



Far East Orchard

Far East Orchard Limited

(Incorporated in the Republic of Singapore)

Company Registration No. 196700511H

58TH ANNUAL GENERAL MEETING TO BE HELD ON 17 APRIL 2026 RESPONSES TO QUESTIONS RECEIVED FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

1. The Board of Directors (the “**Board**”) of Far East Orchard Limited (the “**Company**”) refers to the questions received from Securities Investors Association (Singapore) (“**SIAS**”) in advance of the Company’s 58th Annual General Meeting (“**AGM**”), which will be conducted physically on 17 April 2026, Friday at 10.00 a.m. (Singapore time) at the Antica Ballroom, Level 2, Orchard Rendezvous Hotel, Singapore, 1 Tanglin Road, Singapore 247905.
2. Please refer to **Appendix 1** below for the list of questions received from SIAS and the Company’s responses to these questions.
3. The Company’s responses to the questions from SIAS can also be found on SIAS’s website at <https://sias.org.sg/qa-on-annual-reports/>.

By Order of the Board

Phua Siyu Audrey
Company Secretary
14 April 2026

Appendix 1

Questions Received from Securities Investors Association (Singapore) (“SIAS”)

Question and Responses 1:

Since embarking on its strategic transformation in 2012, the Group has diversified its portfolio across hospitality management, healthcare real estate, and UK purpose-built student accommodation (“PBSA”). Following the conclusion of the FEOR25 roadmap, Management has initiated its subsequent five-year vision, FEOR30. The Group has delivered a five-year average return on equity of 3.42%, using leverage of about 45%.

(i) What has been the total shareholder return (“TSR”) over the past five years (the FEOR25 period) and since 2012? How do these figures compare against the Group’s weighted average cost of capital (“WACC”)?

Responses to Q1(i)

- The Group’s cumulative total shareholder return (“TSR”) over the FEOR25 period (1 January 2020 to 31 December 2025) and since 2012 (27 August 2012 – completion of the restructuring of the Company) were 21.2% and 14.9% respectively. The annualised TSR over the same period were 3.9% and 1.2%.
- TSR reflects share price performance and dividends paid over the respective periods, and is influenced by external factors such as interest rates, market conditions and sentiments and geopolitical developments.
- In assessing performance and capital allocation, the Group uses its weighted average cost of capital (“WACC”) as a key reference point, together with asset-specific hurdle rates.
- Shareholder returns may not consistently exceed WACC over shorter periods, particularly during periods of higher interest rates or valuation compression. Accordingly, performance is assessed over a full investment cycle, taking into account both income returns and long-term value creation.

(ii) How has the Board formally assessed Management’s delivery against the stated targets¹ of FEOR25, including the shortfall relative to the 25,000-room target? What specific lessons have been drawn, and how have these been incorporated into the design and targets of FEOR30?

(iii) What specific accountability mechanisms are in place to assess Management’s delivery against strategic targets?

Responses to Q1(ii) and Q1(iii)

- FEOR25 served as a roadmap for the Group to deliver on its mission of building a stronger and better Far East Orchard, anchored on two core pillars: Hospitality and PBSA. The strategy focused to being a real estate company with a lodging platform that aims to achieve sustainable and recurring income through a diversified and balanced portfolio. FEOR30 builds on this foundation, to scale an integrated lodging platform, with a stronger emphasis on disciplined capital deployment, capital recycling, and asset-light and fund-based platforms.
- Strategic targets are built into both the short-term incentive and long-term incentive (“LTI”) targets of

¹ Despite management saying in the annual report that FEOR25 has been “fulfilled”, the initial targets set were to achieve 25,000 rooms and 5,000 beds by 2025. The group now owns more than 10 assets and manages over 100 properties, with rooms totalling “more than 18,000”. In the PBSA segment, the group owns more than 3,700 beds in the UK. With developments in Bristol, Glasgow and Manchester set to be completed between 2026 and 2028, the portfolio will increase to more than 4,900 beds upon completion. Homes for Students (“HFS”) was acquired in 2024, under which HFS manages 55,000 beds.

the Key Management.

