H-BT Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Far East H-BT Units of that class) may, subject to the provisions of any applicable laws, regulations and guidelines, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of Far East H-BT Units of that class.

Currently, there is only one class of Far East H-BT Units and every Far East H-BT Unit carries the same voting rights. Under the BTA, only persons registered in the statutory register maintained by the Trustee-Manager are recognised as registered holders of Far East H-BT Units in issue. For so long as Far East H-BT is listed, CDP shall be the registered holder of all the Far East H-BT Units in issue and CDP shall pursuant to the Depository Services Terms and Conditions, maintain a record in a depository register of the holders of Far East H-BT Units having Far East H-BT Units credited into their respective Securities Accounts and to record in the depository register the following information stated below in relation to each namely:

- the names and addresses of the holders of Far East H-BT Units;
- the class of Far East H-BT Units held by each holder of Far East H-BT Units;
- the number of Far East H-BT Units held by each holder of Far East H-BT Units;
- the date on which every such person entered into the depository register in respect of the Far East H-BT Units standing in his name became a holder of Far East H-BT Units and, where he became a holder of Far East H-BT Units by virtue of an instrument of transfer, a sufficient reference to enable the name and address of the transferor to be identified;
- the date on which any transfer is registered and the name and address of the transferee; and
- where applicable, the date on which a holder of Far East H-BT Units ceases or ceased to be a holder of Far East H-BT Units.

Each holder of Far East H-BT Units named in the depository register shall for such period as the Far East H-BT Units are entered against his name in the depository register, be deemed to be the owner in respect of the number of Far East H-BT Units entered against the name of such holder of Far East H-BT Units in the depository register and would be entitled to attend and vote at general meetings of holders of Far East H-BT Units. The Trustee-Manager shall be entitled to rely on any and all such information in the depository register.

The entries in the depository register shall (save in the case of manifest error) be conclusive evidence of the number of Far East H-BT Units held by each holder of Far East H-BT Units and in the event of any discrepancy between the entries in the depository register and the details appearing in any confirmation note or monthly statement issued by CDP, the entries in the depository register shall prevail unless the holder of Far East H-BT Units proves to the satisfaction of the Trustee-Manager and CDP that the depository register is incorrect.

## **Distributions**

Subject to applicable laws, regulations and guidelines, and the Far East H-BT Trust Deed, the Trustee-Manager shall have the right to make regular distributions to holders of Far East H-BT of such amounts to be payable out of the Far East H-BT Trust Property on such distribution dates as the Trustee-Manager may think fit. All distributions are paid *pro rata* among the holders of Far East H-BT Units in proportion to the amount paid-up on each of their Far East H-BT Units, unless the rights attached to an issue of any Far East H-BT Unit provide otherwise. Any monies payable to holders of Far East H-BT Units which remain unclaimed after a period of 12 months shall be accumulated in an Unclaimed Monies Account from which the Trustee-Manager may, from time to time, make payments to holders of Far East H-BT Units claiming any such monies.

Subject to the winding-up provisions in the Far East H-BT Trust Deed, the Trustee-Manager, may, at its discretion and if practicable, cause such sums which represent monies remaining in the Unclaimed Monies Account for five years after the date of payment of such moneys into the Unclaimed Monies Account and interest, if any, earned thereon, to be paid into the courts of Singapore and any fees, costs and expenses incurred in relation to such payment into the courts of Singapore shall be deducted from the monies payable to the relevant holder of Far East H-BT Units.<sup>1</sup> If the said monies are insufficient to meet all such fees, costs and expenses, the Trustee-Manager shall be entitled to have recourse to the Far East H-BT Trust Property for such payment. Where the Far East H-BT is listed and to the extent that such unclaimed monies are held by the CDP, subject to the winding-up provisions in the Far East H-BT Trust Deed, the Trustee-Manager may, at its discretion and if practicable, cause such sums which are returned by the CDP to the Trustee-Manager (and which have remained unclaimed by a holder of Far East H-BT Units for a period of six years after the time when such monies became payable to such holder of Far East H-BT Units) to be paid into the courts of Singapore and any fees, costs and expenses incurred in relation to such payment into the courts of Singapore shall be deducted from the monies payable to the relevant holder of Far East H-BT Units. If the said moneys are insufficient to meet all such fees, costs and expenses, the Trustee-Manager shall be entitled to have recourse to the Far East H-BT Trust Property for such payment.

## **Voting Rights**

A holder of Far East H-BT Units is entitled to attend, speak and vote at any general meeting of the holders of Far East H-BT Units in person or by proxy and a holder of Far East H-BT Units may appoint not more than two proxies to attend and vote at the same general meeting

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<sup>1</sup> The Trustees Act allows a trustee to discharge its liabilities towards unclaimed moneys by paying such moneys into Singapore courts, although it does not prescribe the period for which the moneys must be unclaimed before they may be paid into the courts. Although the Trustees Act is not applicable to a registered business trust, as a matter of prudence, the Far East H-BT Trust Deed has provided that the Trustee-Manager may pay unclaimed moneys into the courts.

as a holder of Far East H-BT Units if his name appears on the depository register as at 48 hours before the time of the relevant general meeting as certified by the depository to Far East H-BT. Except as otherwise provided in the Far East H-BT Trust Deed, not less than two holders of Far East H-BT Units must be present in person or by proxy to constitute a quorum at any general meeting PROVIDED THAT (i) a proxy representing more than one holder of Far East H-BT Units shall only count as one holder of Far East H-BT Units for the purpose of determining the quorum and (ii) where a holder of Far East H-BT Units is represented by more than one proxy such proxies shall count as only one Holder for the purpose of determining the quorum.

Under the Far East H-BT Trust Deed, on a show of hands every holder of Far East H-BT Units present in person or by proxy shall have one vote, and on a poll, every holder of Far East H-BT Units who is present in person or by proxy shall have one vote for every Far East H-BT Unit which he holds or represents. Subject to the requirements of the prevailing listing rules of the SGX-ST, voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the general meeting or by five or more holders of Far East H-BT Units (including their proxies) having the right to vote at the general meeting or by holders of Far East H-BT Units (including their proxies) representing not less than 10.0% of the total voting rights of all the holders of Far East H-BT Units having the right to vote at the general meeting.

#### **Variation of Rights of Respective Classes of Far East H-BT Units**

If at any time different classes of Far East H-BT Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Far East H-BT Units of that class) may, subject to any applicable laws, regulations and guidelines, whether or not Far East H-BT is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of Far East H-BT Units of that class. To every such Extraordinary Resolution of the holders of Far East H-BT Units of that class the provisions of the Far East H-BT Trust Deed relating to general meetings of the holders of Far East H-BT Units shall apply *mutatis mutandis* provided that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued Far East H-BT Units of the class and that any Far East H-BT Unitholder of that class present in person or by proxy or by attorney may demand a poll.

The rights conferred upon the holders of Far East H-BT Units of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the Far East H-BT Units of that class or by the Far East H-BT Trust Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further Far East H-BT Units ranking equally therewith, and would therefore require the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of Far East H-BT Units of such class.

The Far East H-BT Trust Deed does not impose more stringent conditions than those required by the applicable law.

#### **Issue of Far East H-BT Units**

The Trustee-Manager has the exclusive right to issue Far East H-BT Units for the account of Far East H-BT. For so long as Far East H-BT is listed on the SGX-ST, the Trustee-Manager



may, subject to the provisions of the Listing Manual, the Far East H-BT Trust Deed, the BTA and any other relevant laws, regulations and guidelines, issue Far East H-BT Units.

In particular, the issuance of Far East H-BT Units will be subject to Section 36 of the BTA, which requires the approval by a majority of the number of votes of holders of Far East H-BT Units who, being entitled to do so, vote in person or by proxy present at a general meeting of holders of Far East H-BT Units.

If in connection with an issue of a Far East H-BT Unit, any requisite payment of the issue price for such Far East H-BT Unit has not been received by the Trustee-Manager before the seventh Business Day after the date on which the Far East H-BT Unit was agreed to be issued (or such other later date as the Trustee-Manager may agree), the Trustee-Manager may cancel its agreement to issue such Far East H-BT Unit and such Far East H-BT Unit will be deemed never to have been issued or agreed to be issued. In such an event, the Trustee-Manager may charge the investor (and retain the same for its own account) a cancellation fee of such amount as the Trustee-Manager may from time to time determine to represent the administrative costs involved in processing the application for such Far East H-BT Unit.

### **Suspension of Issue of Far East H-BT Units**

The Trustee-Manager may, subject to the Listing Manual, suspend the issue of Far East H-BT Units during any of the following events:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- the existence of any state of affairs which, in the opinion of the Trustee-Manager, might seriously prejudice the interests of the holders of Far East H-BT Units as a whole or the Far East H-BT Trust Property;
- any breakdown in the means of communication normally employed in determining the price of any assets of Far East H-BT or (if relevant) the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange or when, for any reason, the prices of any assets of Far East H-BT cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any asset of Far East H-BT or in the payment for such asset of Far East H-BT cannot, in the opinion of the Trustee-Manager, be carried out at normal rates of exchange;
- any period where the issuance of Far East H-BT Units is suspended pursuant to any order or direction issued by the MAS or other relevant regulatory authorities;
- in relation to any general meeting of the holders of Far East H-BT Units, any 48 hour period before such general meeting or any adjournment thereof; or
- when the business operations of the Trustee-Manager in relation to Far East H-BT are substantially interrupted or closed as a result of, or arising from, nationalisation, expropriation, currency restrictions, pestilence, widespread communicable and infectious diseases, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes nuclear fusion or fission or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Trustee-Manager and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the Trustee-Manager.

In the event of any suspension while Far East H-BT is listed on the SGX-ST, the Trustee-Manager shall ensure that the immediate announcement of such suspension is made through the SGX-ST.

### **Meeting of Holders of Far East H-BT Units**

Under applicable laws and the provisions of the Far East H-BT Trust Deed, Far East H-BT will not hold any meetings for holders of Far East H-BT Units unless the Trustee-Manager convenes a meeting or unless not less than 10.0% of total voting rights of all holders of Far East H-BT Units request a meeting to be convened.

A meeting of holders of Far East H-BT Units when convened may:

- by Extraordinary Resolution and in accordance with the Far East H-BT Trust Deed, sanction any modification, alteration or addition to the Far East H-BT Trust Deed which shall be proposed by the Trustee-Manager as provided in the Far East H-BT Trust Deed;
- by Extraordinary Resolution and in accordance with the Far East H-BT Trust Deed, sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of fees payable to the Trustee-Manager;
- by Extraordinary Resolution and in accordance with the Far East H-BT Trust Deed, remove the auditors of Far East H-BT;
- by Extraordinary Resolution and in accordance with the Far East H-BT Trust Deed, delist Far East H-BT after it has been listed; and
- by Extraordinary Resolution and in accordance with the Far East H-BT Trust Deed, remove the Trustee-Manager.

Any decision to be made by resolution of the holders of Far East H-BT Units other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the BTA or applicable laws and regulations.

Except as otherwise provided for in the Far East H-BT Trust Deed, 14 days' notice at the least (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the holders of Far East H-BT Units in the manner provided in the Far East H-BT Trust Deed. The quorum at a meeting shall not be less than two holders of Far East H-BT Units present in person or by proxy, PROVIDED THAT (i) a proxy representing more than one holder of Far East H-BT Units shall count as one holder of Far East H-BT Units for the purpose of determining the quorum; and (ii) where a holder of Far East H-BT Units is represented by more than one proxy such proxies shall count as only one holder of Far East H-BT Units for the purpose of determining the quorum. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed, and each such notice may, in general, be published in any one leading English-language daily newspaper in Singapore.



Subject to the requirements of the prevailing listing rules by the SGX-ST, voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the meeting, or by five or more holders of Far East H-BT Units present in person or by proxy, or holding or representing one tenth in value of all Far East H-BT Units represented at the meeting. Holders of Far East H-BT Units do not have different voting rights on account of the number of votes held by a particular holder of Far East H-BT Units. On a show of hands, every holder of Far East H-BT Units has one vote. On a poll, every holder of Far East H-BT Units has one vote for each Far East H-BT Unit of which it is the holder. The Far East H-BT Trust Deed does not contain any limitation on non-Singapore resident or foreign holders of Far East H-BT Units holding Far East H-BT Units or exercising the voting rights with respect to their holdings of Far East H-BT Units.

Neither the Trustee-Manager nor any of its associates shall be entitled to vote or be counted as part of a quorum at a meeting convened to consider a matter in respect of which the Trustee-Manager or any of its associates has a material interest save for an Ordinary Resolution duly proposed to remove the Trustee-Manager, in which case, no holder of Far East H-BT Units shall be disenfranchised.

For so long as the Trustee-Manager is the trustee-manager of Far East H-BT, the controlling shareholders (as defined in the Listing Rules) of the Trustee-Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of holders of Far East H-BT Units convened to consider a matter in respect of which the relevant controlling shareholders of the Trustee-Manager and/or of any of its associates have a material interest.

### **Rights and Liabilities of the Holders of Far East H-BT Units**

The key rights of the holders of Far East H-BT Units include rights to:

- receive income and other distributions attributable to the Far East H-BT Units held;
- receive audited accounts and the annual reports of Far East H-BT; and
- participate in the winding-up or liquidation of Far East H-BT by receiving a share of all net cash proceeds derived from the realisation of the assets of Far East H-BT less any liabilities, in accordance with their proportionate interests in Far East H-BT.

No holder of Far East H-BT Units has a right to require that any asset of Far East H-BT be transferred to him.

Further, holders of Far East H-BT Units cannot give any directions to the Trustee-Manager (whether at a meeting of the holders of Far East H-BT Units or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- Far East H-BT ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the Trustee-Manager by the Far East H-BT Trust Deed or the determination of any matter which, under the Far East H-BT Trust Deed, requires the agreement of the Trustee-Manager.

The Far East H-BT Trust Deed contains provisions that are designed to limit the liability of a holder of Far East H-BT Units to the amount paid or payable for any Far East H-BT Unit. The provisions seek to ensure that if the issue price of the Far East H-BT Units held by a holder of Far East H-BT Units has been fully paid, no such holder of Far East H-BT Units, by reason

alone of being a holder of Far East H-BT Units, will be personally liable to indemnify the Trustee-Manager or any creditor of Far East H-BT in the event that the liabilities of Far East H-BT exceed its assets.

### **Limitation on Right to Own Far East H-BT Units**

#### ***Far East H-BT Units Issued to Persons Resident outside Singapore***

In relation to any rights issue, the Trustee-Manager may in its absolute discretion elect not to extend an offer of Far East H-BT Units under the rights issue to those holders of Far East H-BT Units, whose addresses are outside Singapore. In such an event, the rights or entitlements to the Far East H-BT Units of such holders of Far East H-BT Units will be offered for subscription by the Trustee-Manager as the nominee and authorised agent of each such relevant Far East H-BT Unitholder in such manner and at such price, as the Trustee-Manager may determine.

Where necessary, the Trustee-Manager shall have the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant holders of Far East H-BT Units whose rights or entitlements have been thus sold, provided that where such proceeds payable to the relevant holders of Far East H-BT Units are less than S\$10.00, the Trustee-Manager shall be entitled to retain such proceeds as part of the Far East H-BT Trust Property.

### **Amendments to the Far East H-BT Trust Deed**

After the Listing Date, the Trustee-Manager shall be entitled, by deed supplemental hereto (including by way of an amending and restating deed), to modify, alter or add to the provisions of the Far East H-BT Trust Deed in such manner and to such extent as it may consider expedient for any purpose in accordance with the provisions of the BTA.

The BTA currently provides that the trust deed of a Registered Business Trust may be amended by a resolution passed by the unitholders of that trust holding in the aggregate not less than 75.0% of the voting rights of all unitholders of the trust who, being entitled to do so, vote in person or by proxy present at a general meeting of which not less than 21 days' written notice specifying the intention to propose the resolution as a special resolution has been duly given.

### **Circumstances under which the Trustee-Manager may be Indemnified out of the Far East H-BT Trust Property**

In general, subject to any express provision under the Far East H-BT Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager, the Trustee-Manager is entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Far East H-BT's trustee-manager to have recourse to the Far East H-BT Trust Property or any part thereof, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care.

## **Circumstances under which the Trustee-Manager may Exclude Liability in Relation to Carrying Out of Its Duties With Respect to Far East H-BT**

Subject to the duties and obligations of the Trustee-Manager under the Far East H-BT Trust Deed, the Trustee-Manager shall not be liable for any act or omission of in relation to Far East H-BT save where there is, on the part of the Trustee-Manager, fraud, wilful default or breach of trust or where the Trustee-Manager fails to exercise Due Care.

In the absence of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, the Trustee-Manager shall not incur any liability to the holders of Far East H-BT Units by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Far East H-BT Trust Deed.

### **Substantial Far East H-BT Holdings**

As the Stapled Securities comprise Far East H-REIT Units and Far East H-BT Units stapled together, Stapled Securityholders have to comply with the regulatory requirements imposed on both Far East H-REIT and Far East H-BT, including that of the requirement to disclose substantial holdings.

With regard to Far East H-BT, under Section 38 of the BTA, Substantial holders of Far East H-BT Units will be required to notify the Trustee-Manager of (i) their deemed and direct holdings within two Business Days after becoming a Substantial holder, (ii) any subsequent change in the percentage level of such holdings (rounded down to the next whole number) within two Business Days after they become aware of such changes or (iii) their ceasing to hold such number of Far East H-BT Units to which is attached not less than 5.0% of the total votes attached to all the voting Far East H-BT Units issued for the time being 5.0% or more of the total number of Far East H-BT Units, within two Business Days after such cessation.

Under Section 37 of the BTA, Substantial holders of Far East H-BT Units must also, within the same time limit, submit such notifications to the SGX-ST.

Failure to comply with either Section 38 or Section 37 of the BTA constitutes an offence and will render a holder of Far East H-BT Units with an interest in one or more Far East H-BT Units constituting not less than 5.0% of all Far East H-BT Units in issue (“**Substantial holder of Far East H-BT Units**”) liable to a fine on conviction.

All dealings in Stapled Securities or, as the case may be, Far East H-BT Units by the Trustee-Manager Directors and, upon the coming into force of the Securities and Futures (Amendment) Act 2009, the Chief Executive Officer of the Trustee-Manager, will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

Upon the coming into force of the Securities and Futures (Amendment) Act 2009, under Sections 135, 136 and 137 of the SFA (read with Section 137J of the SFA), substantial holders of Far East H-BT Units will be required to notify the Trustee-Manager of their deemed and direct holdings and any subsequent change in the percentage level of such holdings (rounded down to the next whole number) or their ceasing to hold 5.0% or more of the total number of Far East H-BT Units within two Business Days after becoming aware of such information.

