FAR EAST ORCHARD LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 196700511H

53RD ANNUAL GENERAL MEETING TO BE HELD ON 26 APRIL 2021
RESPONSES TO SHAREHOLDERS ON SUBSTANTIAL AND RELEVANT QUESTIONS

1. The Board of Directors (the "**Board**") of Far East Orchard Limited (the "**Company**") would like to thank shareholders for submitting their questions in advance of the Company's 53rd Annual General Meeting ("**'AGM**") to be held by electronic means.

2. Please refer to **Appendix 1** for the Company's responses to the questions received from shareholders that are substantial and relevant to the AGM resolutions.

3. Some of the questions brought up by shareholders will also be addressed by Mr Alan Tang Yew Kuen, Group CEO of Far East Orchard Limited, during the AGM. The slides from Mr Tang's presentation will be made available on SGXNet and the Company's website at https://www.fareastorchard.com.sg/agm.html after the AGM.

By Order of the Board

Phua Siyu Audrey
Company Secretary
26 April 2021

Appendix 1

No.	Question	Response
1	Far East Orchard reported a loss and dividends was halved. NAV dropped, gearing ratio increased. However, director fees remained at S$520,000. Please explain why director fees was not decreased likewise as part of shareholder alignment.	Different considerations apply in determining directors' fees and the amount of dividend to be declared. The Board took a voluntary 15% pay cut in Non-Executive Directors' fees for FY2020, to stand in solidarity with the Group's broader stakeholders. The actual fees paid for FY2020 were S$390,150. The aggregate pool for Non-Executive Directors' fees put forth for shareholders' approval of S$520,000 is consistent with prior years. It contains a buffer for fees for any new appointments of Non-Executive Directors. Please refer to page 44 of the Company's FY2020 Annual Report for the Directors' fees framework. Such fee framework is evaluated at least annually for appropriateness, taking into account the level of contribution, the responsibilities and obligations of the Directors, the prevailing market conditions, the most recent benchmarking report and referencing the Directors' fees against comparable and independent benchmarks. In determining the amount of dividends to be declared, the Board takes into consideration various factors including but not limited to our level of cash, gearing, retained earnings, actual and projected financial performance, capital requirements, strategic plans, general economic conditions and outlook. For FY2020, the Board has recommended a lower dividend given the uncertainty of the pace of recovery that remains in the Group's operating environment, particularly in the hospitality industry, and the protracted impact arising from the COVID-19 pandemic. It is important for the Group to conserve cash and maintain sufficient resources for business

		expansion and diversification, and to face possible challenges ahead.
2	Revenue emanating from the hospitality business is steadily declining, whilst that of student accommodation is increasing steadily, and that of property investment is stable. Property development is lumpy – not unexpected. Which segments have the best potential for recovery and growth in the year ahead and why? What is the company's view on the optimal mix or target mix for the various segments?	The hospitality industry continues to be one of the hardest-hit by the global pandemic, as travel restrictions remain in force across the world. The recovery is expected to be slow as the new COVID-19 variants and resurgence in the virus infections are keeping borders closed. Mass international travel is unlikely to resume in a major way in 2021. As the hospitality business segment remains the biggest contributor to the Group's recurring income, the Group expects its financial performance in FY2021 to remain under pressure amid the protracted and uncertain global recovery for travel and tourism. The Group remains committed to executing its lodging platform strategy, through the selective and prudent expansion of its hospitality and PBSA portfolios. Under the FEOR 25 strategy, we aim to be a real estate company with a lodging platform that continues to build our hospitality and PBSA portfolios for sustainable and recurring income. The hospitality business took an inevitable hit in FY2020 due to the plunge in travel and tourism because of the COVID-19 pandemic. In the longer-term, we remain positive on the hospitality sector, and expect gradual recovery as travel confidence returns with the progressive rollout of COVID-19 vaccination around the world. We aim to grow both the hospitality and PBSA portfolios and have set a target of 25,000 rooms and 5,000 beds by FY2025 respectively. Hospitality business is expected to remain the main contributor to the Group earnings in the FEOR 25 strategy.

3	Will some assets be recycled, i.e. sold and proceeds redeployed, to increase the ROE?	As we work through the life cycle of each asset, we will continue to focus our efforts on asset management to enhance the performance of each asset to prepare them for exit at the right time. We remain open to relevant divestment opportunities where assets can be sold for a good value, but we will not conduct a fire sale. When considering a disposal of assets, we also assess if we can re-invest quickly.
4	What is the Group doing to increase its recurrent income streams? What is the company doing to improve its ROA (and ROE)? What is the company doing to improve its net income and return to shareholders?	As part of our long-term strategy to deliver sustainable returns to shareholders, the Group has taken steps to augment the recurring income streams. These initiatives will take time before we see a meaningful contribution to our business performance. We had seen good scaling traction until we were hit by the COVID-19 pandemic in early 2020. Recurring income was almost 100% of operating income in FY2020. This is evidence of the progress made in our transformation journey. Our investments in the student accommodation business have provided a steady recurring income stream in FY2020 to mitigate the adverse COVID-19 impact on our hospitality business performance. As part of the FEOR 25 strategy, our focus is on continuing to build a lodging platform focused on the two pillars of the hospitality and PBSA business. While pursuing growth opportunities in these two segments, we will also evaluate suitable opportunities to recycle our capital to optimise returns, in line with the broader objectives of achieving sustainable and recurring income for shareholders.