- The Board formally assessed Management's performance against the approved annual key performance indicators (KPIs).
- The assessment of the Management's performance was led by the Remuneration Committee ("RC"), which reviewed the actual performance against the annual and LTI targets.
- Where performance fell short of targets, the RC evaluated the extent of the shortfall, contributing factors (including external market conditions) and Management's mitigating actions.
- The RC also considered overall leadership effectiveness and progress against longer-term strategic objectives. The RC's recommendations were subsequently presented to the Board for approval.
- In relation to the shortfall against the 25,000-room target, the Board took into account factors previously communicated to shareholders, including post-pandemic constraints on hotel supply, delays and cancellations of new hotel developments due to inflation and rising construction costs, and continued macroeconomic uncertainty, which affected the pace of expansion and asset-light growth in our hospitality business.
- Although the Group did not meet the room target, on the purpose-built student accommodation ("PBSA") front, the Group has strengthened its position in the UK PBSA sector with the acquisition of Homes for Students Limited ("HFS"), UK's largest independent PBSA operator. The Group acquired a 49% stake in HFS in April 2024, before increasing its stake to 84% in September 2025. The Group is targeting to acquire 100% of HFS by 2030. With over 55,000 beds under management, HFS significantly enhances the Group's UK presence and operational capabilities, resulting in the Group surpassing its 5,000-bed target, with approximately 60,000 owned and managed beds.
- Key lessons from FEOR25 include the importance of financial discipline, execution flexibility and balance sheet resilience, with a continued focus on delivering sustainable and quality growth.
- These have been incorporated into FEOR30, which focuses on disciplined growth, capital recycling and scaling recurring income, with greater emphasis on sustainable returns and risk-adjusted performance.

(iv) In addition, given the gap between the stated FEOR25 targets and actual outcomes, what steps have been taken to strengthen execution capabilities, including broadening and deepening the Group's human capital where necessary?

Responses to Q1(iv)

- The focus of FEOR25 has always been to strengthen the hospitality and PBSA platform to scale up for growth and further expansion beyond 2025. Under FEOR25, the Group strengthened our lodging platform, developed our fund management capabilities, and reinforced operational discipline and balance sheet resilience.
- In 2025, the Group made important leadership changes to strengthen the Management bench and support the next phase of growth.
- Leadership transition within the hospitality business saw Mr Arthur Kiong, Managing Director of Far East Hospitality handing over the position to Mr Mark Rohner. For the UK PBSA business, Mr Yang Zejian joined as Managing Director, bringing deep sector experience to provide leadership and support the growth of the Group's PBSA portfolio in the UK and other strategic markets, while driving operational and service excellence.
- The Group has also strengthened functional capabilities across investment, asset management, fund management and operations, with particular emphasis on building on-the-ground expertise in key growth markets with the setup of our UK office.
- These leadership and capability enhancements support more responsive and disciplined execution, scalable platforms and selective growth under FEOR30, while maintaining capital discipline and risk management.

- (v) The Group has closed its first private fund² with total commitments of GBP96 million, of which GBP35 million was contributed by the Group. **How does the Board assess the level of third-party capital raised relative to expectations? What constraints has the Group faced in scaling its fund management platform? Furthermore, to what extent does the Board believe the Company's current valuation discount acts as a deterrent to potential fund investors?**

Responses to Q1(v)