## **The Trustee-Manager Board's Declaration of Holdings of Far East H-BT Units**

Under Section 13 of the BTA, the Trustee-Manager Directors are required to give notice to the Trustee-Manager of their acquisition of Far East H-BT Units or of changes to the number of Far East H-BT Units which they hold or in which they have an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of Far East H-BT Units which they hold or in which they have an interest, as applicable. Upon such notification, the Trustee-Manager will promptly announce such interests or changes via SGXNET or to any other relevant Recognised Stock Exchange.

## **Duty of the Trustee-Manager to Make Disclosure upon the Coming into Force of the Securities and Futures (Amendment) Act 2009**

Upon the coming into force of the Securities and Futures (Amendment) Act 2009, under Section 137R of the SFA, where the Trustee-Manager has been notified by a Substantial holder of Far East H-BT Units or director or Chief Executive Officer of the Trustee-Manager pursuant to the unitholdings disclosure requirements of the SFA as set out below, the Trustee-Manager shall announce such information in the SGXNET as soon as practicable and in any case no later than the end of the business day following the day on which the Trustee-Manager became aware of such information or received the notice.

## **Directors and Chief Executive Officers of the Trustee-Manager**

Upon the coming into force of the Securities and Futures (Amendment) Act 2009, under Section 137N of the SFA, directors and chief executive officers of the Trustee-Manager will be required to notify the Trustee-Manager of their acquisition of Far East H-BT Units or of changes to the number of Far East H-BT Units which they hold or in which they have an interest, within two Business Days after becoming aware of such information after becoming aware of such information.

A director of the Trustee-Manager is deemed to have an interest in Far East H-BT Units in the following circumstances:

- Where the director is the beneficial owner of a Far East H-BT Unit (whether directly through a direct Securities Account or indirectly through a depository agent or otherwise), he is deemed to have an interest in that Far East H-BT Unit.
- Where a body corporate is the beneficial owner of a Far East H-BT Unit and the director is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate, he is deemed to have interest in that Far East H-BT Unit.
- Where the director's (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years has any interest in a Far East H-BT Unit, he is deemed to have an interest in that Far East H-BT Unit.
- Where the director, his (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years:
  - has entered into a contract to purchase a Far East H-BT Unit;
  - has a right to have a Far East H-BT Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;

- has the right to acquire a Far East H-BT Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or
- is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of holders of Far East H-BT Units) to exercise or control the exercise of a right attached to a Far East H-BT Unit, not being a Far East H-BT Unit of which any of them is the holder,

the director is deemed to have an interest in that Far East H-BT Unit.

- Where the property subject to a trust consists of or includes a Far East H-BT Unit and the director knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Far East H-BT Unit, he is deemed to have an interest in that Far East H-BT Unit.

### **The Trustee-Manager**

The Trustee-Manager is FEO Hospitality Trust Management Pte. Ltd. The Trustee-Manager is a company incorporated on 30 April 2012 in Singapore. The Trustee-Manager has an issued share capital of S\$100. The Trustee-Manager has a place of business in Singapore at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213.

### ***Powers, Duties and Obligations of the Trustee-Manager***

The Trustee-Manager's powers, duties and obligations are set out in the Far East H-BT Trust Deed. The powers and duties of the Trustee-Manager include:

- acting as trustee-manager of Far East H-BT and, in such capacity, safeguarding the rights and interests of the holders of Far East H-BT Units, for example, by satisfying itself that transactions it enters into for and on behalf of Far East H-BT with an Interested Person or Far East H-BT are conducted on normal commercial terms, are not prejudicial to the interests of Far East H-BT and the holders of Far East H-BT Units, and in accordance with all applicable requirements under all applicable laws, rules and regulations including the BTA and the Listing Manual relating to the transaction in question;
- holding the assets of Far East H-BT on trust for the benefit of the holders of Far East H-BT Units in accordance with the Far East H-BT Trust Deed;
- lending monies out of the assets of Far East H-BT for the benefit of the Stapled Securityholders as a whole to any stapled entity in accordance with the Far East H-BT Trust Deed and subject to compliance with the applicable laws, regulations and guidelines; and
- exercising all the powers of a trustee-manager and the powers that are incidental to the ownership of the assets of Far East H-BT.

The Trustee-Manager has covenanted in the Far East H-BT Trust Deed that it will use its best endeavours to carry on and conduct its business in a proper and efficient manner in the best interests of the holders of Far East H-BT Units as a whole (subject to, the overriding best interests of Stapled Securityholders, as permitted under all applicable laws, regulations and guidelines).

In the exercise of its powers, the Trustee-Manager may, subject to the provisions of the Far East H-BT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Trustee-Manager may, subject to the provisions of the Far East H-BT Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
- any real estate agents or managers, including an Interested Person, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

The Trustee-Manager must carry out its functions and duties and comply with all the obligations imposed on it and set out in the Far East H-BT Trust Deed, the Listing Manual, the SFA, the BTA, the Tax Ruling and all other applicable laws, regulations and guidelines. It must retain Far East H-BT's assets, or cause Far East H-BT's assets to be retained, in safe custody and cause Far East H-BT's accounts to be audited. It can appoint valuers to value the real estate assets and real estate-related assets of Far East H-BT.

The Trustee-Manager is not personally liable to a holder of Far East H-BT Units in connection with the office of the Trustee-Manager except in respect of its own fraud, gross negligence, wilful default, breach of trust or breach of the Far East H-BT Trust Deed or Stapling Deed or where the Trustee-Manager fails to exercise Due Care. Any liability incurred and any indemnity to be given by the Trustee-Manager shall be limited to the assets of Far East H-BT over which the Trustee-Manager has recourse, provided that the Trustee-Manager has acted without fraud, gross negligence, wilful default, breach of trust or breach of the Far East H-BT Trust Deed or where the Trustee-Manager fails to exercise Due Care. The Far East H-BT Trust Deed contains certain indemnities in favour of the Trustee-Manager under which it will be indemnified out of the assets of Far East H-BT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

### ***Resignation or Removal of the Trustee-Manager***

The Trustee-Manager may resign or be removed under the following circumstances:

- The Trustee-Manager shall only resign in accordance with the relevant laws, regulations and guidelines and its resignation shall only be upon the appointment of a new Trustee-Manager (such appointment to be made in accordance with the provisions of the Far East H-BT Trust Deed); and
- The Trustee-Manager may be removed in accordance with the relevant laws, regulations and guidelines.

(See "Management and Corporate Governance — Far East H-BT — Retirement or Removal of Trustee-Manager" for further details.)

### **Changes in the Fees and Charges payable to the Trustee-Manager**

An Extraordinary Resolution of the holders of Far East H-BT Units at a meeting convened and held in accordance with the provisions of the Far East H-BT Trust Deed is required to approve:

- any increase in the rate or any change in the structure of the Trustee-Manager's management fee or trustee fee; and



- any increase in the rate above the permitted level or any change in the structure of the Trustee-Manager's acquisition fee, divestment fee and development management fee.

### **Winding-up of Far East H-BT**

Under the Far East H-BT Trust Deed, Far East H-BT shall be of indefinite duration. In the event that any law is passed which renders it illegal or, in the opinion of the Trustee-Manager, impracticable or inadvisable to continue Far East H-BT, Far East H-BT may, without prejudice to the provisions of the BTA, be wound up subject to approval by the holders of Far East H-BT Units by way of an Extraordinary Resolution duly passed by the holders of Far East H-BT Units at a meeting convened by the Trustee-Manager in accordance with the Far East H-BT Trust Deed.

Generally, as soon as practicable after the commencement of the winding-up of Far East H-BT, the Trustee-Manager shall, subject to any authorisations or directions given to it by the holders of Far East H-BT Units pursuant to the Far East H-BT Trust Deed, sell the Far East H-BT Trust Property and repay any borrowings incurred on behalf of Far East H-BT in accordance with the Far East H-BT Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of Far East H-BT before distributing the balance of the Far East H-BT Trust Property to the holders of Far East H-BT Units in accordance with their proportionate interests in the Far East H-BT Trust Property.

### **Issue of Stapled Securities**

For as long as Far East H-REIT Units are stapled to Far East H-BT Units, the REIT Manager may only issue Far East H-REIT Units if such issue is accompanied by the issue of Far East H-BT Units. Similarly, the Trustee-Manager may only issue Far East H-BT Units if such issue is accompanied by the issue of Far East H-REIT Units. For the avoidance of doubt, both the Managers must satisfy the requirements under the Far East H-REIT Trust Deed and the Far East H-BT Trust Deed for the issue of Far East H-REIT and Far East H-BT Units before Stapled Securities can be issued. On the assumption that Far East H-BT Units will remain stapled to Far East H-REIT Units, see the section “— The Formation and Structure of Far East H-Trust — Issue of the Stapled Securities” above for a discussion on the issue of Stapled Securities.



## CERTAIN AGREEMENTS RELATING TO FAR EAST H-TRUST, FAR EAST H-REIT, FAR EAST H-BT AND THE PROPERTIES

*The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of Far East H-Trust, Far East H-REIT, Far East H-BT and the Properties. Copies of these agreements are available for inspection at the registered office of the REIT Manager at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213 and the registered office of the Trustee-Manager at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213 for a period of six months from the date of this Prospectus.*

### RIGHT OF FIRST REFUSAL

#### The Far East Orchard ROFR

Far East Orchard has granted a right of first refusal dated 3 August 2012 to the REIT Trustee and the Trustee-Manager for so long as:

- FEO Hospitality Asset Management Pte. Ltd. or any of its related corporations (as defined in the Companies Act) remains the manager of Far East H-REIT;
- FEO Hospitality Trust Management Pte. Ltd. or any of its related corporations remains the trustee-manager of Far East H-BT; and
- Far East Orchard and/or any of its subsidiaries, alone or in aggregate, hold at least 15.0% of the total issued share capital of the manager of Far East H-REIT and the trustee-manager of Far East H-BT.

For the purposes of the Far East Orchard ROFR:

- a “**Relevant Entity**” means Far East Orchard or any of its existing or future subsidiaries or existing or future private funds managed by Far East Orchard (“**Far East Orchard Private Funds**”); and
- a “**Relevant Asset**” refers to a completed income-producing real estate in Singapore used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, where real estate used for “**hospitality**” purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term “**serviced residences**” means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act; and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residence. Where such real estate is held by a Relevant Entity through a SPV established solely to own such real estate, the term “**Relevant Asset**” shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term “**Relevant Asset**” shall refer to the ownership share of the Relevant Entity in such real estate.

The Far East Orchard ROFR shall cover any proposed offer (a “**Proposed Offer**”) by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the

Relevant Entity (“**Proposed Disposal**”). If the Relevant Asset is owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to Far East H-REIT or Far East H-BT is required or is owned by Far East Orchard’s subsidiaries or Far East Orchard Private Funds which are not wholly-owned by Far East Orchard and whose other shareholder(s) or private fund investor(s) is/are third parties, and if consent from such shareholder(s) or private fund investor(s) to offer the Relevant Asset to Far East H-REIT or Far East H-BT is required, Far East Orchard shall use its best endeavours to obtain the consent of the relevant third party(ies), other shareholder(s) or private fund investor(s), failing which the Far East Orchard ROFR will exclude the disposal of such Relevant Asset.

The Far East Orchard ROFR shall:

- be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;
- exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement; and
- be subject to the applicable laws, regulations and government policies.

In the event that the REIT Trustee and the Trustee-Manager fail or do not wish to exercise the Far East Orchard ROFR, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the REIT Trustee and the Trustee-Manager. However, if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur within 12 months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the Far East Orchard ROFR.

#### **The Other ROFR granted by FEOPL**

FEOPL has granted a right of first refusal dated 3 August 2012 to the REIT Trustee and the Trustee-Manager for so long as:

- FEO Hospitality Asset Management Pte. Ltd. or any of its related corporations (as defined in the Companies Act) remains the manager of Far East H-REIT;
- FEO Hospitality Trust Management Pte. Ltd. or any of its related corporations remains the trustee-manager of Far East H-BT;
- the Sponsor holds at least 15.0% of the total issued share capital of the manager of Far East H-REIT and the trustee-manager of Far East H-BT; and
- the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of Far East H-REIT and Far East H-BT.

For the purposes of the Other ROFR granted by FEOPL:

- a “**controlling unitholder**” in relation to a business trust means:
  - (a) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the business trust; or
  - (b) a person who in fact exercises control over the business trust;
- a “**controlling unitholder**” in relation to a REIT means:
  - (a) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the REIT; or
  - (b) a person who in fact exercises control over the REIT;
- a “**Relevant Entity**” means FEOPL or any of its existing or future subsidiaries (excluding Far East Orchard and its subsidiaries) or existing or future private funds managed by FEOPL; and
- a “**Relevant Asset**” refers to a completed income-producing real estate in Singapore used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, where real estate used for “**hospitality**” purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term “**serviced residences**” means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act; and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residence. Where such real estate is held by a Relevant Entity through a SPV established solely to own such real estate, the term “**Relevant Asset**” shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term “**Relevant Asset**” shall refer to the ownership share of the Relevant Entity in such real estate.

The Other ROFR granted by FEOPL shall cover any proposed offer (a “**Proposed Offer**”) by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity (“**Proposed Disposal**”). If the Relevant Asset is owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to Far East H-REIT or Far East H-BT is required or is owned by FEOPL’s subsidiaries (excluding Far East Orchard and its subsidiaries) or existing or future private funds managed by FEOPL which are not wholly-owned by the Sponsor and whose other shareholder(s) or private fund investor(s) is/are third parties, and if consent from such shareholder(s) or private fund investor(s) to offer the Relevant Asset to Far East H-REIT or Far East H-BT is required, FEOPL shall use its best endeavours to obtain the consent of the relevant third party(ies), other shareholder(s) or private fund investor(s), failing which the Other ROFR granted by FEOPL will exclude the disposal of such Relevant Asset.

The Other ROFR granted by FEOPL shall:

- be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;

- exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement; and
- be subject to the applicable laws, regulations and government policies.

In the event that the REIT Trustee and the Trustee-Manager fail or do not wish to exercise the Other ROFR granted by FEOPL, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the REIT Trustee and the Trustee-Manager. However, if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur within 12 months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the Other ROFR granted by FEOPL.

**The Other ROFRs granted by each of FEOC, Golden Development Private Limited, Glory Realty Co. Private Ltd., F. E. Holdings Pte. Ltd., Boo Han Holdings Pte. Ltd., Lucky Realty Company Pte Ltd and Orchard Landmark Pte. Ltd.**

FEOC, Golden Development Private Limited, Glory Realty Co. Private Ltd., F. E. Holdings Pte. Ltd., Boo Han Holdings Pte. Ltd., Lucky Realty Company Pte Ltd and Orchard Landmark Pte. Ltd. have each granted a right of first refusal dated 3 August 2012 to the REIT Trustee and the Trustee-Manager for so long as:

- FEO Hospitality Asset Management Pte. Ltd. or any of its related corporations (as defined in the Companies Act) remains the manager of Far East H-REIT;
- FEO Hospitality Trust Management Pte. Ltd. or any of its related corporations remains the trustee-manager of Far East H-BT;
- the Sponsor holds, at least 15.0% of the total issued share capital of the manager of Far East H-REIT and the trustee-manager of Far East H-BT; and
- the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of Far East H-REIT and Far East H-BT.

For the purposes of the Other ROFRs granted by each of FEOC, Golden Development Private Limited, Glory Realty Co. Private Ltd., F. E. Holdings Pte. Ltd., Boo Han Holdings Pte. Ltd., Lucky Realty Company Pte Ltd and Orchard Landmark Pte. Ltd.:

- a “**controlling unitholder**” in relation to a business trust means:
  - (a) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the business trust; or
  - (b) a person who in fact exercises control over the business trust;
- a “**controlling unitholder**” in relation to a REIT means:
  - (a) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the REIT; or
  - (b) a person who in fact exercises control over the REIT;
- a “**Relevant Entity**” means that member of the Sponsor or any of its existing or future subsidiaries or existing or future private funds managed by that member of the Sponsor; and

- a “**Relevant Asset**” refers to a completed income-producing real estate in Singapore used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, where real estate used for “**hospitality**” purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term “**serviced residences**” means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act; and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residence. Where such real estate is held by a Relevant Entity through a SPV established solely to own such real estate, the term “**Relevant Asset**” shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term “**Relevant Asset**” shall refer to the ownership share of the Relevant Entity in such real estate.

The Other ROFRs granted by each of FEOC, Golden Development Private Limited, Glory Realty Co. Private Ltd., F. E. Holdings Pte. Ltd., Boo Han Holdings Pte. Ltd., Lucky Realty Company Pte Ltd and Orchard Landmark Pte. Ltd. shall cover any proposed offer (a “**Proposed Offer**”) by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity (“**Proposed Disposal**”). If the Relevant Asset is owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to Far East H-REIT or Far East H-BT is required, or if owned by that member of the Sponsor’s existing or future subsidiaries or existing or future private funds managed by that member of the Sponsor which are not wholly-owned by the Sponsor and whose other shareholder(s) or private fund investor(s) is/are third parties and if consent from such shareholder(s) or private fund investor(s) to offer the Relevant Asset to Far East H-REIT or Far East H-BT is required, that member of the Sponsor shall use its best endeavours to obtain the consent of the relevant third party(ies), other shareholder(s) or private fund investor(s), failing which the Other ROFR granted by that member of the Sponsor will exclude the disposal of such Relevant Asset.

The Other ROFRs granted by each of FEOC, Golden Development Private Limited, Glory Realty Co. Private Ltd., F. E. Holdings Pte. Ltd., Boo Han Holdings Pte. Ltd., Lucky Realty Company Pte Ltd and Orchard Landmark Pte. Ltd. shall:

- be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;
- exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement; and
- be subject to the applicable laws, regulations and government policies.

In the event that the REIT Trustee and the Trustee-Manager fail or do not wish to exercise the Other ROFRs granted by each of FEOC, Golden Development Private Limited, Glory Realty



Co. Private Ltd., F. E. Holdings Pte. Ltd., Boo Han Holdings Pte. Ltd., Lucky Realty Company Pte Ltd and Orchard Landmark Pte. Ltd., the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the REIT Trustee and the Trustee-Manager. However, if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur within 12 months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the Other ROFRs granted by each of FEOC, Golden Development Private Limited, Glory Realty Co. Private Ltd., F. E. Holdings Pte. Ltd., Boo Han Holdings Pte. Ltd., Lucky Realty Company Pte Ltd and Orchard Landmark Pte. Ltd..

