

FAR EAST HOSPITALITY TRUST

A stapled group comprising:

Far East Hospitality Real Estate Investment Trust

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

Far East Hospitality Business Trust

(a business trust constituted on 1 August 2012 under the laws of the Republic of Singapore)

ANNOUNCEMENT

**Annual General Meeting held on 21 April 2022
 Responses to Substantial and Relevant Questions**

FEO Hospitality Asset Management Pte. Ltd., as manager of Far East Hospitality Real Estate Investment Trust (“**Far East H-REIT**”), and the manager of Far East H-REIT, the “**REIT Manager**”), and FEO Hospitality Trust Management Pte. Ltd. as trustee-manager of Far East Hospitality Business Trust (“**Far East H-BT**”), and the trustee-manager of Far East H-BT, the “**Trustee-Manager**”, and together with the REIT Manager, the “**Managers**”, and Far East H-REIT and Far East H-BT together, “**Far East H-Trust**”) would like to thank all stapled securityholders of Far East H-Trust (“**Stapled Securityholders**”) who have submitted their questions in advance of our Annual General Meeting (“**AGM**”) to be held virtually via “live” audio-visual webcast and “live” audio-only stream at 3.00 p.m. on Thursday, 21 April 2022.

Please refer to the subsequent pages for responses to the list of substantial and relevant questions.

A. Business Performance and Outlook	
1.	<p>With the easing of international travel restrictions and Singapore’s Safe Management Measures, what is management’s expectations for FY2022, in terms of occupancy and RevPAR/RevPAU for its’ Hotels and Serviced Residences and commercial units?</p>
	<p>Since the introduction of Vaccinated Travel Lanes in September 2021, Singapore has seen a 3-fold increase in the number of visitor arrivals between September 2021 and February 2022, compared to the same period the year before.</p> <p>As Singapore and the world transitions to living with COVID-19 as an endemic, the REIT Manager remains cautiously optimistic on the continued increase in visitor arrivals, especially given the easing of travel restrictions that have recently come into effect. More arrivals into Singapore will benefit both hotels and serviced residences.</p> <p>Meanwhile, Far East H-REIT continues to be protected by the fixed rent component of the master leases for all our properties, providing a minimum rental income that offers downside protection for Stapled Securityholders.</p> <p>On the front of Far East H-REIT’s commercial units, the relaxation of safe management measures will encourage companies to bring more of their staff back to offices, and allow for a greater variety of activities, dining and entertainment. These will spur more confidence and take-up of commercial spaces in Far East H-REIT’s portfolio.</p>

B. Portfolio Optimisation	
2.	What was the rationale for divesting Village Residence Clark Quay¹ (“VRCQ”) during the pandemic? If market conditions were better, would a higher value be attained?
	<p>The attractive selling price of Central Square¹ was a result of obtaining an Outline Permission from the Urban Redevelopment Authority (“URA”), supporting the rezoning and redevelopment of the site with a 78% increase in the gross floor area. Following the grant of URA’s Outline Permission, the Managers carefully evaluated all options, including undertaking redevelopment of the site, and concluded that it will be in the best interest of Stapled Securityholders to divest Central Square¹. This is due to several considerations, including the long gestation period, and that the 10% development limit applicable to S-REITs will be exceeded should Far East H-REIT undertake the redevelopment.</p> <p>The sale was also timely as it was concluded before the Government’s introduction of additional cooling measures on residential properties which took effect from 16 December 2021.</p>
3.	With unutilised revolving credit facilities of S\$300 million and sale proceeds from VRCQ¹, does management have any potential purchases on the horizon?
	<p>The divestment of Central Square¹ has allowed Far East H-REIT to strengthen its’ balance sheet by paring down debt, reducing the aggregate leverage and having greater financial flexibility for bigger projects.</p> <p>The REIT Manager continues to assess the market environment and seek out potential yield accretive opportunities.</p>

C. Financials	
4.	In relation to Note 4 “Investment Property Held for Sale” of the Annual Report, the leasehold interest of VRCQ¹ had been negotiated to be sold for S\$313.2 million plus up to S\$18.0 million for potential incentive fee. Could management explain the rationale behind VRCQ’s¹ independent valuation of S\$271.4 million as opposed to using the sale price of S\$313.2 million?
	<p>Fair value is defined in the accounting standard as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</p> <p>The valuation is conducted according to the Singapore Institute of Surveyors and Valuers guidelines. Market value is estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.</p> <p>While the fair value was established at S\$271.4 million based on the independent valuation, the buyer was prepared to purchase Central Square¹ at S\$313.2 million plus an incentive of up to S\$18.0 million. It is likely that the buyer has considered the strategic value of a synergistic redevelopment together with its adjacent site at Central Mall.</p>

¹ VRCQ is located at Central Square, a mixed-use development comprising serviced residences and commercial spaces.

5.	In relation to Note 3 “Investment Properties” of the Annual Report, does fair value change of S\$78.2 million include VRCQ¹? If yes, what is the total fair value change of all other properties excluding VRCQ¹?
	Yes, the fair value change of S\$78.2 million includes VRCQ ¹ . The total fair value change of all properties excluding VRCQ ¹ is S\$5.1 million which represents 0.1% and 1.1 % increase in fair value for the hotels and serviced residences respectively compared to the previous year.

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)

8 April 2022

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)

8 April 2022

¹ VRCQ is located at Central Square, a mixed-use development comprising serviced residences and commercial spaces.