- The level of third-party capital raised at the first close of the Group's inaugural private fund was in line with expectations. The fund size and the Group's GBP35 million commitment were deliberately calibrated to ensure strong alignment, prudent execution and a solid foundation for building a credible track record, rather than maximising assets under management (AUM) at inception.
- In scaling the fund management platform, the Group has taken a measured and disciplined approach. At this early stage, key considerations include the progressive strengthening of operational processes, systems and controls, as well as strengthening functional capabilities across investment, asset management, fund management and operations, and putting in place appropriate governance and allocation frameworks as third-party capital increases. Institutional capital is expected to scale over time as investors gain greater familiarity with the Group's execution capabilities, governance standards and performance.
- The Board does not consider the Company's current valuation discount to be a primary factor in fund investors' decision-making. Private fund investors generally focus on asset-level fundamentals, governance, alignment and risk-adjusted returns, rather than the listed share price of the sponsor.
- The Group's commitment to the fund provides alignment of interests and is intended to support investor confidence at the fund level.

Question and Responses 2:

FEOR30 builds on the progress made under FEOR25, with a stated focus on scaling the integrated lodging platform, capturing growth opportunities and delivering sustainable long-term value for shareholders.

In the past two years, the Monetary Authority of Singapore and the Singapore Exchange have introduced initiatives to revitalise the market through a value unlock programme. A clear mandate has been placed on boards to address capital efficiency and depressed valuations.

The company trades at an approximate discount of 60% to its net asset value.

- (i) **How has the Board assessed whether FEOR25 improved capital efficiency and improved valuations, thereby creating sustainable long-term value for shareholders? How are the design, targets and execution priorities of FEOR30 aligned with value-unlocking?**

Responses to Q2(i)

- While not all market-driven valuation outcomes were within Management's control, the Board considers that FEOR25 materially strengthened the Group's operating and financial foundations with the lodging platform framework established for long-term value creation by improving capital efficiency and positioning the Group for more sustainable and scalable earnings.
- Key actions undertaken during FEOR25 include:
 - The divestment of a hotel property in Perth in December 2024 allowed the Group to optimise the asset value, realising a gain on disposal in FY2024, strengthen the balance sheet and

² FE UK Student Accommodation Development Fund.

allowed for capital redeployment into higher-growth opportunities.

- The closing of the Group's first private fund in 2025 marked a structural shift toward scaling the lodging platform through third-party capital.
- The acquisition into HFS (UK's largest independent PBSA operator and a fee-based business) enhances the Group's operational efficiency and capabilities. The full-year contribution from HFS was reflected in the FY2025 financial results.
- The Group is focusing on strengthening its core capabilities in investment, asset management, and fund management, while growing recurring earnings by expanding its diversified lodging portfolio, which includes hospitality and PBSA. The Group also aims to maintain asset-right discipline by allocating capital to priority assets while recycling out of lower-yielding or non-core positions.
- Under the FEOR30 strategy, the Group targets to achieve a 50% increase in assets under management (AUM), rising from \$2 billion as of 2025 to \$3 billion by 2030. The Group also targets a 50% rise in its portfolio of rooms and beds to 110,000 by 2030, up from about 72,000 currently.
- FEOR30 has been designed, building on the foundation of FEOR25, and with a stronger emphasis on disciplined capital deployment, capital recycling, asset-light and fund-based platforms, and improving risk-adjusted returns, rather than pursuing growth in scale alone.
- The Board continues to view capital efficiency and unlocking value as key priorities.

(ii) To ensure alignment with shareholder interests, why has the Board not formalised specific key performance indicators (KPIs) within FEOR30 relating to capital recycling, total shareholder return ("TSR"), and return on invested capital ("ROIC")?

Responses to Q2(ii)

- The Board recognises that capital recycling, TSR and ROIC are key considerations in aligning management actions with shareholder interests.
- While these metrics are not formalised as standalone KPIs within FEOR30, they are incorporated within the long-term incentive (LTI) framework for the key management personnel and selected senior executives.
- Through this approach, the Board seeks to ensure that management incentives are closely aligned with sustainable shareholder returns, while retaining flexibility in relation to the portfolio composition and optimisation and capital recycling.