There are no prior overriding contractual obligations in relation to the Sponsor ROFR Properties which oblige the Sponsor to dispose of its interest in a Relevant Asset to a third party in preference to Far East H-REIT or Far East H-BT.

## **STATE LEASE**

Albert Court Village Hotel, Changi Village Hotel, Central Square Village Residences, Hougang Village Residences, Regency House and Riverside Village Residences are held under 99-year State leases granted by the President of the Republic of Singapore as head lessor.

Oasia Hotel is held under 99-year State leases and a 30-year State lease granted by the President of the Republic of Singapore as head lessor.

Under the State leases, the owners are, *inter alia*:

- prohibited from transferring, leasing, mortgaging, charging or assigning the whole or part of the Properties without first obtaining the written approval of the head lessor;
- required to pay all rates, taxes, charges and outgoings imposed on the Properties;
- required to maintain the Properties in a good and tenantable condition; and
- prohibited from making any alteration or addition to the buildings or erecting any new building on the Properties without first obtaining the written consent of the head lessor.

The prohibition on transfer and leasing in the above State leases has been waived for the Properties except Central Square Village Residences, Hougang Village Residences and Regency House. The consent of the head lessor has been obtained for the sale and transfer of Central Square Village Residences, Hougang Village Residences and Regency House to Far East H-REIT and for the leaseback of the same by Far East H-REIT to the Vendors.

Orchard Parade Hotel is comprised in freehold estates granted by the President of the Republic of Singapore under two State grants and a 99-year leasehold estate under a State lease. The State grants and State lease do not contain any prohibition on any transfer or leasing of the Property by the owner.

Landmark Village Hotel is held under a 99-year lease granted by the Urban Redevelopment Authority as head lessor. Under this lease, the owner is required to pay all rates, taxes, charges and outgoings and keep the Property in tenantable repair, and prohibited from making any alteration or addition to the building or erecting any new building on the Property without first obtaining the written consent of the head lessor. This lease does not contain any prohibitions on transfer or leasing of Landmark Village Hotel.

The Elizabeth Hotel and The Quincy Hotel are comprised in freehold estates granted by the President of the Republic of Singapore under State grants. The State grants do not contain any prohibition on any transfer or leasing of the Properties by the owners.

## PROPERTY SALE AND PURCHASE AGREEMENTS

Pursuant to the Property Sale and Purchase Agreements, the Vendors agreed to sell to Far East H-REIT the leasehold titles of the Properties together with the plant and equipment therein.

The leasehold titles to be acquired by Far East H-REIT comprise the following, each commencing from the Listing Date:

- a 75-year leasehold title in respect of Albert Court Village Hotel<sup>1</sup>;
- a 65-year leasehold title in respect of Changi Village Hotel<sup>2</sup>;
- a 75-year leasehold title in respect of The Elizabeth Hotel<sup>3</sup>;
- a 66-year leasehold title in respect of Landmark Village Hotel<sup>4</sup>;
- a 92-year leasehold title in respect of Oasia Hotel<sup>5</sup>;
- a 50-year leasehold title in respect of Orchard Parade Hotel<sup>6</sup>;
- a 75-year leasehold title in respect of The Quincy Hotel<sup>7</sup>;
- a 80-year leasehold title in respect of Central Square Village Residences<sup>8</sup>;
- a 81-year leasehold title in respect of Hougang Village Residences<sup>9</sup>;
- a 81-year leasehold title in respect of Regency House<sup>10</sup>; and
- a 78-year leasehold title in respect of Riverside Village Residences<sup>11</sup>.

The leasehold interests in the Properties to be acquired by Far East H-REIT are in respect of a shorter leasehold period than the length of the leasehold titles or (as the case may be) freehold titles held by the Vendors.

Upon expiry of the leasehold interests to be held by Far East H-REIT, title to the Properties will revert back to the Vendors.

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1 The Vendor currently owns a leasehold interest of 99 years commencing from 10 September 1990 in Albert Court Village Hotel.

2 The Vendor currently owns a leasehold interest of 99 years commencing from 16 June 1980 in Changi Village Hotel.

3 The Vendor currently owns a freehold interest in The Elizabeth Hotel.

4 The Vendor currently owns a leasehold interest of 99 years commencing from 30 April 1981 in Landmark Village Hotel.

5 The Vendor currently owns a leasehold interest of 99 years commencing from 23 April 2007 in Oasia Hotel.

6 Orchard Parade Hotel rests on four land lots. The Vendor currently owns a freehold interest in three of the land lots, and owns a leasehold interest of 99 years commencing from 1 April 1965 in the fourth land lot.

7 The Vendor currently owns a freehold interest in The Quincy Hotel.

8 The Vendor currently owns a leasehold interest of 99 years commencing from 13 February 1995 in Central Square Village Residences.

9 The Vendor currently owns a leasehold interest of 99 years commencing from 27 February 1996 in Hougang Village Residences.

10 The Vendor currently owns a leasehold interest of 99 years commencing from 15 January 1996 in Regency House.

11 The Vendor currently owns a leasehold interest of 99 years commencing from 31 May 1993 in Riverside Village Residences.



The decision on the length of the leasehold interests to be transferred to Far East H-REIT, is entirely commercial. In valuing the Properties, the independent valuers have taken into account the tenure of the leasehold interests to be acquired by Far East H-REIT.

On the Listing Date, the Vendors will issue a registrable lease (the “**Vendor Lease**”) to Far East H-REIT for the leasehold estate of each of the Properties.

The purchase price for the Properties will be paid in cash or cash and Sponsor Stapled Securities.

In the event that there is Material Damage to the Property, Far East H-REIT may elect to terminate the sale and purchase. In the event that there is damage to the Property which is not Material Damage, the Vendor would be obliged to rectify the damage at its own cost and expense prior to the Listing Date or, if this is not possible, as soon as reasonably practicable after the Listing Date.

Certain limited representations and warranties are made by each Vendor relating to the Properties. Claims for breach of warranties are subject to an aggregate maximum limit per Property, and must be made within 18 months after the completion of the sale and purchase. If, prior to completion, it is found that there is a material breach of warranty by the Vendor, Far East H-REIT shall be entitled to rescind the sale and purchase, without prejudice to its other rights including the right to claim damages.

The completion of the sale and purchase of the Properties is subject to and conditional upon the approval of the Vendors’ shareholders being obtained by, and the listing of the Stapled Securities and commencement of trading of such units on SGX-ST on, the Listing Date.

Under the Property Sale and Purchase Agreements for Landmark Village Hotel and Orchard Parade Hotel, the Vendors are required at their own cost, to carry out and complete certain works to upgrade the Properties by no later than 30 June 2013.

On the Listing Date, all tenancy agreements relating to tenancies in the Excluded Commercial Premises of each of the Properties (except Oasia Hotel, The Quincy Hotel and Hougang Village Residences, for which there are no Excluded Commercial Premises) will be assigned by the Vendors to Far East H-REIT. Concurrently with the assignment of the tenancy agreements, the tenancy security deposits held by the Vendors in relation to such tenancy agreements will be transferred and all guarantees covering such tenancy security deposits will be assigned to Far East H-REIT.

As owner of a leasehold interest under a Vendor Lease (which is granted by the Vendor), rather than under a State Lease granted by the State, Far East H-REIT will require the consent of the Vendor for any “topping up” of its leasehold interest, as title to the Properties will revert to the relevant Vendor upon expiry of the leasehold interest.

If Far East H-REIT desires to top up its leasehold interest beyond the Vendor’s own leasehold interest, it will require the Vendor to itself extend the State Lease from the State to the Vendor before the Vendor is legally able to extend the leasehold interest of Far East H-REIT under the Vendor Lease. In the event that Far East H-REIT desires to top up its leasehold interest in a Property, such topping up of Far East H-REIT’s leasehold interest will be subject to the applicable laws and regulations, and the commercial terms will be subject to negotiations with the relevant Vendor.

## **VENDOR LEASES**

Under the Vendor Leases, Far East H-REIT as the owner of the Properties, are required;

- to pay an annual rent of S\$12 (waived by the lessor (being the relevant Vendor) until further notice);
- to pay all rates, taxes, charges and outgoings imposed on the Properties; and
- not to use the Properties otherwise than in accordance with the approved use approved by the relevant authorities.

## **MASTER LEASE AGREEMENTS**

Under the Master Lease Agreements, Far East H-REIT leases the Properties to the Master Lessees, together with the plant and equipment therein but excluding the Excluded Commercial Premises.

The term of each Master Lease Agreement is for 20 years with an option for the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions, save for amendments required due to change in law and excluding any further option to renew.

The Master Lessee is required to pay rent on a monthly basis in arrears on the 24<sup>th</sup> day of the following month, which rent shall comprise:

- (a) a Fixed Rent of:
- S\$3.5 million per annum in respect of Albert Court Village Hotel;
  - S\$7.5 million per annum in respect of Changi Village Hotel;
  - S\$5.5 million per annum in respect of The Elizabeth Hotel;
  - S\$7.0 million per annum in respect of Landmark Village Hotel;
  - S\$8.0 million per annum in respect of Oasia Hotel;
  - S\$10.0 million per annum in respect of Orchard Parade Hotel;
  - S\$2.5 million per annum in respect of The Quincy Hotel;
  - S\$3.5 million per annum in respect of Central Square Village Residences;
  - S\$1.5 million per annum in respect of Hougang Village Residences;
  - S\$2.5 million per annum in respect of Regency House; and
  - S\$2.5 million per annum in respect of Riverside Village Residences; and

- (b) a Variable Rent computed based on the sum of a fixed portion of the Property's Gross Operating Revenue and a fixed portion of the Property's Gross Operating Profit for that fiscal year, less the Fixed Rent for the relevant fiscal year, and if the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero. The fixed portions of the Property's Gross Operating Revenue and the Property's Gross Operating Profit in a fiscal year, for the purpose of computing the Variable Rent for the Properties, are as follows:

Property	Percentage of Property's Gross Operating Revenue (%)	Percentage of Property's Gross Operating Profit (%)
<b>Hotels</b>		
Albert Court Village Hotel	33.0	25.0
Changi Village Hotel	33.0	24.0
The Elizabeth Hotel	33.0	34.0
Landmark Village Hotel	33.0	29.0
Oasia Hotel	33.0	28.0
Orchard Parade Hotel	33.0	37.0
The Quincy Hotel	33.0	23.0
<b>Serviced Residences</b>		
Central Square Village Residences	33.0	41.0
Hougang Village Residences	33.0	38.0
Regency House	33.0	40.0
Riverside Village Residences	33.0	40.0

The quantum of the Variable Rent will be adjusted at the end of each fiscal year based on the audited profit and loss statement of each Property for such fiscal year.

If the Property is damaged or destroyed, the Master Lessee is not liable to pay rent for the period that the Property cannot be used, and if part of the Property is still useable, the Master Lessee's liability to pay rent is adjusted such that:-

- if the total reinstatement costs exceed 25% of the purchase price of the Property, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will pay a reduced rent equivalent to the sum of (a) the fixed portions of the Property's gross operating revenue and the Property's gross operating profit applicable to the computation of the Variable Rent for such period, less an amount equivalent to half the Fixed Rent for such period and (b) an amount equivalent to half the Fixed Rent for such period; and
- if the total reinstatement costs do not exceed less than 25% of the purchase price of the Property, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will continue to pay the rent for such period, without any abatement of the Fixed Rent amount.

Each Master Lessee will provide a security deposit, by way of cash or bank guarantee, of an amount equivalent to six months of the monthly Fixed Rent. Except in the case of Orchard Parade Hotel, in lieu of such security deposit, the Master Lessee may provide a corporate guarantee for the payment of rent.

The FF&E in each Property at the commencement date of the Master Lease Agreement and the FF&E acquired or replaced by the Master Lessee during the term of the Master Lease Agreement will be the property of the Master Lessee, subject to the condition that the title to the FF&E items which are owned by the Master Lessee and still in use shall, at the option of the Master Lessor, be transferred to the Master Lessor at the end of the Master Lease Agreement for S\$1.00. For each fiscal year, the Master Lessee is required to set aside in the FF&E reserve an amount equivalent to a specified percentage of the Property's revenue for such fiscal year to be utilised in accordance with an annual FF&E plan approved by the Master Lessor. Any unutilised balance in the FF&E reserve at the end of a fiscal year must be carried forward and made available in the next fiscal year but this shall not reduce the required contribution to the FF&E reserve in the next fiscal year. Where the total expenditure by the Master Lessee in any fiscal year is in excess of the unutilised balance in the FF&E reserve, the excess shall be carried forward and debited against the contribution to the FF&E reserve in the next fiscal year. Any unutilised amounts standing to the credit of the FF&E reserve at the end of the Master Lease Agreement shall be paid in cash by the Master Lessee to the Master Lessor.

All items of operating equipment which are acquired or replaced by the Master Lessee during the term of the Master Lease Agreement, will be the property of the Master Lessee subject to the condition that the title to the operating equipment items which are owned by the Master Lessee and still in use shall be transferred to the Master Lessor at the end of the Master Lease Agreement at the net book value or S\$1.00, whichever is the higher.

The Master Lessee must submit to the Master Lessor for review and approval by no later than 15<sup>th</sup> November of the preceding fiscal year, an annual budget for that fiscal year which includes, inter alia, a proposed capital budget for capital improvements. In respect of such proposed capital budget, the Master Lessor is not obliged to undertake any expenditure for capital improvements unless (i) it is approved in writing by the REIT Manager, or (ii) such capital improvements are (a) required to comply with any directive, order or requirement of any relevant government authorities or (b) required to meet safety or health requirements relating to the Property, or (iii) in certain emergency cases.

Each Master Lessee is required to enter into a hospitality management agreement with Jelco (or such related company of FEOPL, as may be appointed by the Master Lessee) and is not permitted to terminate, amend, modify or assign the hospitality management agreement or waive any right, breach or default under the hospitality management agreement without the consent of the Master Lessor. Upon termination of the Master Lease Agreement, the hospitality management agreement may be terminated by the Master Lessor without liability for any payment.

The Master Lessee must, at its cost, repair and maintain the Property, its infrastructure, plant and equipment in good and substantial condition and repair and in working order required for the operation of the Property but the Master Lessee is not responsible for works which are in the nature of capital improvements. The Master Lessee must, at its cost, repair and replace all FF&E and Operating equipment required for the operations of the Property.

All necessary licences and permits must be obtained and maintained by the Master Lessee at its cost.

The Master Lessee must, at its cost, take out and maintain public liability insurance policy, insurance relating to workers' compensation and contract works insurance in respect of any works undertaken or carried out by the Master Lessee. The Master Lessor will take out and

maintain, at its cost, a property insurance insuring the Property, the infrastructure, plant and equipment and the contents of the Property, and business interruption policy for the respective rights and interests of the Master Lessor as lessor, and the Master Lessee as lessee. The Master Lessee is required to pay the insurance premium in respect of the business interruption policy attributable to the insurance coverage for the Master Lessee's interests.

In the event a Property is damaged or destroyed such that at least 75.0% of the hotel rooms or, as the case may be, serviced residence units cannot be used or the total reinstatement costs exceed 50.0% of the purchase price of the Property and if the Master Lessor considers it impracticable or undesirable to repair or rebuild, either party may terminate the Master Lease Agreement. If the damage or destruction does not satisfy the above threshold, the Master Lessor must use the insurance proceeds which it receives to reinstate the Property to the condition as at the commencement of the Master Lease Agreement as far as practicable and to the extent possible with the available insurance proceeds.

The Master Lessor may sell or assign its interest in a Property subject to the terms of the Master Lease Agreement. The Master Lessor may also sell or assign its interest in the Property at any time free and clear of the Master Lease Agreement and such sale or assignment will not be subject to the Master Lease Agreement if the Master Lessor terminates the Master Lease Agreement with written notice to the Master Lessee and pays the Master Lessee a termination fee equal to the fair market value of the Master Lessee's leasehold interest in the remaining term and the option term (the "fair market value") or such other amount as may be mutually agreed between the Master Lessor and the Master Lessee. The fair market value is computed on the present value of "A" for each year of the unexpired term and the option term using a discount rate of 5%, where "A" means a per annum amount which is the average of the adjusted gross operating profit of the Property for the three fiscal years preceding the completion of such sale, or if the Property has not been in operation for at least three fiscal years, then the average during the preceding fiscal years that have elapsed, and "adjusted gross operating profit" in respect of a fiscal year means the gross operating profit of the Property for that fiscal year less the rent (comprising Fixed Rent, Variable Rent and Service Charge) payable to the Master Lessor for that fiscal year.

In the event the Master Lessor intends to sell the whole or any part of the Property, the Master Lessor shall first give written notice to the Master Lessee of such intention to sell and grant to the Master Lessee a right of first refusal to purchase the whole or any part of the Property, at the same purchase price and on terms and conditions no less favourable than the terms and conditions offered or proposed to be offered to any third party purchaser or received from any third party purchaser. The purchase price (which shall not be lower than the valuation) so offered or proposed to be offered by the Master Lessor to any third party purchaser or received from any third party purchaser and which the Master Lessor wishes to accept shall be the same purchase price (which shall not be lower than the valuation) as that offered by the Master Lessor to the Master Lessee.

The Master Lessee must, within 14 calendar days (or such other later period as the parties may mutually agree) of receipt of the Master Lessor's offer, give written notice to the Master Lessor of its acceptance of the Master Lessor's offer.

If the Master Lessee does not accept the Master Lessor's offer, the Master Lessor shall be entitled to accept any offer from a third party purchaser at a purchase price which shall not be lower than the purchase price stated in the Master Lessor's offer and on such terms and

conditions which shall not be more favourable than the terms and conditions of the sale and purchase agreement and any other related document incorporating the purchase price and such terms and conditions offered or proposed to be offered to the third party purchaser or received from any third party purchaser, without further reference to the Master Lessee. In the event that no sale and purchase agreement is entered into between the Master Lessor and any third party purchaser within 12 months from the date of expiry of the acceptance period, the right of first refusal to the Master Lessee and its successors to purchase the whole or any part of the Property shall continue to apply and the Master Lessor shall not at any time sell the whole or, as the case may be, any part of the Property without first re-observing the right of first refusal provisions in the Master Lease Agreements.

The benefit of the right of first refusal provision is personal to the Master Lessee or a related company of FEOPL as long as the Master Lessee or a related company of FEOPL is the tenant of the whole or any part of the Property and shall not be assigned or transferred to any other party. The right of first refusal provision shall be binding on the Master Lessor, its successors and assigns as long as the Master Lessee or a related company of FEOPL is the tenant of the whole or any part of the Property.

### **SHARED SERVICES AGREEMENTS**

Under each of the Shared Services Agreements between the Master Lessee and Far East H-REIT in respect of the Properties (except Oasia Hotel, the Quincy Hotel, and Hougang Village Residences), the Vendors (as Master Lessees) will, after closing of the sale and purchase, continue to provide or procure provision of certain services for such Properties including the Excluded Commercial Premises. The range of services include, but are not limited to, cleaning and maintenance services, fire alarm system maintenance, lifts and elevators maintenance, landscape maintenance, waste disposal services, provision of security services, chiller plant maintenance, air conditioner maintenance and other services, and the specific services to be provided for each set of Excluded Commercial Premises will be agreed between the Master Lessee and Far East H-REIT, having regard to the needs of the relevant Excluded Commercial Premises. Under each of the Shared Services Agreements, Far East H-REIT will pay to the Master Lessee monthly, a share of the costs of the applicable services provided to and attributable to the Excluded Commercial Premises based on an agreed proportion of the total costs and expenses incurred, such proportion to be computed based on the proportion which the NLA of the Excluded Commercial Premises bears to the NLA of the entire property in each such case.

### **SHARED ELECTRICITY SERVICES AGREEMENTS**

The Shared Electricity Services Agreements are entered into between the Master Lessees and Far East H-REIT in respect of the Properties (except Oasia Hotel, the Quincy Hotel, and Hougang Village Residences) where the Master Lessees have existing electricity supply agreements with electricity suppliers.

In respect of such Properties, the Vendors (as Master Lessees) will, after closing of the sale and purchase, continue to purchase electricity under the existing electricity agreements for the whole of the premises comprised in the Properties, including the Excluded Commercial Premises. Far East H-REIT will pay to the Master Lessee for electricity supplied only to part(s) of the Excluded Commercial Premises which are not regarded as common property (if



the Property is subdivided) or which would not reasonably be treated as common parts of the Building for common use or benefit (if the Property had been strata subdivided), as follows:

- (i) in respect of such part(s) of the Excluded Commercial Premises, for which electricity supplied can be separately monitored (e.g. through sub-meters or other means), for usage based on the actual amount of electricity supplied to such part(s), and at such rate as determined by the Master Lessee, having regard to the market rates charged by the supplier; and
- (ii) in respect of such part(s) of the Excluded Commercial Premises for which electricity supplied cannot be separately monitored, on a tiered fixed rate, based on the NLA of such part(s). These rates will be adjusted from time to time, in line with market rates.

### **CORPORATE GUARANTEES**

The Corporate Guarantor will unconditionally and irrevocably guarantee to Far East H-REIT that the Master Lessee will punctually pay the rent and all other sums payable under the Master Lease Agreements.

Upon the default of the Master Lessee, the Corporate Guarantor will pay the rent and other sums payable under the Master Lease Agreements. The obligations of the Corporate Guarantor will cease six months after the Master Lessee yields up vacant possession of the Property in accordance with the terms of the relevant Master Lease Agreement, on the expiry or termination of the term.

### **PROPERTY MANAGEMENT AGREEMENT**

The Excluded Commercial Premises which comprise part of the Initial Portfolio of Far East H-REIT and any excluded commercial premises located in Singapore subsequently acquired by Far East H-REIT, whether such excluded commercial premises are directly or indirectly held by Far East H-REIT, or are wholly or partly owned by Far East H-REIT will be managed by the Property Manager in accordance with the terms of the Property Management Agreement.

The Property Management Agreement for the Excluded Commercial Premises of Far East H-REIT was entered into on 3 August 2012 by the REIT Trustee, the REIT Manager and the Property Manager pursuant to which the Property Manager was appointed to operate, maintain, manage and market all the Excluded Commercial Premises of Far East H-REIT located in Singapore, subject to the terms and conditions of the Property Management Agreement. The property management will be subject to the overall management by the REIT Manager.

The initial term of the Property Management Agreement is 20 years from the Listing Date.

Six months prior to expiry of the initial term of the Property Management Agreement, the Property Manager may request to extend its appointment for a further 20 years on the same terms and conditions, except for revision of all fees payable to the Property Manager to revised rates determined by the REIT Trustee on the recommendation of the REIT Manager, having regard to prevailing market rates.

The REIT Trustee shall, based on the recommendation of the REIT Manager, agree to extend the appointment of the Property Manager for the extension term, on the revised fees



determined as aforesaid, subject to the approval of the unitholders of Far East H-REIT if such approval is required pursuant to any applicable legislation or regulations.

The REIT Trustee shall not be obliged to extend the appointment of the Property Manager if the above conditions are not fulfilled.

Six months before expiry of the initial term, the REIT Trustee will decide the prevailing market rates for the extension term, based on the recommendation of the REIT Manager. If the Property Manager disagrees with the decision of the REIT Trustee on the prevailing market rates for the extension term, the dispute shall be referred for determination by an expert in accordance with the terms of the Property Management Agreement.

### **Property Manager's Services**

The services provided by the Property Manager for each Excluded Commercial Premise under its management include the following:

- property management services, recommending third party contracts for provision of property maintenance services, supervising the performance of contractors and ensuring compliance with building and safety regulations;
- lease management services, including coordinating tenants' fitting-out requirements, administration of rental collection, management of rental arrears, and administration of all property tax matters, arranging for adequate insurances; and
- marketing and marketing coordination services, including managing public relations, initiating lease renewals and negotiation of terms.

### **Fees**

Under the Property Management Agreement, the Property Manager is entitled to the fees set out below, to be borne out of the Excluded Commercial Premises, for each Excluded Commercial Premise located in Singapore under its management.

#### ***Property Management Fees, Lease Management Fees and Marketing Services Fees***

For property management services, lease management services and marketing services fees rendered by the Property Manager for an Excluded Commercial Premise located in Singapore, the REIT Trustee will pay the Property Manager for each such Excluded Commercial Premise a fee of 3.0% per annum of the Net Property Income of the relevant Excluded Commercial Premise.

### **Reimbursable Amounts**

In addition to its fees, the Property Manager will be fully reimbursed for each Excluded Commercial Premise under its management for the Agreed Employee Expenditure incurred for each month.

### **Expenses**

The Property Manager is authorised to utilise funds deposited in operating accounts maintained in the name of the REIT Trustee, and to make payment for all costs and expenses incurred in the operation, maintenance, management and marketing of each Excluded

Commercial Premise within each annual budget approved by the REIT Trustee on the recommendation of the REIT Manager.

### **Provision of office space**

Where applicable, the REIT Trustee or the REIT Manager shall permit employees of the Property Manager engaged to manage an Excluded Commercial Premise to occupy suitable office space at such Excluded Commercial Premise (as approved by the REIT Trustee, on the recommendation of the REIT Manager) without the Property Manager being required to pay any rent, service charge, utility charges or other sums.

### **Termination**

The REIT Trustee or the REIT Manager may terminate the appointment of the Property Manager in relation to all the Excluded Commercial Premises of Far East H-REIT under the management of the Property Manager on the occurrence of certain specified events, which include the liquidation or cessation of business of the Property Manager.

The REIT Trustee or the REIT Manager may also terminate the appointment of the Property Manager without cause by giving three months' written notice to the Property Manager. In the event of a sale of an Excluded Commercial Premise, the REIT Trustee or the REIT Manager may terminate the appointment of the Property Manager specifically in relation to an Excluded Commercial Premise under its management by giving not less than 30 days' prior written notice to the Property Manager.

In addition, if the Property Manager, REIT Trustee or the REIT Manager, as the case may be, within 90 days of receipt of written notice, fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property, the Party who is not in breach may terminate the appointment of the Property Manager in relation only to such Excluded Commercial Premise in respect of which the breach relates, upon giving 30 days' written notice to the Party in breach.

On the termination of the appointment of the Property Manager, the REIT Manager shall, as soon as practicable, procure the appointment of a replacement Property Manager for the affected Excluded Commercial Premise.

### **Assignability**

The REIT Trustee and the REIT Manager are entitled to novate their respective rights, benefits and obligations under the Property Management Agreement to a new trustee of Far East H-REIT or a new manager of Far East H-REIT appointed in accordance with the terms of the Far East H-REIT Trust Deed. The Property Manager is also entitled to novate its respective rights, benefits and obligations under the Property Management Agreement to a related company (as defined in the Companies Act) of FEOPL.

### **Exclusion of Liability**

In the absence of fraud, negligence, default or breach of the Property Management Agreement by the Property Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Property Management Agreement.

In addition, the REIT Trustee shall indemnify the Property Manager against any actions, costs, claims, damages, expenses or demands to which it may suffer or incur as Property Manager, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, default or breach of the Property Management Agreement by the Property Manager, its employees or agents.

#### **No Restriction on Property Manager**

The Property Manager may provide services similar to those contemplated under the Property Management Agreement to other parties operating in the same or similar business as Far East H-REIT, or in other businesses.

#### **LICENCE AGREEMENT**

Pursuant to a licence agreement entered into between Far East Hospitality Services Pte Ltd and the Managers on 3 August 2012 (the "**Licence Agreement**"), in consideration for the payment of a nominal sum of S\$1.00, Far East Hospitality Services Pte Ltd has granted a non-exclusive, non-transferable licence to the Managers for the use of the "Far East Hospitality" name in connection with the business of Far East H-Trust.

The licence became effective from the date of the Licence Agreement and may be terminated by Far East Hospitality Services Pte Ltd giving at least three months' notice in writing to the Managers in the event that the FEO Group (as defined in the Licence Agreement) collectively ceases to hold at least 30% of the issued Stapled Securities in Far East H-Trust.

Under the Licence Agreement, the Managers as licensees shall use their best endeavours at all times during the term of the Licence Agreement to create, promote and retain goodwill in the business utilising the trade mark, "Far East Hospitality".

## TAXATION

*The following summary of certain Singapore tax consequences of the purchase, ownership and disposition of the Stapled Securities is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect).*

*The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Stapled Securities and does not purport to apply to all categories of investors, some of whom may be subject to special rules, either in Singapore or in the tax jurisdiction where they are resident.*

*Investors should consult their own tax advisers concerning the application of Singapore tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Stapled Securities arising under the laws of any other taxing jurisdiction.*

### INCOME TAX

For Singapore income tax purposes, Far East H-Trust is not a taxable entity on its own. Instead, Far East H-REIT and Far East H-BT are subject to tax separately based on their own characteristics as a REIT and Registered Business Trust respectively.

The IRAS has issued a Tax Ruling on the taxation of Far East H-REIT and Stapled Securityholders. In accordance with the Tax Ruling, the Singapore tax consequences of Far East H-REIT and that of Stapled Securityholders are described below.

#### Taxation of Far East H-REIT

Subject to meeting the terms and conditions of the Tax Ruling, the REIT Trustee will not be assessed to tax on the Taxable Income of Far East H-REIT to the extent of the amount distributed, provided that at least 90.0% of its Taxable Income is distributed within the year in which the income is derived. Instead, the REIT Trustee and the REIT Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%) from distributions made to Stapled Securityholders that are made out of Far East H-REIT's Taxable Income. However, where the beneficial owners are individuals (who do not hold the Stapled Securities through a partnership) or Qualifying Stapled Securityholders, the REIT Trustee and the REIT Manager will make the distributions to such Stapled Securityholders without deducting any income tax. In addition, where the beneficial owners are Qualifying Foreign Non-individual Stapled Securityholders, the REIT Trustee and the REIT Manager will deduct income tax at the reduced rate of 10.0% for distributions made on or before 31 March 2015.

A “**Qualifying Stapled Securityholder**” refers to a holder who is:

- a company incorporated and tax resident in Singapore;
- a body of persons, other than a company or a partnership, incorporated or registered in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association); or
- a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deduction at source in respect of distributions from Far East H-REIT.

A “**Qualifying Foreign Non-individual Stapled Securityholder**” is a holder (other than an individual) who is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that holder to acquire the Stapled Securities are not obtained from that operation.

To receive distributions without tax deduction at source, Stapled Securityholders who are Qualifying Stapled Securityholders must disclose their tax status in a prescribed form provided by the REIT Manager. Similarly, to receive distributions with tax deduction at the reduced rate of 10.0%, for distributions made on or before 31 March 2015, Qualifying Foreign Non-individual Stapled Securityholders must disclose their tax status in a prescribed form provided by the REIT Manager. (See Appendix E, “Independent Taxation Report” for further details.)

Where the Stapled Securities are held in joint names, the REIT Trustee and the REIT Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%), from distributions made out of Far East H-REIT’s Taxable Income unless all the joint Stapled Securityholders are individuals.

Where the Stapled Securities are held through nominees, the REIT Trustee and the REIT Manager will deduct income tax at the prevailing corporate tax rate (currently 17.0%), from distributions made out of Far East H-REIT’s Taxable Income except in the following situations:

- where the Stapled Securities are held for beneficial owners who are individuals or Qualifying Stapled Securityholders, tax may not be deducted at source where a declaration is made by the nominee of the beneficial owners’ status (which includes the provision of certain particulars of the beneficial owners) in a prescribed form to the REIT Trustee and the REIT Manager;
- where the Stapled Securities are held for beneficial owners who are Qualifying Foreign Non-individual Stapled Securityholders, tax may be deducted at source at the reduced rate of 10.0% for distributions made on or before 31 March 2015 where a declaration is made by the nominee of the beneficial owners’ status (which includes the provision of certain particulars of the beneficial owners) in a prescribed form to the REIT Trustee and the REIT Manager; and
- where the Stapled Securities are held by the nominees as agent banks or Supplementary Retirement Scheme (the “**SRS**”) operators acting for individuals who purchased the Stapled Securities within the CPF Investment Scheme or the SRS respectively, tax will not be deducted at source for distributions made in respect of these Stapled Securities.

Far East H-REIT’s distribution policy is to distribute 100.0% of Far East H-REIT’s Taxable Income for the Forecast Period 2012 and Projection Year 2013 and at least 90.0% of its Taxable Income thereafter. The amount of Taxable Income not distributed (*i.e.* the retained Taxable Income) will be assessed to Singapore income tax on the REIT Trustee. The REIT Trustee and the REIT Manager will not have to make a further deduction of income tax from any distribution made out of such retained Taxable Income.

Gains or profits arising from sale of real properties, if considered to be trading gains derived from a trade or business carried on by Far East H-REIT, will be taxable under Section 10(1)(a) of the Income Tax Act. Tax on such gains or profits will be assessed on the REIT Trustee. Consequently, if such gains or profits are distributed, the REIT Trustee and the REIT Manager will not have to make a further deduction of income tax from such distributions.

Gains or profits arising from the sale of real properties are not subject to tax if they are determined to be capital gains. Singapore does not impose tax on capital gains. If such capital gains are distributed, the REIT Trustee and REIT Manager will not have to deduct income tax from the distribution made.

See “Risk Factors — Risks Relating to an Investment in the Stapled Securities — Far East H-Trust may not be able to comply with the terms of Tax Ruling or the Tax Ruling may be revoked or amended”.

### **Taxation of Far East H-BT**

Being a Registered Business Trust, Far East H-BT will be treated like a company under the one-tier corporate tax system for Singapore income tax purposes. Accordingly, it is subject to Singapore income tax in accordance with the same provisions of the income tax laws applicable to a company.

The income of Far East H-BT is taxed at the trust level. The tax is assessed on the Trustee-Manager at the prevailing corporate tax rate (currently 17.0%) with partial tax exemption for the first S\$300,000 of chargeable income.

Far East H-BT is liable to Singapore income tax on:

- income accruing in or derived from Singapore; and
- unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

### **Taxation of Stapled Securityholders**

For Singapore income tax purposes, the components making up a Stapled Security are recognised separately, *i.e.* as one Far East H-REIT Unit and one Far East H-BT Unit. Accordingly, distributions from Far East H-Trust are recognised separately as distributions from Far East H-REIT and distributions from Far East H-BT for the purpose of determining the applicable Singapore tax treatment.

### ***Far East H-REIT Distributions***

#### Individuals who hold the Stapled Securities as investment assets

All individuals who hold the Stapled Securities as investment assets (excluding individuals who hold such Stapled Securities as trading assets or individuals who hold such Stapled Securities through a partnership in Singapore) are exempt from income tax on the distributions made by Far East H-REIT, regardless of their nationality or tax residence status.

Distributions made out of income subject to tax at the REIT Trustee level (for example, distributions made out of retained Taxable Income or out of gains from the disposal of real properties which are taxed as trading gains) are treated as capital in nature and will not be subject to tax in the hands of Stapled Securityholders.



### Individuals who hold the Stapled Securities as trading assets or through a partnership in Singapore

Individuals who hold the Stapled Securities as trading assets or through a partnership in Singapore are subject to income tax on the gross amount of distributions that are made out of the Taxable Income of Far East H-REIT. Such distributions will be taxed in the individuals' hands at their own applicable income tax rates.

Distributions made out of income subject to tax at the REIT Trustee level (for example, distributions made out of retained Taxable Income or out of gains from the disposal of real properties which are taxed as trading gains) are treated as capital in nature and will not be subject to tax in the hands of Stapled Securityholders.

### Non-individuals (other than Qualifying Foreign Non-individual Stapled Securityholders)

Non-individual Stapled Securityholders (other than Qualifying Foreign Non-individual Stapled Securityholders) are subject to Singapore income tax on the gross amount of distributions that are made out of Far East H-REIT's Taxable Income, regardless of whether the REIT Trustee and the REIT Manager had deducted tax from the distributions.

Where tax had been deducted at source at the prevailing corporate tax rate, the tax deducted is not a final tax. Non-individual Stapled Securityholders can use such tax deducted at source as a set-off against their Singapore income tax liabilities.

Distributions made out of income subject to tax at the REIT Trustee level (for example, distributions made out of retained Taxable Income or out of gains from the disposal of real properties which are taxed as trading gains) are treated as capital in nature and will not be subject to tax in the hands of Stapled Securityholders.

### Qualifying Foreign Non-individual Stapled Securityholders

Qualifying Foreign Non-individual Stapled Securityholders are subject to Singapore income tax on the gross amount of distributions that are made out of the Far East H-REIT's Taxable Income. The tax imposed is deducted at source at the prevailing corporate tax rate (currently 17.0%) except for distributions made on or before 31 March 2015 where the tax rate is reduced to 10.0%. The tax deducted at the reduced rate of 10.0% is a final tax.

Distributions made out of income subject to tax at the REIT Trustee level (for example, distributions made out of retained Taxable Income or out of gains from the disposal of real properties which are taxed as trading gains) are treated as capital in nature and will not be subject to tax in the hands of Stapled Securityholders.

### Distributions of capital gains

Distributions made out of gains or profits arising from disposal of properties that have been determined to be capital gains are not taxable in the hands of all Stapled Securityholders.

### ***Far East H-BT Distributions***

Distributions made by Far East H-BT are exempt from Singapore income tax in the hands of all Stapled Securityholders. These distributions are also not subject to Singapore withholding tax. Stapled Securityholders are not entitled to tax credits for any taxes paid by the Trustee-Manager on the income of Far East H-BT.



## **Disposal of the Stapled Securities**

Any gains on disposal of the Stapled Securities are not liable to Singapore tax provided the Stapled Securities are not held as trading assets or as assets in the ordinary course of a trade or business carried out in Singapore.

Stapled Securityholders who have adopted or are required to adopt Singapore Financial Reporting Standard 39 (“Financial Instruments: Recognition and Measurement”) (“**FRS 39**”) for financial reporting purposes may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Stapled Securities, irrespective of disposal. Stapled Securityholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their purchase, ownership and disposition of the Stapled Securities arising from the adoption of FRS 39.

## **Terms and Conditions of the Tax Ruling**

The application of the Tax Ruling is conditional upon the REIT Trustee and the REIT Manager fulfilling certain terms and conditions. The REIT Trustee and the REIT Manager have given undertakings to take all reasonable steps necessary to safeguard the IRAS against tax leakages and to comply with all administrative requirements to ensure ease of tax administration.

The IRAS has expressly reserved the rights to review, amend and revoke the Tax Ruling either in part or in whole at any time.

## **STAMP DUTY**

By virtue of the Stamp Duty (Real Estate Investment Trust) (Remission) Rules 2010, stamp duty on any contract, agreement or instrument executed during the period from 18 February 2010 to 31 March 2015 (both dates inclusive) relating to the conveyance, assignment or transfer on sale of any Singapore immovable property or of any interest thereof to REITs listed or to be listed on the SGX-ST would be remitted. Accordingly, stamp duty will be remitted on the contracts for the sale of Singapore immovable properties to Far East H-REIT if the contracts were executed on or before 31 March 2015.

Stamp duty is imposed on the seller of residential properties in certain circumstances (“**Seller’s Stamp Duty**”). For residential properties bought or acquired on or after 14 January 2011 and sold or disposed of within four years of acquisition, the rate of Seller’s Stamp Duty ranges from 4.0% to 16.0%, depending on the holding period. Therefore, Far East H-REIT may be subject to Seller’s Stamp Duty if it were to dispose of any of its Serviced Residences.

Stamp duty will not be imposed on instruments of transfers relating to the Stapled Securities. In the event of a change of trustee for Far East H-REIT, or a change of trustee-manager for Far East H-BT, any document effecting the appointment of a new trustee or trustee-manager, as the case may be, and the transfer of trust assets from the incumbent trustee or trustee-manager to the new trustee or trustee-manager will also not be subject to stamp duty.

## **GOODS AND SERVICES TAX (“GST”)**

The sale of the Stapled Securities by a GST-registered investor belonging in Singapore for GST purposes through a SGX-ST member or to another person belonging in Singapore is an

exempt supply not subject to GST. Any input GST (for example, GST on brokerage) incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Singapore Comptroller of GST unless the investor satisfies certain conditions prescribed under the GST legislation or by the Singapore Comptroller of GST.

Where the Stapled Securities are supplied by a GST-registered investor in the course or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0.0%. Any input GST incurred by a GST-registered investor in the making of the above supply in the course or furtherance of a business carried on by such investor may, subject to the provisions of the GST legislation, be recoverable from the Singapore Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with purchase and disposition of the Stapled Securities.

Services such as arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of the Stapled Securities rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, ownership or disposition of the Stapled Securities will be subject to GST at the standard rate of 7.0%. Similar services rendered contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to satisfaction of certain conditions, be subject to GST at 0.0%.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE STAPLED SECURITIES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.**

## PLAN OF DISTRIBUTION

The Managers are making an offering of 329,366,000 Stapled Securities (representing 20.5% of the total number of Stapled Securities in issue after the Offering) for subscription at the Offering Price under the Placement Tranche and the Public Offer, of which 15,300,000 Reserved Stapled Securities (representing 4.6% of the Offering) under the Public Offer will be reserved for subscription by the directors, management and employees of the Sponsor and the REIT Manager. 264,066,000 Stapled Securities will be offered under the Placement Tranche and 65,300,000 Stapled Securities will be offered under the Public Offer. The Stapled Securities may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners (in consultation with the Managers) in the event of an excess of applications in one and a deficit in the other. In the event that any of the Reserved Stapled Securities are not subscribed for, such Stapled Securities will be made available to satisfy excess applications, if any, in the Public Offer and/or the Placement Tranche.

The Public Offer is open to members of the public in Singapore. Under the Placement Tranche, the Managers intend to offer the Stapled Securities by way of an international placement through the Joint Bookrunners to investors, including institutional investors and other investors in Singapore and elsewhere, in reliance on Regulation S.

Subject to the terms and conditions set forth in the underwriting agreement entered into between the Joint Bookrunners, the REIT Manager, the Trustee-Manager and the Sponsor on [●] (the “**Underwriting Agreement**”), the REIT Manager is expected to effect for the account of Far East H-REIT and the Trustee-Manager is expected to effect for the account of Far East H-BT the issue of, and the Joint Bookrunners are expected to severally (and not jointly) subscribe, or procure subscribers, for 329,366,000 Stapled Securities, in the proportions set forth opposite their respective names below.

Joint Bookrunners	Number of Stapled Securities
DBS Bank Ltd.	[●]
Goldman Sachs (Singapore) Pte.	[●]
The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	[●]
Oversea-Chinese Banking Corporation Limited	[●]
<b>Total</b>	<b>329,366,000</b>

The Stapled Securities will initially be offered at the Offering Price Range. The Offering Price per Stapled Security in the Placement Tranche and the Public Offer will be identical. The Joint Bookrunners have agreed to subscribe, or procure subscribers for 329,366,000 Stapled Securities at the Offering Price, less the Underwriting, Selling and Management Commission to be borne by Far East H-Trust.

The Offering Price will be determined, following a book-building process, by agreement between the Joint Bookrunners and the Managers on the Price Determination Date, which is expected to be [●] and is subject to change. Among the factors that will be considered in determining the Offering Price are the level of investor demand for the Stapled Securities and the prevailing market conditions in the securities markets.

The Managers and the Sponsor have agreed in the Underwriting Agreement to indemnify the Joint Bookrunners against certain liabilities.

The Underwriting Agreement also provides that the obligations of the Joint Bookrunners to subscribe, or procure subscribers for, the Stapled Securities in the Offering are subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Joint Bookrunners at any time prior to the issue and delivery of the Stapled Securities upon the occurrence of certain events including, among others, certain force majeure events pursuant to the terms of the Underwriting Agreement.

Subscribers of the Stapled Securities may be required to pay brokerage (and if so required, such brokerage will be up to 1.0% of the Offering Price) and applicable stamp duties, taxes and other similar charges (if any) in accordance with the laws and practices of the country of subscription, in addition to the Offering Price.

Each of the Joint Global Coordinators, the Joint Bookrunners and their respective associates may engage in transactions with, and perform services for, Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager and the Sponsor in the ordinary course of business and have engaged, and may in the future engage, in commercial banking or investment banking transactions and/or other commercial transactions with Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager and the Sponsor, for which they have received or made payment of, or may in the future receive or make payment of, customary fees.

## **OVER-ALLOTMENT AND STABILISATION**

The Unit Lender has granted the Over-Allotment Option to the Joint Bookrunners for the purchase of up to an aggregate of 65,873,000 Stapled Securities at the Offering Price. The number of Stapled Securities subject to the Over-Allotment Option represents 20.0% of the total number of Stapled Securities in the Offering. The Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), in consultation with the other Joint Bookrunners, may exercise the Over-Allotment Option in full or in part, on one or more occasions, from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 65,873,000 Stapled Securities, representing 20.0% of the total number of Stapled Securities in the Offering, to undertake stabilising actions. In connection with the Over-Allotment Option, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) and the Unit Lender have entered into a Stapled Securities lending agreement (the “**Stapled Securities Lending Agreement**”) dated [●] pursuant to which the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may borrow up to an aggregate of 65,873,000 Stapled Securities from the Unit Lender for the purpose of facilitating settlement of the over-allotment of Stapled Securities in connection with the Offering. The Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will re-deliver to the Unit Lender such number of Stapled Securities which have not been purchased pursuant to the exercise of the Over-Allotment Option.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Bookrunners and at its discretion, over-allot or effect transactions which stabilise or maintain

the market price of the Stapled Securities at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations.

None of the Managers, the Sponsor, the Joint Bookrunners or the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) make any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Stapled Securities. In addition, none of the Managers, the Sponsor, the Joint Bookrunners or the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) make any representation that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Stapled Securities purchased by the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), not later than 12 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of stabilising action and the number of Stapled Securities in respect of which the Over-Allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.

## **LOCK-UP ARRANGEMENTS**

### **The Sponsor**

Subject to the exceptions described below, each of FEOC and F. E. Holdings Pte. Ltd. will agree with the Joint Bookrunners that it will not, without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any or all of its effective interest in the relevant Lock-up Stapled Securities directly (in the case of FEOC) or indirectly (in the case of F. E. Holdings Pte. Ltd., through Golden Landmark Pte Ltd and Riverland Pte Ltd), enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any or all of the relevant Lock-up Stapled Securities held by it in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above during the Lock-up Period.

The restrictions described in the preceding paragraph do not apply to:

- the creation of a charge over the Lock-up Stapled Securities or otherwise grant of security over or creation of any encumbrance over the Lock-up Stapled Securities, provided that such charge, security or encumbrance can only be enforced after the end of the Lock-up Period;

- the entry into of any securities lending arrangement with the Joint Bookrunners or any sale or transfer of any of the Lock-up Stapled Securities by the Unit Lender pursuant to the exercise of the Over-Allotment Option; or
- the transfer of such Lock-up Stapled Securities to and between wholly-owned subsidiaries of each of FEOC and F. E. Holdings Pte. Ltd., provided that FEOC or, as the case may be, F. E. Holdings Pte. Ltd. has procured that such subsidiaries have executed and delivered to the Joint Bookrunners an undertaking to the effect that it will undertake to comply with the foregoing restrictions in the above paragraph to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Offering is not completed by [●], the lock-up arrangements described above will be terminated.

### **Shareholders of the Sponsor**

Subject to the exceptions described below, the ultimate shareholders of the Sponsor as at the date of this Prospectus, who are members of the Ng Family, have agreed with the Joint Bookrunners that they will not, without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any or all of their effective interest in the Sponsor Stapled Securities (whether held through their respective shares in the relevant Sponsor companies or otherwise); enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any or all of their effective interest in the Sponsor Stapled Securities (whether held through their respective shares in the relevant Sponsor companies or otherwise) in any depository receipt facility; or enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above, during the Lock-up Period.

The restrictions described in the preceding paragraph do not apply to:

- the creation of a charge or other security or encumbrance over the Lock-up Stapled Securities or, the relevant shareholder's effective interest in the Lock-up Stapled Securities or the relevant Shareholders respective shares in the relevant Sponsor companies, provided that such charge, security or encumbrance can only be enforced after the end of the Lock-up Period;
- the entry into of any securities lending arrangement with the Joint Bookrunners or any sale or transfer of any of the Lock-up Stapled Securities by the Unit Lender pursuant to the exercise of the Over-Allotment Option; or
- any transfer by the ultimate shareholders of their effective interests in the Sponsor Stapled Securities or any of their respective shares in the relevant Sponsor companies to any of the following:
  - (i) Mrs Ng Teng Fong, her children, grandchildren and their spouses; and
  - (ii) any existing or future trust, where one or more of the beneficiaries of such trust are members of the Ng Family at the time of the transfer,

provided that such transferee has executed and delivered to the Joint Bookrunners an undertaking to the reasonable satisfaction of the Joint Bookrunners to the effect of the



restrictions described above remaining in effect for the remainder of the Lock-up Period. For purposes of the foregoing paragraphs, the “**Ng Family**” means Mrs Ng Teng Fong, her children, grandchildren and their spouses.

If, for any reason, the Listing Date does not fall within three months from the date of registration of the final prospectus issued in connection with the Offering with the MAS, the lock-up arrangements described above will be terminated.

### **The Unit Lender**

Subject to the exceptions described below, Golden Development Private Limited will agree with the Joint Bookrunners that it will not, without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any or all of its effective interest in the Lock-up Stapled Securities, enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any or all of its effective interest in the Lock-up Stapled Securities in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above during the Lock-up Period.

The restrictions described in the preceding paragraph do not apply to:

- the creation of a charge over the Lock-up Stapled Securities or otherwise grant of security over or creation of any encumbrance over the Lock-up Stapled Securities by Golden Development Private Limited or any other entity from the date on which such entity legally or beneficially owns the Lock-up Stapled Securities, provided that such charge, security or encumbrance can only be enforced after the end of the Lock-up Period;
- the entry into of any securities lending arrangement with the Joint Bookrunners or any sale or transfer of the Lock-up Stapled Securities by the Unit Lender pursuant to the exercise of the Over-Allotment Option; or
- the transfer of such Lock-up Stapled Securities to and between wholly-owned subsidiaries of the Sponsor provided that the Sponsor has procured that such subsidiaries have executed and delivered to the Joint Bookrunners an undertaking to the effect that it will undertake to comply with the foregoing restrictions in the above paragraph to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Offering is not completed by [●], the lock-up arrangements described above will be terminated.

### **The REIT Manager and the Trustee-Manager**

Subject to the exceptions described below, each of the Managers will agree with the Joint Bookrunners that it will not without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), for the Lock-up Period, directly or indirectly, offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, any Stapled Securities; enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any Stapled Securities in any depository receipt facility; enter into a transaction which



is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to the issuance of (i) Stapled Securities to be offered under the Offering; (ii) the Sponsor Stapled Securities; (iii) the Cornerstone Stapled Securities and (iv) the Stapled Securities to the Managers in payment of any fees payable to the Managers under the Far East H-REIT Trust Deed and the Far East H-BT Trust Deed.

If, for any reason, the Offering is not completed by [●], the lock-up arrangements described above will be terminated.

## **SGX-ST LISTING**

Far East H-Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of the Stapled Securities on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the Trustee-Manager or the Stapled Securities. It is expected that the Stapled Securities will commence trading on the SGX-ST on a “ready” basis on or about [●].

Prior to this Offering, there has been no trading market for the Stapled Securities. There can be no assurance that an active trading market will develop for the Stapled Securities, or that the Stapled Securities will trade in the public market subsequent to this Offering at or above the Offering Price.

## **ISSUE EXPENSES**

The Managers estimate that expenses payable in connection with the Offering and the issuance of the Sponsor Stapled Securities and the Cornerstone Stapled Securities and the application for listing, including the Underwriting, Selling and Management Commission, professional fees and all other incidental expenses relating to the Offering and the issuance of the Sponsor Stapled Securities and the Cornerstone Stapled Securities will be approximately S\$30.7 million based on the Minimum Offering Price and S\$32.8 million based on the Maximum Offering Price, assuming the Over-Allotment Option is fully exercised.

A breakdown of these estimated expenses is as follows:

	(S\$'000) (based on Minimum Offering Price)	As a dollar amount for each S\$ of the total issue proceeds of the Offering and the issue of the Sponsor Stapled Securities and Cornerstone Stapled Securities	(S\$'000) (based on Maximum Offering Price)	As a dollar amount for each S\$ of the total issue proceeds of the Offering and the issue of the Sponsor Stapled Securities and Cornerstone Stapled Securities
Underwriting, Selling and Management Commission <sup>(1)</sup>	19,749	0.014	21,527	0.014
Professional and other fees <sup>(2)</sup>	5,246	0.004	5,394	0.004
Miscellaneous Offering expenses <sup>(3)</sup>	5,671	0.004	5,892	0.004
<b>TOTAL ESTIMATED EXPENSES OF THE OFFERING<sup>(4)</sup></b>	<b>30,666</b>	<b>0.022</b>	<b>32,813</b>	<b>0.022</b>

**Notes:**

- (1) Such commission represents a maximum of 3.0% of the total amount of the Offering and the Cornerstone Stapled Securities. The amount of total commission payable by the Managers will be pegged to the Offering Price.
- (2) Includes financial advisory fees, solicitors' fees and fees for the Independent Accountants, Ernst & Young Solutions LLP as the Independent Tax Adviser, the Independent Valuers, the Independent Market Research Consultant and other professionals' fees.
- (3) Includes cost of prospectus production, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issuance of the Sponsor Stapled Securities and Cornerstone Stapled Securities.
- (4) The total expenses in relation to the Offering will be ultimately borne by the investors subscribing for the Stapled Securities pursuant to the Offering.

## DISTRIBUTION AND SELLING RESTRICTIONS

None of the Managers, the Sponsor or the Joint Bookrunners have taken any action, or will take any action, in any jurisdiction other than Singapore that would permit a public offering of the Stapled Securities, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offering in any jurisdiction other than Singapore where action for that purpose is required.

Accordingly, each purchaser of the Stapled Securities may not offer or sell, directly or indirectly, any Stapled Securities and may not distribute or publish this Prospectus or any other offering material or advertisements in connection with the Stapled Securities in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Each purchaser of the Stapled Securities is deemed to have represented and agreed that it will comply with the selling restrictions set out below for each of the following jurisdictions:

### **Australia**

Any offer, invitation, transfer or issue of Stapled Securities in Far East H-Trust to any person located in, or a resident of, Australia may not occur unless the person is a professional investor or sophisticated investor for the purposes of Chapter 6D, or a wholesale client for the purposes of Chapter 7.9, of the Corporations Act 2001 (Cth) (the **Australian Corporations Act**). This document has not been, and will not be, lodged with the Australian Securities and Investments Commission, Australian Securities Exchange or any other regulatory body or agency in Australia as a prospectus or product disclosure statement for the purposes of the

Australian Corporations Act and is not required to, and does not, contain all the information which would be required in a prospectus or product disclosure statement under Australian law.

Any Stapled Securities in Far East H-Trust issued upon acceptance of the Offering may not be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Chapter 6D or Chapter 7.9 of the Australian Corporations Act. Accordingly, each investor acknowledges these restrictions and, by applying for Stapled Securities under this document, gives an undertaking not to sell those Stapled Securities (except in the circumstances referred to above) for 12 months after their issue.

Far East H-Trust has not been and will not be registered as a managed investment scheme under Chapter 5C of the Australian Corporations Act. Neither Far East H-Trust, the REIT Manager nor the Trustee-Manager holds an Australian financial services licence and they are not licensed to provide financial product advice in relation to Stapled Securities in Far East H-Trust. Investors in Far East H-Trust do not have “cooling off” rights under Australian law.

### ***Bahrain***

This Prospectus has not been approved by the Central Bank of Bahrain (**CBB**) and the regulations of the CBB do not apply.

No offer will be made in Bahrain to the public to purchase Stapled Securities and this Prospectus will not be issued to, or made available to, the public generally in Bahrain.

The CBB takes no responsibility for the performance of the Stapled Securities nor for the correctness of any statements or representation made by the Joint Bookrunners.

### ***Canada***

This Prospectus constitutes an offering of the Stapled Securities only in those jurisdictions of Canada and to those persons where and to whom they may be lawfully offered for sale, and only by persons permitted to sell the Stapled Securities. The Offering in Canada is being made on a private placement basis. This Prospectus is not, and under no circumstances is to be construed as, an advertisement or a public offering of the Stapled Securities in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Stapled Securities, and any representation to the contrary is an offence.

### ***Dubai International Financial Centre***

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (**DFSA**). This document is intended for distribution only to persons of a type specified in the Offered Securities Rules. It must not be delivered to, or relied on, by any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Stapled Securities to which this document relates may be illiquid and/or subject to restrictions on their re-sale. Prospective purchasers of the Stapled Securities offered should conduct their own due diligence on the Stapled Securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

### ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), an offer to the public of any Stapled Securities which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Stapled Securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Stapled Securities shall result in a requirement for the REIT Manager and the Trustee-Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer to the public** in relation to any Stapled Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Stapled Securities to be offered so as to enable an investor to decide to purchase any Stapled Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

### ***Hong Kong***

This Prospectus has not been approved by the Securities and Futures Commission in Hong Kong. Accordingly:

- (a) Stapled Securities may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to “professional investors” within the meaning of Part I of Schedule I to the Securities and Futures Ordinance (Cap. 571) (**SFO**) and any rules made under the SFO; and
- (b) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Stapled Securities which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Stapled Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## ***Kuwait***

This Prospectus is not for general circulation to the public in Kuwait. The Stapled Securities have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The Offering in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended) and Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Stapled Securities is being made in Kuwait, and no agreement relating to the sale of the Stapled Securities will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Stapled Securities in Kuwait.

## ***Japan***

The Stapled Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**). Accordingly, the Stapled Securities are not being offered or sold, directly or indirectly, in or into Japan or, to or for the account or benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws and ministerial guidelines of Japan.

## ***Malaysia***

No approval from the Securities Commission of Malaysia (**SC**) has been applied for or will be obtained for the offer or invitation in respect of the Offering under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the SC in connection with the Offering in Malaysia. Accordingly, this Prospectus or any amendment or supplement hereto or any other offering document in relation to Far East H-Trust may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Stapled Securities and no person may offer for subscription or purchase any of the Stapled Securities directly or indirectly to anyone in Malaysia.

## ***Qatar***

This Prospectus is not intended to constitute an offer, sale or delivery of shares, units in a collective investment scheme or other securities under the laws of the State of Qatar including the rules and regulations of Qatar Financial Centre Authority (**QFCA**) or the Qatar Financial Centre Regulatory Authority (**QFCRA**) or equivalent laws of the Qatar Central Bank (**QCB**). This Prospectus has not been lodged or registered with, or reviewed or approved by the QFCA, the QFCRA, the QCB or the Qatar Financial Markets Authority (**QFMA**) and is not otherwise authorised or licensed for distribution in the State of Qatar or the Qatar Financial Centre. The information contained in this Prospectus does not, and is not intended to, constitute a public or general offer or other invitation in respect of shares, Stapled Securities in a collective investment scheme, or other securities in the State of Qatar or the Qatar Financial Centre.

This Prospectus originates from outside of the jurisdiction of Qatar and is distributed to a limited number of sophisticated potential investors who are willing and able to conduct an

independent investigation of the risks involved in an investment. Investors in the scheme may not have the same access to information about the scheme that they would have to information about a collective investment scheme registered in the Qatar Financial Centre. Recourse against the scheme, and those involved with it, may be limited or difficult and may have to be pursued in a jurisdiction outside the Qatar Financial Centre. The Joint Bookrunners are not regulated or authorised by the QCB, QFMA, QFC Authority, QFC Regulatory Authority or any other government authority in the State of Qatar.

The Joint Bookrunners are not, by virtue of the distribution of this Prospectus, conducting any banking, investment or other commercial business in the State of Qatar or the Qatar Financial Centre. The Joint Bookrunners are each an entity regulated under laws outside the State of Qatar.

### ***Saudi Arabia***

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Stapled Securities in the Kingdom of Saudi Arabia. As required by Article 4 of the Investment Fund Regulations, as enacted by Resolution of the Board of the Capital Market Authority No. 1–219-2006 dated 3/12/1427 H (24 December 2006) (the **IF Regulations**), the Stapled Securities will only be initially offered and sold in the Kingdom of Saudi Arabia following 15 days prior notification to the Capital Market Authority (the **CMA**) through an entity authorised by the CMA in accordance with the Authorised Persons Regulations, as enacted by Resolution of the Board of the Capital Market Authority No. 1–83-2005 dated 21/5/1426 H (28 June 2005) and further amended.

The Stapled Securities will be offered in the Kingdom of Saudi Arabia to no more than two hundred offerees and the minimum amount payable per offeree will not be less than Saudi Riyals one million or an equivalent initial amount, in accordance with Articles 4 of the IF Regulations.

Investors are informed that Article 4 of the IF Regulations places restrictions on secondary market activity with respect to the Stapled Securities, which are summarised as follows:

- (a) any transfer must be made through an entity licensed by the CMA;
- (b) a person (the **Transferor**) who has acquired Stapled Securities may not offer or sell such Stapled Securities or any part thereof to any other person (referred to as a **Transferee**) unless the price to be paid by the Transferee for such Stapled Securities equals or exceeds Saudi Riyals 1 million;
- (c) if the provisions of paragraph (b) cannot be fulfilled because the price of the Stapled Securities being offered or sold to the Transferee has declined since the date of the original private placement, the Transferor may offer or sell the Stapled Securities to the Transferee if their purchase price during the period of the original offer was equal to or exceeded Saudi Riyals 1 million;
- (d) if the provisions of either (b) or (c) cannot be fulfilled, the Transferor may offer or sell the Stapled Securities if he/she sells his entire holding of the Stapled Securities to one Transferee; and
- (e) the provisions of paragraphs (b), (c) and (d) shall apply to all subsequent Transferees of the Stapled Securities.



## **Switzerland**

The Stapled Securities may not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this Prospectus nor any other solicitation for investments in Far East H-Trust may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156/652a of the Swiss Code of Obligations (**CO**). This Prospectus may not be copied, reproduced, distributed or passed on to others without the prior written consent of the Joint Bookrunners. This Prospectus is not a prospectus within the meaning of Articles 1156/652a CO and the Stapled Securities will not be listed on the SIX Swiss Exchange. Therefore, this Prospectus may not comply with the disclosure standards of the CO and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange. In addition, it cannot be excluded that Far East H-Trust could qualify as a foreign collective investment scheme pursuant to Article 119 para. 2 Swiss Federal Act on Collective Investment Schemes (**CISA**). The Stapled Securities will not be licensed for public distribution in and from Switzerland. Therefore, the Stapled Securities may only be offered and sold to so-called “qualified investors” in accordance with the private placement exemptions pursuant to applicable Swiss law (in particular, Article 10 para. 3 CISA and Article 6 of the implementing ordinance to the CISA). Far East H-Trust has not been licensed and is not subject to the supervision of the Swiss Financial Market Supervisory Authority (**FINMA**). Therefore, investors in the Stapled Securities do not benefit from the specific investor protection provided by CISA and the supervision of the FINMA.

## **The Netherlands**

With regard to the Offering, neither the REIT Manager or the Trustee-Manager is obliged to obtain a license pursuant to the Netherlands Act on Financial supervision (*Wet op het financieel toezicht*) (**AFS**) and neither the REIT Manager or the Trustee-Manager is subject to the supervision of the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) (**AFM**).

The Stapled Securities will not be offered or sold, directly or indirectly, in the Netherlands, other than solely to Qualified Investors (*gekwalificeerde beleggers*) as defined in section 1:1 of the AFS, all within the meaning of section 1:12 and section 5:2 of the AFS.

## **United Arab Emirates (excluding the Dubai International Financial Centre)**

This document and the information contained herein does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates (**UAE**) and accordingly should not be construed as such. The Stapled Securities are only being offered to a limited number of sophisticated investors in the UAE who are willing and able to conduct an independent investigation of the risks involved in an investment in such Stapled Securities, upon their specific request. The Stapled Securities have not been approved or licensed or registered with the UAE Central Bank, the UAE Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE and no transaction will be concluded in the UAE. This document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee’s consideration thereof).



## ***United Kingdom***

The Stapled Securities in Far East H-Trust are Stapled Securities in a collective investment scheme as defined in the Financial Services and Markets Act 2000 (**FSMA**) of the United Kingdom (**UK**). Far East H-Trust has not been authorised, or otherwise recognised or approved by the UK Financial Services Authority (**FSA**) and, as an unregulated collective investment scheme, accordingly cannot be marketed in the UK to the general public.

The issue or distribution of this Prospectus in the UK, (a) if made by a person who is not an authorised person under FSMA, is being made only to, or directed only at, persons who (i) have professional experience in matters relating to investments; or (ii) are high net worth companies (and certain other entities) falling within Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and who meet the requirements thereunder (all such persons together being referred to as **FPO persons**); and (b) if made by a person who is an authorised person under FSMA, is being made only to, or directed only at, (i) persons who have professional experience in participating in unregulated collective investment schemes; or (ii) high net worth companies (and certain other entities) falling within Article 22 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the **CIS Order**) who meet the requirements thereunder; or (iii) persons to whom it may otherwise lawfully be distributed under the CIS Order or Section 4.12 of the FSA's Conduct of Business Sourcebook (all such persons together being referred to as **PCIS persons** and, together with the FPO persons, the **relevant persons**). This Prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Potential investors in the UK are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in Far East H-Trust and that compensation will not be available under the UK Financial Services Compensation Scheme.

## ***United States***

The Stapled Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act. The Stapled Securities are being offered and sold outside of the United States in reliance on Regulation S (terms used in this subsection that are defined in Regulation S are used herein as defined therein).

### **Transfer Restrictions**

Each purchaser of the Stapled Securities offered hereby in reliance on Regulation S will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (a) it is aware that the Stapled Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (b) it is purchasing the Stapled Securities in an offshore transaction meeting the requirements of Regulation S; and

- (c) it will not offer, sell, pledge or transfer any Stapled Securities, except in accordance with the Securities Act and any applicable laws of any state of the United States and any other jurisdiction.

Terms used in this subsection that are defined in Regulation S are used herein as defined therein.

### **General**

Each applicant for Stapled Securities in the Offering will be deemed to have represented and agreed that it is relying on this Prospectus and not on any other information or representation not contained in this Prospectus and none of Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners or any other person responsible for this Prospectus or any part of it will have any liability for any such other information or representation.

## CLEARANCE AND SETTLEMENT

### INTRODUCTION

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Stapled Securities. For the purpose of trading on the SGX-ST, a board lot for the Stapled Securities will comprise 1,000 Stapled Securities.

Upon listing and quotation on the SGX-ST, the Stapled Securities will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Stapled Securities through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

It is expected that the Stapled Securities will be credited into the Securities Accounts of applicants for the Stapled Securities within four Market Days<sup>1</sup> after the closing date for applications for the Stapled Securities.

### CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Stapled Securities will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP, will be treated as Stapled Securityholders in respect of the number of Stapled Securities credited to their respective Securities Accounts.

Transactions in the Stapled Securities under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Stapled Securities sold and the buyer's Securities Account being credited with the number of Stapled Securities acquired. No transfer stamp duty is currently payable for the transfer of the Stapled Securities that are settled on a book-entry basis.

The Stapled Securities credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. The Stapled Securities credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S\$10.00 transfer fee payable to CDP. All persons trading in the Stapled Securities through the SGX-ST should ensure that the relevant Stapled Securities have been credited into their Securities Account, prior to trading in such Stapled Securities, since no assurance can be given that the Stapled Securities can be credited into the Securities Account in time for settlement following a dealing. If the Stapled Securities have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

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<sup>1</sup> "Market Day" means any day on which the SGX-ST is open for trading in securities.

## **CLEARING FEES**

A clearing fee for the trading of the Stapled Securities on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600.00 per transaction. The clearing fee, deposit fee and Stapled Security withdrawal fee may be subject to GST (currently 7.0%).

Dealings in the Stapled Securities will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day<sup>1</sup> following the transaction date and payment for the Stapled Securities is generally settled on the following Market Day<sup>1</sup>. CDP holds Stapled Securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

## EXPERTS

Ernst & Young LLP, the Independent Accountants, was responsible for preparing the Independent Accountants' Report on the Profit Forecast and Profit Projection and the Independent Accountants' Report on the Unaudited Pro Forma Financial Information found in Appendix A and Appendix B of this Prospectus, respectively.

Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Knight Frank Pte Ltd, the Independent Valuers, was responsible for preparing the Independent Property Valuation Summary Reports in Appendix C of this Prospectus.

CBRE Pte. Ltd., the Independent Market Research Consultant, was responsible for preparing the Independent Hospitality Industry Report in Appendix D of this Prospectus.

Ernst & Young Solutions LLP, the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix E of this Prospectus.

The Independent Accountants, the Independent Valuers, the Independent Market Research Consultant and the Independent Tax Adviser have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this Prospectus, and to act in such capacity in relation to this Prospectus.

None of Allen & Gledhill LLP, Allen & Overy LLP and Shook Lin & Bok LLP make, or purport to make, any statement in this Prospectus and none of them are aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

## GENERAL INFORMATION

### RESPONSIBILITY STATEMENT BY THE DIRECTORS

- (1) The REIT Manager Directors and the Trustee-Manager Directors (together, the “**Directors**”) collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, Far East H-Trust and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading, and the Directors are satisfied that the Profit Forecast and Profit Projection has been stated after due and careful inquiry. Where information in the Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

### MATERIAL BACKGROUND INFORMATION

- (2) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Managers the outcome of which, in the opinion of the Managers, as the case may be, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Managers.
- (3) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against Far East H-REIT and/or Far East H-BT the outcome of which, in the opinion of the Directors, as the case may be, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position (on a pro forma basis) of Far East H-REIT and/or, as the case may be, Far East H-BT.
- (4) The name, age and address of each of the Directors are set out in “Management and Corporate Governance — Far East H-Trust — The REIT Manager Board” and “Management and Corporate Governance — Far East H-Trust – The Trustee-Manager Board”. A list of the present and past directorships of each director and executive officer of the Managers over the last five years preceding the Latest Practicable Date is set out in Appendix G, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”.
- (5) There is no family relationship among the directors and executive officers of the Managers.
- (6) There have been no public takeover offers by third-parties in respect of the Far East H-BT Units or by the Trustee-Manager in respect of the shares of a corporation or the units of another business trust, that have occurred between 1 August 2012, being the date of constitution of Far East H-BT, and up to the Latest Practicable Date.

- (7) None of the directors, executive officers or controlling shareholders of the Managers, or the controlling Stapled Securityholder are or were involved in any of the following events:
- (a) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
  - (b) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency, saved as disclosed in Appendix G, "List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers";
  - (c) any unsatisfied judgment against him;
  - (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
  - (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
  - (f) at any time during the last 10 years, judgment been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
  - (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
  - (h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust) in any jurisdiction, or from taking part directly or indirectly in the management of any entity or business trust in any jurisdiction;
  - (i) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;



- (j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
  - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
  - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
  - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
  - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,  
  
in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or
- (k) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

#### **EXCHANGE CONTROLS**

- (8) As at the date of this Prospectus, there is no governmental law, decree or regulatory requirement which may affect the repatriation of capital and the remittance of profits by or to the REIT Manager and/or the Trustee-Manager.

#### **MATERIAL CONTRACTS**

- (9) The dates of, parties to, and general nature of every material contract which the REIT Trustee has entered into within the two years preceding the date of lodgement of this Prospectus (not being contracts entered into in the ordinary course of the business of Far East H-Trust) are as follows:
  - (a) the Far East H-REIT Trust Deed;
  - (b) the Stapling Deed;
  - (c) the Property Sale and Purchase Agreements (which include the forms of the Master Lease Agreements);
  - (d) the Sponsor ROFRs; and
  - (e) the Property Management Agreement;
  - (f) the Licence Agreement; and
  - (g) the subscription agreements entered into between the Managers and the Cornerstone Investors to subscribe for the Cornerstone Stapled Securities (the “**Cornerstone Subscription Agreements**”).

- (10) The dates of, parties to, and general nature of every material contract which the Trustee-Manager has entered into within the two years preceding the date of this Prospectus (not being contracts entered into in the ordinary course of the business of Far East H-Trust) are as follows:
- (a) the Far East H-BT Trust Deed;
  - (b) the Stapling Deed;
  - (c) the Sponsor ROFRs; and
  - (d) the Licence Agreement; and
  - (e) the Cornerstone Subscription Agreements.

#### **DOCUMENTS FOR INSPECTION**

- (11) Copies of the following documents are available for inspection at the registered office of the REIT Manager at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213 and of the Trustee-Manager at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213 for a period of six months from the date of this Prospectus:
- (a) the material contracts referred to in paragraphs 9 and 10 above, save for the Deeds (which will be available for inspection for so long as Far East H-REIT and Far East H-BT are in existence);
  - (b) the Independent Accountants' Report on the Profit Forecast and Profit Projection as set out in Appendix A of this Prospectus;
  - (c) the Independent Accountants' Report on the Unaudited Pro Forma Financial Information as set out in Appendix B of this Prospectus;
  - (d) the Independent Property Valuation Summary Reports as set out in Appendix C of this Prospectus as well as the full valuation reports for each of the Properties;
  - (e) the Independent Hospitality Industry Report as set out in Appendix D of this Prospectus;
  - (f) the Independent Taxation Report as set out in Appendix E of this Prospectus;
  - (g) the written consents of the Independent Accountants, the Independent Valuers, the Independent Market Research Consultant and the Independent Tax Adviser (see "Experts" for further details); and
  - (h) the Depository Terms and Conditions.

#### **CONSENTS OF THE JOINT GLOBAL COORDINATORS AND THE JOINT BOOKRUNNERS**

- (12) DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch have each given and not withdrawn its written consent to being named in this Prospectus as a Joint Financial Advisers, Global Coordinators and Issue Managers to the Offering.
- (13) DBS Bank Ltd., Goldman Sachs (Singapore) Pte., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited have each given and have not withdrawn their written consent to

being named in this Prospectus as the Joint Bookrunners and Underwriters to the Offering.

#### **WAIVERS FROM THE SGX-ST**

- (14) The Managers have obtained from the SGX-ST waivers from compliance with the following listing rules under the Listing Manual:
- (a) Rule 404(3), which relates to restrictions on investments subject to compliance with the Code on Collective Investment Schemes;
  - (b) Rule 404(5), which requires the management company to be reputable and have an established track record in managing investments subject to the management in the REIT Manager, which is the entity responsible for managing the assets held by Far East H-REIT, having the relevant experience;
  - (c) Rule 407(4), which requires the submission of the financial track record of the investment manager and the investment adviser;
  - (d) Rule 748(1), which requires an investment fund to announce via SGXNET its net tangible assets per unit at the end of each week, subject to such disclosures being made on a quarterly basis;
  - (e) Rule 748(3), which requires an investment fund to disclose certain information in its annual report, subject to disclosure of the information set out under “Management and Corporate Governance — Annual Reports”; and
  - (f) Rule 705(2)(b) in relation to the announcement of Far East H-Trust’s financial statements for its third quarter ending 30 September 2012, provided that Far East H-Trust makes an announcement of its financial results for the period from the date of its constitution to 31 December 2012.

#### **MISCELLANEOUS**

- (15) The financial year-end of Far East H-Trust, Far East H-REIT and Far East H-BT is 31 December. The annual audited consolidated financial statements of Far East H-Trust will be prepared and sent to Stapled Securityholders within three months of the financial year-end and not less than 14 days before the date of the annual general meeting of Stapled Securityholders.
- (16) While Far East H-Trust is listed on the SGX-ST, investors may check the SGX-ST website <http://www.sgx.com> for the prices at which the Stapled Securities are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao* for the price range within which the Stapled Securities were traded on the SGX-ST on the preceding day.
- (17) Save as disclosed elsewhere in this Prospectus, there is no arrangement or understanding with a Substantial shareholder of the Trustee-Manager, Substantial Unitholder of Far East H-BT, customer or supplier of the Trustee-Manager, pursuant to which any Trustee-Manager Director or any executive officer of Far East H-BT was selected as a director or executive officer of Far East H-BT.

- (18) There is no known arrangement the operation of which may at a subsequent date, result in a change of control in Far East H-BT or the Trustee-Manager.
- (19) A full valuation of each of the real estate assets held by Far East H-REIT will be carried out at least once a year in accordance with the Property Funds Appendix. Generally, where Far East H-Trust proposes to issue new Stapled Securities or to redeem existing Stapled Securities, or (in the event that Unstapling has occurred), Far East H-REIT proposes to issue new Far East H-REIT Units or to redeem existing Far East H-REIT Units, and the assets held by Far East H-REIT were valued more than six months ago, the REIT Manager should exercise discretion in deciding whether to conduct a desktop valuation of the real estate assets held by Far East H-REIT, especially when market conditions indicate that real estate values have changed materially. The REIT Manager or the REIT Trustee may at any other time arrange for the valuation of any of the real estate assets held by Far East H-REIT if it is of the opinion that it is in the best interest of Stapled Securityholders to do so.
- (20) The REIT Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of Far East H-REIT. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the REIT Manager, the Trustee-Manager nor any of their associates will be entitled to receive any part of any brokerage charged to Far East H-REIT or Far East H-BT, or any part of any fees, allowances or benefits received on purchases charged to Far East H-REIT or Far East H-BT.

#### **TREND INFORMATION AND PROFIT FORECAST**

- (21) Save as disclosed under the sections entitled “Risk Factors”, “Capitalisation and Indebtedness”, “Profit Forecast and Profit Projection”, “Strategy” and “Business and Properties” of this Prospectus, the financial condition and operations of Far East H-Trust is not likely to be affected by any of the following:
  - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in Far East H-Trust’s liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or any insignificant economic changes that materially affects the amount of reported income from operations; and
  - (d) known trends or uncertainties that have had or that Far East H-Trust reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.
- (22) Due to the nature of the business of Far East H-Trust, an order book is not maintained.

## GLOSSARY

<b>1Q2011</b>	The three months ended 31 March 2011
<b>1Q2012</b>	The three months ended 31 March 2012
<b>Aberdeen Asia</b>	Aberdeen Asset Management Asia Limited
<b>Aggregate Leverage</b>	The ratio of Far East H-REIT's total borrowings (including deferred payments for assets whether to be settled in cash or in Far East H-REIT Units) to the value of the Far East H-REIT Deposited Property, adjusted for the distribution of any accrued Taxable Income and tax-exempt income
<b>Agreed FF&amp;E Plan</b>	The FF&E plan of each of the Properties listing out the existing FF&E items, the anticipated FF&E works proposed for the year and a rolling three-year FF&E forward plan, as agreed upon between the REIT Manager and the respective Master Lessee
<b>AIA or the Group</b>	AIA Group Limited and its subsidiaries
<b>APG Pool</b>	APG Strategic Real Estate Pool
<b>Application Forms</b>	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
<b>Application List</b>	The list of applicants subscribing for the Stapled Securities which are the subject of the Public Offer
<b>associate</b>	Has the meaning ascribed to it in the Listing Manual
<b>associated company</b>	Has the meaning ascribed to it in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005
<b>associated entity</b>	Has the meaning ascribed to it in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005
<b>ATM</b>	Automated teller machine
<b>Authorised Investments</b>	Has the meaning ascribed to it in the Deeds
<b>Authority or MAS</b>	Monetary Authority of Singapore
<b>Available Hotel Rooms</b>	Number of available hotel rooms in a hotel less permanent house use hotel rooms
<b>Available Serviced Residence Units</b>	Number of available serviced residence units in a serviced residence less permanent house use serviced residence units
<b>Average Daily Rate or ADR</b>	Total room revenue or, as the case may be, total serviced residence unit rental revenue divided by the total number of paid occupied hotel rooms or, as the case may be, paid occupied nights of serviced residence units
<b>Average Occupancy Rate</b>	The percentage of hotel rooms or serviced residence units sold for a particular period out of the Available Hotel Rooms

	or Available Serviced Residence Units respectively for the relevant period
<b>Base Fee</b>	0.3% per annum of the value of the Far East H-REIT Deposited Property
<b>BTA</b>	Business Trusts Act, Chapter 31A of Singapore
<b>BTR</b>	Business Trusts Regulations 2005
<b>Business Day</b>	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
<b>CAGR</b>	Compound annual growth rate
<b>CBD</b>	Central Business District
<b>CDP</b>	The Central Depository (Pte) Limited
<b>Central Region</b>	Comprises the Core Central Region, as well as other planning areas including Bukit Merah, Bukit Timah, Queenstown, Kallang, Bishan, Marine Parade, Geylang, Toa Payoh, Tanglin, Novena and the Southern Islands
<b>CIS Code</b>	The Code on Collective Investment Schemes issued by the MAS
<b>CMS Licence</b>	The capital markets services licence for REIT management
<b>Colliers</b>	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
<b>Companies Act</b>	Companies Act, Chapter 50 of Singapore
<b>Company Secretary</b>	The company secretary of the REIT Manager
<b>controlling shareholder</b>	Has the meaning ascribed to it in the Listing Manual
<b>controlling Stapled Securityholder</b>	Has the meaning ascribed to it in the Listing Manual
<b>Core Central Region</b>	Comprises the Downtown Core, Orchard, Marina East, Marina South, Museum, Newton, Outram, River Valley, Rochor, Singapore River and Straits View planning areas
<b>Cornerstone Investors</b>	Aberdeen Asset Management Asia Limited, AIA, APG Strategic Real Estate Pool, Havenport Asset Management Pte. Ltd., Hwang Investment Management Berhad, Indus, JF Asset Management Limited, Lion Global Investors Limited, Myriad Asset Management Limited and NTUC Income Co-operative Limited
<b>Cornerstone Stapled Securities</b>	The 376,344,000 Stapled Securities subscribed for by each of the Cornerstone Investors pursuant to a subscription agreement
<b>Cornerstone Subscription Agreements</b>	The subscription agreements entered into between the Managers and the Cornerstone Investors to subscribe for the Cornerstone Stapled Securities

<b>Corporate Guarantees</b>	The corporate guarantees entered into between the REIT Trustee and the Guarantor in respect of the Master Lease Agreements
<b>Corporate Guarantor</b>	FEOC (in respect of The Quincy Hotel and The Elizabeth Hotel), Golden Development Private Limited (in respect of Oasia Hotel, Changi Village Hotel, Landmark Village Hotel, Regency House, Riverside Village Residences and Hougang Village Residences) and Far East Orchard (in respect of Albert Court Village Hotel and Central Square Village Residences), in their capacity as guarantors of the Corporate Guarantees
<b>Deeds</b>	The Far East H-REIT Trust Deed, Far East H-BT Trust Deed and Stapling Deed
<b>Depository Services Terms and Conditions</b>	CDP's depository services terms and conditions in relation to the deposit of the Far East H-REIT Units and Far East H-BT Units in CDP
<b>Development Project</b>	<p>In relation to Far East H-REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Far East H-REIT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development; and</p> <p>In relation to Far East H-BT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Far East H-BT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works</p>
<b>Directors</b>	The REIT Manager Directors and the Trustee-Manager Directors
<b>DPS</b>	Distributions per Stapled Security
<b>Due Care</b>	The degree of care and diligence required of a trustee-manager of a registered business trust under the BTA
<b>Excluded Commercial Premises</b>	Specific commercial areas in the Properties (other than Oasia Hotel, The Quincy Hotel and Hougang Village Residences) which are not subject to the respective Master Lease Agreements
<b>Extraordinary Resolution</b>	A resolution proposed and passed as such by a super-majority consisting of more than 75.0% of the total number of votes cast for and against such resolution at a meeting of the holders of Far East H-REIT Units or, as the case may be, Far East H-BT Units duly convened and held



<b>FAMPL</b>	FEO Asset Management Pte Ltd
<b>Far East H-BT</b>	Far East Hospitality Business Trust
<b>Far East H-BT Trust Deed</b>	The trust deed dated 1 August 2012 made by the Trustee-Manager constituting Far East H-BT
<b>Far East H-BT Trust Property</b>	The Trust Property of Far East H-BT
<b>Far East H-BT Unit</b>	An undivided interest in Far East H-BT as provided for in the Far East H-BT Trust Deed
<b>Far East H-BT Unit Issue Mandate</b>	General mandate given by holders of Far East H-BT Units to allow the Managers to jointly issue Stapled Securities
<b>Far East H-REIT</b>	Far East Hospitality Real Estate Investment Trust or as the case may be, Far East Hospitality Real Estate Investment Trust and its subsidiaries
<b>Far East H-REIT Debt Facilities</b>	S\$725.0 million unsecured floating rate banking facilities for Far East H-REIT comprising S\$650.0 million term loan facilities and S\$75.0 million revolving credit facilities from DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
<b>Far East H-REIT Deposited Property</b>	The gross assets of Far East H-REIT, including all the Authorised Investments of Far East H-REIT for the time being held or deemed to be held by Far East H-REIT under the Far East H-REIT Trust Deed
<b>Far East H-REIT Trust Deed</b>	The trust deed dated 1 August 2012 made between the REIT Manager and the REIT Trustee constituting Far East H-REIT
<b>Far East H-REIT Unit</b>	An undivided interest in Far East H-REIT as provided for in the Far East H-REIT Trust Deed
<b>Far East H-REIT Unit Issue Mandate</b>	General mandate given by holders of Far East H-REIT Units to allow the Managers to jointly issue Stapled Securities
<b>Far East H-Trust</b>	Far East Hospitality Trust, the hospitality stapled group comprising Far East H-REIT and Far East H-BT
<b>Far East Organization or FEO</b>	The Far East Organization group of companies of which the Sponsor is a part
<b>Fee Arrangements</b>	The fee arrangements of the REIT Manager, the REIT Trustee and the Hotel and Serviced Residence Operator
<b>FEOC</b>	Far East Organization Centre Pte. Ltd.
<b>Far East Orchard</b>	Far East Orchard Limited (formerly known as Orchard Parade Holdings Limited)
<b>Far East Orchard Private Funds</b>	Existing or future private funds managed by Far East Orchard

<b>Far East Orchard ROFR</b>	The right of first refusal granted by Far East Orchard to Far East H-Trust
<b>FEOPL</b>	Far East Organisation Pte. Ltd.
<b>FF&amp;E</b>	Furniture, fixtures and equipment
<b>FF&amp;E Reserve</b>	An amount equal to 2.5% of the anticipated revenue of each Property <sup>1</sup> as set out in the agreed budget for that year, which may be used and disbursed only in accordance with the Agreed FF&E Plan
<b>Fixed Rent</b>	Fixed rent under the terms of the Master Lease Agreements
<b>Forecast Period 2012 or FP2012E</b>	The period from 1 August 2012 to the end of the financial year ending 31 December 2012
<b>FRS 39</b>	Singapore Financial Reporting Standard 39 (“Financial Instruments: Recognition and Measurement”)
<b>FY</b>	The financial year ended or, as the case may be, ending 31 December
<b>FY2013E</b>	The financial year ending 31 December 2013 (estimated)
<b>FY2014E</b>	The financial year ending 31 December 2014 (estimated)
<b>F&amp;B</b>	Food and beverage
<b>GDP</b>	Gross domestic product
<b>GFA</b>	Gross floor area
<b>Gross Operating Profit</b>	The gross operating profit of a Property, comprising Gross Operating Revenue less operating expenses
<b>Gross Operating Revenue</b>	The gross operating revenue of a Property
<b>Gross Revenue</b>	The gross revenue of a Property comprising the rental payment under the respective Master Lease Agreement, which consists of a Fixed Rent and a Variable Rent
<b>GST</b>	Goods and services tax
<b>Hospitality Management Agreements</b>	The hospitality management agreements dated [●] between the Master Lessees and the Hotel and Serviced Residence Operator in relation to the Properties <sup>2</sup>
<b>Housing Developers (Control and Licensing) Act</b>	Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore
<b>Hotel and Serviced Residence Operator</b>	The operator of the Properties, which as at the Listing Date is Jelco
<b>Hotels</b>	Albert Court Village Hotel, Changi Village Hotel, The Elizabeth Hotel, Landmark Village Hotel, Oasia Hotel, Orchard Parade Hotel and The Quincy Hotel

1 Excluding Oasia Hotel. As Oasia Hotel is a new property, its FF&E Reserve will amount to 1.0% of the anticipated revenue for the first three years of the respective Master Lease Agreement, and 2.5% thereafter.

2 Excluding the Excluded Commercial Premises.

<b>Hotels Act</b>	Hotels Act, Chapter 127 of Singapore
<b>HwangIM</b>	Hwang Investment Management Berhad
<b>Income Tax Act</b>	Income Tax Act, Chapter 134 of Singapore
<b>Independent Accountants</b>	Ernst & Young LLP
<b>Independent Market Research Consultant, CBRE or CBRE Hotels</b>	CBRE Pte. Ltd.
<b>Independent Tax Adviser</b>	Ernst & Young Solutions LLP
<b>Independent Valuers</b>	Colliers and Knight Frank
<b>Indus</b>	Indus Pacific Opportunities Master Fund, Ltd. and Indus Asia Pacific Master Fund, Ltd.
<b>Initial Portfolio</b>	The initial portfolio of Far East H-Trust
<b>Instruments</b>	Offers, agreements or options
<b>Interested Party</b>	Has the meaning ascribed to it in the Property Funds Appendix
<b>Interested Party Transaction</b>	Has the meaning ascribed to it in the Property Funds Appendix
<b>Interested Person</b>	Has the meaning ascribed to it in the Listing Manual
<b>Interested Person Transaction</b>	Has the meaning ascribed to it in the Listing Manual
<b>IRAS</b>	Inland Revenue Authority of Singapore
<b>Jelco</b>	Jelco Properties Pte Ltd, the Hotel and Serviced Residence Operator as at the Listing Date
<b>JFAM</b>	JF Asset Management Limited
<b>Joint Bookrunners and Underwriters or Joint Bookrunners</b>	DBS Bank Ltd., Goldman Sachs (Singapore) Pte., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited
<b>Joint Financial Advisers, Global Coordinators and Issue Managers or Joint Global Coordinators</b>	DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
<b>Knight Frank</b>	Knight Frank Pte Ltd
<b>Latest Practicable Date</b>	26 July 2012, being the latest practicable date prior to the lodgement of this Prospectus with the MAS
<b>Listing Date</b>	The date of admission of the Stapled Securities to the Official List of the SGX-ST
<b>Listing Manual</b>	The Listing Manual of the SGX-ST

<b>Lock-up Period</b>	The period commencing from the Listing Date until the date falling 180 days after the Listing Date (both dates inclusive)
<b>Lock-up Stapled Securities</b>	All of the Stapled Securities which will be held by FEOC, Golden Development Private Limited and F. E. Holdings Pte. Ltd. on the Listing Date, directly (in the case of FEOC and Golden Development Private Limited) or indirectly ((i) in the case of Golden Development Private Limited, through Oxley Hill Properties Pte Ltd and (iii) in the case of F. E. Holdings Pte. Ltd., through Golden Landmark Pte Ltd and Riverland Pte Ltd)
<b>Managers</b>	The REIT Manager and the Trustee-Manager
<b>Market Day</b>	A day on which the SGX-ST is open for trading in securities
<b>Market price</b>	<p>(i) The volume weighted average price per Stapled Security (if applicable, of the same class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which Far East H-Trust is listed, in the ordinary course of trading, for the period of 10 Business Days (or such other period as prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day, or</p> <p>(ii) where the Managers believe that such market price is not a fair reflection of the market price of a Stapled Security, such amount as determined by the Managers, as being the fair market price of a Stapled Security.</p>
<b>Master Lease Agreements</b>	The lease agreements entered into by the REIT Manager, the REIT Trustee and the relevant Master Lessees in relation to the Properties (excluding the Excluded Commercial Premises), on the Listing Date
<b>Master Lessees</b>	<p>The master lessees of the Properties, which as at the Listing Date comprise:</p> <ul style="list-style-type: none"> <li>(i) FEOC;</li> <li>(ii) Golden Development Private Limited;</li> <li>(iii) Far East Orchard;</li> <li>(iv) First Choice Properties Pte Ltd;</li> <li>(v) OPH Riverside Pte Ltd;</li> <li>(vi) Serene Land Pte Ltd;</li> <li>(vii) Oxley Hill Properties Pte Ltd;</li> <li>(viii) Transurban Properties Pte. Ltd.;</li> <li>(ix) Golden Landmark Pte Ltd; and</li> <li>(x) Riverland Pte Ltd.</li> </ul>

<b>Master Lessor</b>	The REIT Trustee in relation to the Master Lease Agreements of the Properties
<b>Material Damage</b>	Damage to a Property which in the opinion of the REIT Trustee, acting on the recommendation of the REIT Manager, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of Far East H-REIT, the Property and other Properties in each case taken as a whole
<b>Maximum Offering Price</b>	S\$0.93 per Stapled Security, being the maximum subscription price of the Offering Price Range
<b>MCST</b>	Management Corporation Strata Title Plan
<b>MICE</b>	Meetings, incentives, conventions and exhibitions
<b>Minimum Offering Price</b>	S\$0.86 per Stapled Security, being the minimum subscription price of the Offering Price Range
<b>MNC</b>	Multinational corporation
<b>MRT</b>	Mass Rapid Transit
<b>MTI</b>	Ministry of Trade and Industry
<b>NAV</b>	Net asset value
<b>Net Property Income or NPI</b>	Consists of Gross Revenue less Property Expenses
<b>NLA</b>	Net lettable area
<b>NTUC Income</b>	NTUC Income Co-operative Limited
<b>Offering</b>	The initial public offering of 329,366,000 Stapled Securities by the Managers for subscription at the Offering Price under the Placement Tranche and the Public Offer
<b>Offering Price</b>	The subscription price of each Stapled Security under the Offering to be determined, currently expected to be between S\$0.86 and S\$0.93
<b>Offering Price Range</b>	S\$0.86 to S\$0.93 per Stapled Security
<b>Operating equipment</b>	Items customarily referred to as “operating equipment” in the hotel industry, including but not limited to glassware, silverware, cutlery, chinaware, crockery, linen and uniforms as well as all those items generally required for the day-to-day operation of a hotel
<b>Other ROFRs</b>	The rights of first refusal granted by each of the following members of the Sponsor to Far East H-Trust: <ul style="list-style-type: none"> <li>(i) FEOC;</li> <li>(ii) FEOPL;</li> <li>(iii) Golden Development Private Limited;</li> <li>(iv) Glory Realty Co. Private Ltd.;</li> </ul>

- (v) F. E. Holdings Pte. Ltd.;
- (vi) Boo Han Holdings Pte. Ltd.;
- (vii) Lucky Realty Company Pte Ltd; and
- (viii) Orchard Landmark Pte. Ltd.

<b>Ordinary Resolution</b>	A resolution proposed and passed as such by a majority consisting of more than 50.0% of the total number of votes cast for and against such resolution at a meeting of the holders of Far East H-REIT Units or, as the case may be, Far East H-BT Units duly convened and held
<b>Outside Central Region</b>	Comprises the North, North-East, East and West Regions
<b>Over-Allotment Option</b>	An option granted by the Unit Lender to the Stabilising Manager to acquire from the Unit Lender up to an aggregate of 65,873,000 Stapled Securities at the Offering Price, solely to cover the over-allotment of Stapled Securities (if any)
<b>Participating Banks</b>	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and [●]
<b>Performance Fee</b>	4.0% per annum of the Net Property Income of Far East H-REIT in the relevant financial year
<b>Placement Tranche</b>	The international placement of 264,066,000 Stapled Securities to investors, including institutional and other investors in Singapore pursuant to the Offering
<b>Price Determination Date</b>	[●] (subject to change)
<b>Profit Forecast and Profit Projection</b>	The forecast and projected results of Far East H-Trust for Forecast Period 2012 and Projection Year 2013 respectively
<b>Projection Year 2013</b>	The full financial year ending 31 December 2013
<b>Properties</b>	The Hotels and the Serviced Residences
<b>Property Expenses</b>	Comprises (i) property tax on each hospitality property, (ii) insurance expenses on each Property, (iii) Sinking Fund Contributions and (iv) other property expenses
<b>Property Funds Appendix</b>	Appendix 6 to the CIS Code issued by the Authority in relation to REITs
<b>Property Management Agreement</b>	The property management agreement dated 3 August 2012 between the REIT Trustee and the Hotel and Serviced Residence Operator in relation to the Excluded Commercial Premises
<b>Property Sale and Purchase Agreements</b>	The property sale and purchase agreements dated 3 August 2012 between the Vendors and the REIT Trustee on behalf of Far East H-REIT in respect of the sale and purchase of the Properties

<b>Proposed Disposals</b>	In relation to the Sponsor ROFRs, means disposals of any interest by a Relevant Entity in any Relevant Asset which is wholly-owned by the Relevant Entity
<b>Proposed Offers</b>	In relation to the Sponsor ROFRs, means proposed offers by a Relevant Entity to dispose of any interest in any Relevant Asset which is wholly-owned by the Relevant Entity
<b>Public Offer</b>	The offering of 65,300,000 Stapled Securities (including the Reserved Stapled Securities) at the Offering Price to the public in Singapore pursuant to the Offering
<b>Qualifying Foreign Non-individual Stapled Securityholder</b>	<p>A Stapled Securityholder (other than an individual) who is not a resident of Singapore for income tax purposes and:</p> <ul style="list-style-type: none"> <li>● who does not have a permanent establishment in Singapore; or</li> <li>● who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that Stapled Securityholder to acquire the Stapled Securities are not obtained from that operation</li> </ul>
<b>Qualifying Stapled Securityholder</b>	<p>A Stapled Securityholder who is:</p> <ul style="list-style-type: none"> <li>● a company incorporated and tax resident in Singapore;</li> <li>● a body of persons, other than a company or a partnership, incorporated or registered in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association); or</li> <li>● a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deduction at source in respect of distributions from Far East H-REIT</li> </ul>
<b>Recognised Stock Exchange</b>	Any stock exchange of repute in any part of the world
<b>Registered Business Trusts</b>	Business trusts registered with the MAS
<b>Regulation S</b>	Regulation S under the Securities Act
<b>REIT</b>	Real estate investment trust
<b>REIT Manager</b>	FEO Hospitality Asset Management Pte. Ltd., in its capacity as manager of Far East H-REIT
<b>REIT Manager Audit Committee</b>	The audit committee of the REIT Manager



<b>REIT Manager Board</b>	The board of directors of the REIT Manager
<b>REIT Manager Directors</b>	The directors of the REIT Manager
<b>REIT Trustee</b>	DBS Trustee Limited, in its capacity as trustee of Far East H-REIT
<b>Related Party</b>	Refers to an Interested Person and/or, as the case may be, Interested Party
<b>Related Party Transactions</b>	Refers to an Interested Person Transaction and/or, as the case may be, Interested Party Transaction
<b>Relevant Asset</b>	In relation to the Sponsor ROFRs, means a completed income-producing real estate in Singapore used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, where real estate used for “ <b>hospitality</b> ” purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term “ <b>serviced residences</b> ” means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act; and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residence. Where such real estate is held by a Relevant Entity through a SPV established solely to own such real estate, the term “ <b>Relevant Asset</b> ” shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term “ <b>Relevant Asset</b> ” shall refer to the ownership share of the Relevant Entity in such real estate.
<b>Relevant Entity</b>	<ul style="list-style-type: none"> <li>(i) In relation to the Far East Orchard ROFR, means Far East Orchard or any of its existing or future subsidiaries or Far East Orchard Private Funds;</li> <li>(ii) in relation to the Other ROFR granted by FEOPL to the REIT Trustee and the Trustee-Manager, means FEOPL or any of its existing or future subsidiaries (excluding Far East Orchard and its subsidiaries) or existing or future private funds managed by FEOPL; and</li> <li>(iii) in relation to the Other ROFRs granted by each of (a) FEOC, (b) Golden Development Private Limited, (c) Glory Realty Co. Private Ltd., (d) F. E. Holdings</li> </ul>

Pte. Ltd., (e) Boo Han Holdings Pte. Ltd., (f) Lucky Realty Company Pte Ltd and (g) Orchard Landmark Pte. Ltd. to the REIT Trustee and the Trustee-Manager, means that member of the Sponsor or any of its existing or future subsidiaries or existing or future private funds managed by that member of the Sponsor

<b>Reserved Stapled Securities</b>	15,300,000 Stapled Securities reserved for subscription by the directors, management and employees of the Sponsor and the REIT Manager
<b>RevPAR</b>	Revenue per Available Hotel Room (excluding permanent house use hotel rooms)
<b>RevPAU</b>	Revenue per Available Serviced Residence Unit (excluding permanent house use serviced residence units)
<b>R&amp;D</b>	Research and development
<b>SARS</b>	Severe acute respiratory syndrome
<b>Securities Account</b>	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP
<b>Securities Act</b>	U.S. Securities Act of 1933, as amended
<b>Securities and Futures (Amendment) Act 2009</b>	A bill to amend the SFA as passed by the Singapore Parliament on 19 January 2009
<b>serviced residences</b>	Apartments with full or partial services
<b>Serviced Residences</b>	Central Square Village Residences, Hougang Village Residences, Regency House and Riverside Village Residences
<b>Settlement Date</b>	The date and time on which the Stapled Securities are issued as settlement under the Offering
<b>SFA</b>	Securities and Futures Act, Chapter 289 of Singapore
<b>SGX-ST</b>	Singapore Exchange Securities Trading Limited
<b>Sinking Fund Contributions</b>	MCST sinking fund contributions
<b>SLA</b>	Singapore Land Authority
<b>SOHOs</b>	Small offices / home offices
<b>Sponsor</b>	The following Far East Organization group of companies comprising the Vendors and companies which directly or indirectly hold the pipeline of hospitality properties that fall or may potentially fall within the Sponsor ROFRs:  (i) FEOC, the Vendor of Changi Village Hotel and the owner of Far East Plaza Residences;

- (ii) FEOPL;
- (iii) Golden Development Private Limited, the Vendor of The Quincy Hotel and The Elizabeth Hotel and the owner of Orchard Scotts Residences, a potential pipeline property under the Sponsor ROFRs;
- (iv) Glory Realty Co. Private Ltd.;
- (v) F. E. Holdings Pte. Ltd.;
- (vi) Boo Han Holdings Pte. Ltd., which directly holds Oasia West Residences, a potential pipeline property under the Sponsor ROFRs;
- (vii) Lucky Realty Company Pte Ltd; and
- (viii) Orchard Landmark Pte. Ltd., which holds Leonie View,

and their respective subsidiaries, including:

- (i) Far East Orchard, a subsidiary of FEOPL and the Vendor of Orchard Parade Hotel;
- (ii) First Choice Properties Pte Ltd, a subsidiary of Far East Orchard and the Vendor of Albert Court Village Hotel;
- (iii) OPH Riverside Pte Ltd, a subsidiary of Far East Orchard and the Vendor of Central Square Village Residences;
- (iv) Serene Land Pte Ltd, a subsidiary of Golden Development Private Limited and the Vendor of Hougang Village Residences;
- (v) Oxley Hill Properties Pte Ltd, a subsidiary of Golden Development Private Limited and the Vendor of Regency House;
- (vi) Far East SOHO Pte. Ltd., a subsidiary of Golden Development Private Limited, which holds Oasia Downtown Hotel, a potential pipeline property under the Sponsor ROFRs;
- (vii) Transurban Properties Pte. Ltd., a subsidiary of Glory Realty Co. Private Ltd. and the Vendor of Oasia Hotel;
- (viii) Orchard Parksuites Pte Ltd, a subsidiary of Glory Realty Co. Private Ltd., which holds Orchard Parksuites, a potential pipeline property under the Sponsor ROFRs;
- (ix) Golden Landmark Pte Ltd, a subsidiary of F. E. Holdings Pte. Ltd. and the Vendor of Landmark Village Hotel;

- (x) Riverland Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd. (which is in turn a subsidiary of F. E. Holdings Pte. Ltd.) and the Vendor of Riverside Village Residences;
- (xi) Victory Realty Co. Private Ltd., a subsidiary of F. E. Holdings Pte. Ltd.;
- (xii) China Classic Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd., which holds The Amoy Hotel and The Outpost Hotel, two potential pipeline properties under the Sponsor ROFRs; and
- (xiii) Dollar Land Singapore Private Limited, a subsidiary of Lucky Realty Company Pte Ltd, which holds West Coast Village Residences

<b>Sponsor Initial Stapled Security</b>	The total number of Stapled Securities in issue as at the date of this Prospectus
<b>Sponsor ROFRs</b>	The Far East Orchard ROFR and the Other ROFRs
<b>Sponsor ROFR Properties</b>	The properties that fall or may potentially fall within the Sponsor ROFRs
<b>Sponsor Stapled Securities</b>	The Sponsor Initial Stapled Security and the Stapled Securities received by the Vendors (excluding Far East Orchard and its subsidiaries) on the Listing Date in part satisfaction of the purchase consideration for all of the Properties save for Albert Court Village Hotel, Orchard Parade Hotel Central Square Village Residences, Oasia Hotel and Hougang Village Residences
<b>SPV</b>	Special purpose vehicle
<b>Sq ft</b>	Square feet
<b>Sq m</b>	Square metres
<b>SRS</b>	Supplementary Retirement Scheme
<b>Stabilising Manager</b>	DBS Bank Ltd.
<b>Stapled Securities</b>	Stapled Securities in Far East H-Trust, each comprising one unit in Far East H-REIT and one unit in Far East H-BT stapled together under the terms of the Stapling Deed
<b>Stapled Securityholders</b>	The holders of the Stapled Securities
<b>Stapled Security Issue Mandate</b>	The authority given to the Managers to issue Stapled Securities
<b>Stapled Securities Lending Agreement</b>	The Stapled Securities lending agreement entered into between the Stabilising Manager and the Unit Lender dated [●] in connection with the Over-Allotment Option

<b>Stapling Deed</b>	The stapling deed dated 1 August 2012 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager
<b>STB</b>	Singapore Tourism Board
<b>Subsidiary</b>	Has the meaning ascribed thereto in the Companies Act
<b>Substantial holders of Far East H-BT Units</b>	Any holder of Far East H-BT Units with an interest in one or more Far East H-BT Units constituting not less than 5.0% of all Far East H-BT Units in issue
<b>Substantial holders of Far East H-REIT Units</b>	Any holder of Far East H-REIT Units with an interest in one or more Far East H-REIT Units constituting not less than 5.0% of all Far East H-REIT Units in issue
<b>Substantial Stapled Securityholders</b>	Any Stapled Securityholder with an interest in one or more Stapled Securities constituting not less than 5.0% of all Stapled Securities in issue
<b>Substantial shareholder</b>	Any shareholder with an interest in not less than 5.0% of the shares in issue
<b>Take-over Code</b>	The Singapore Code on Take-overs and Mergers
<b>Tax Ruling</b>	The tax ruling dated 28 May 2012 issued by the IRAS on the taxation of Far East H-REIT and Stapled Securityholders
<b>Taxable Income</b>	Income ascertained to be chargeable to tax in accordance with the provisions of the Income Tax Act after deduction of allowable expenses and applicable tax allowances (but excluding gains on sale of real properties which are determined to be trading gains)
<b>TOP</b>	Temporary occupation permit
<b>Total Gross Revenue</b>	The total gross revenue of Far East H-REIT, comprising (i) gross rental income from the Properties under the Master Lease Agreements and (ii) commercial rental income
<b>Total Project Costs</b>	The sum of the following (where applicable): <ul style="list-style-type: none"> <li>(i) construction cost based on the project final account prepared by the project quantity surveyor;</li> <li>(ii) principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>(iii) the cost of obtaining all approvals for the project;</li> <li>(iv) site staff costs;</li> <li>(v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and</li> </ul>

	(vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore
<b>Trust Companies Act</b>	Trust Companies Act, Chapter 336 of Singapore
<b>Trust Property</b>	Has the meaning ascribed to it in the BTA
<b>Trustee-Manager</b>	FEO Hospitality Trust Management Pte. Ltd., in its capacity as trustee-manager of Far East H-BT
<b>Trustee-Manager Board</b>	The board of directors of the Trustee-Manager
<b>Trustee-Manager Directors</b>	The directors of the Trustee-Manager
<b>Trustees Act</b>	Trustees Act, Chapter 337 of Singapore
<b>Unaudited Pro Forma Financial Information</b>	The unaudited pro forma financial information of Far East H-REIT
<b>Unclaimed Monies Account</b>	A special account which holds any unclaimed monies payable to holders of Far East H-REIT Units or, as the case may be, Far East H-BT Units
<b>Underwriting Agreement</b>	The underwriting agreement entered into between the Joint Bookrunners, the REIT Manager, the Trustee-Manager and the Sponsor on [●]
<b>Underwriting, Selling and Management Commission</b>	An underwriting, selling and management commission (including incentive fees) of up to S\$21.5 million excluding GST based on the Maximum Offering Price of S\$0.93 per Stapled Security
<b>Unit Lender</b>	Golden Development Private Limited
<b>Unstapling</b>	The process that results in a Far East H-REIT Unit no longer being stapled to a Far East H-BT Unit
<b>URA</b>	Urban Redevelopment Authority
<b>US or United States</b>	United States of America
<b>Variable Rent</b>	The variable rent per annum of a Property, comprising the sum of a stated percentage of the Property's Gross Operating Revenue and a stated percentage of the Property's Gross Operating Profit less Fixed Rent
<b>Vendors</b>	The vendors from whom Far East H-REIT will acquire the leasehold titles to the Properties
<b>2H2009</b>	The second half of 2009
<b>2H2011</b>	The second half of 2011
<b>2H2012</b>	The second half of 2012
<b>2Q2013</b>	The second quarter of 2013
<b>2014E</b>	2014 (estimated)

**S\$, \$, or Singapore dollars and cents** Singapore dollars and cents, the lawful currency of the Republic of Singapore

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-acted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

Information contained in the Managers' and the Sponsor's website does not constitute part of this Prospectus.

Any reference in this Prospectus to "**ACVH**", "**CVH**", "**TEH**", "**LVH**", "**OH**", "**OPH**", "**TQH**", "**CSV**", "**HVR**", "**RH**" or "**RVR**" is a reference to Albert Court Village Hotel, Changi Village Hotel, The Elizabeth Hotel, Landmark Village Hotel, Oasia Hotel, Orchard Parade Hotel, The Quincy Hotel, Central Square Village Residences, Hougang Village Residences, Regency House and Riverside Village Residences respectively.



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