(iii) Given the persistent discount to net asset value, what capital management options has the Board evaluated, including share buybacks, equal access offers and capital recycling? What criteria are used to determine when such measures should be implemented?

Responses to Q2(iii)

- The Board recognises the Group's sustained discount to net asset value and the importance of capital efficiency in delivering long-term shareholder value.
- The Board keeps a range of capital management options under review, including capital recycling and share buybacks, taking into account the Group's strategy under FEOR30, financial capacity and market conditions.
- In determining whether and when such measures may be implemented, the Board considers:
 - the Group's balance sheet strength and liquidity;
 - relative returns versus alternative uses of capital, including reinvestment into core lodging portfolios;
 - market conditions and execution considerations, including liquidity and regulatory requirements; and
 - alignment with FEOR30, with a focus on improving capital efficiency and strengthening

recurring income.

- The Group continues to pursue disciplined capital recycling, divesting non-core assets where value can be realised and redeployed into higher-return core platforms. Any capital management action will be undertaken only where it is financially prudent, value-accretive and in the interests of shareholders.

Question and Responses 3:

The company has outsourced its internal audit function to RSM SG Risk Advisory Pte Ltd. The Audit and Risk Committee (“ARC”) reviews and approves the internal audit plans.

In FY2025, the internal audit covered procurement, hospitality operations, centralised reservation, outsourcing management, interested persons transactions, sustainability reporting and risk management activities.

- (i) **In reviewing and approving the internal audit plan, what specific inputs, revisions or challenges did the audit and risk committee provide to ensure that the scope is appropriately risk-based and aligned with the Group’s key operational and financial risks?**
- (ii) **Has the ARC established a multi-year internal audit roadmap to ensure systematic coverage of all material risk areas?**

Responses to Q3(i) & (ii)

- The ARC requires the internal audit scope to be anchored to the Group’s Enterprise Risk Management (“ERM”) framework, with audit coverage prioritised based on assessed risk severity, residual risk exposure and emerging risk trends.
- The ARC has established a multi-year internal audit roadmap, providing systematic coverage of material risk areas. Specifically, the ARC has approved the engagement of RSM as the independent internal auditor under a multi-year internal audit plan covering FY2024 to FY2026, which serves as the Group’s internal audit roadmap.
- The internal auditors adopt a risk-based approach in formulating the audit plan that aligns its activities to the key risk areas across the Group. In developing the audit plan, the internal auditors reviewed the Group’s ERM framework and the risk matrix.
- The ARC also requires the internal audit plan to be revisited annually and adjusted as necessary to respond to changes in the Group’s risk profile during the year.
- At the beginning of each financial year, the internal audit plan is presented by the internal auditors to the ARC for their input and comments.
- The ARC provides direct input by assessing if risk areas of the Group are adequately addressed, taking into consideration developments of the Group and the Group’s evolving risk profile. Feedback on the scope and areas covered is incorporated by the internal auditor to refine and finalise the audit plan.
- If any incidents or matters from operations require further attention, the ARC will request internal auditors to expand the scope and report these findings to the ARC.

- (iii) **Was Homes for Students (“HFS”) included within the scope of the internal audit in FY2025? If not, what is the timeline for its inclusion, given its scale and importance to the Group?**

Responses to Q3(iii)

- The Group increased its stake in Homes for Students Limited (“HFS”) to 84% in September 2025, thereby obtaining control over HFS. As control was obtained late in the financial year, HFS was not included in the FY2025 internal audit scope.

- Management has commenced discussions with the internal auditors to include HFS within the scope of the internal audit plan over the next two years, taking into account the integration timeline and the Group's evolving risk profile.

In FY2025, the internal audit covered procurement, hospitality operations, centralised reservation, outsourcing management, interested persons transactions, sustainability reporting and risk management activities.

(iv) What are the key findings, recommendations and remediation actions arising from the audit?

Responses to Q3(iv)

- The findings were primarily related to opportunities to strengthen processes, controls, and to refine the documentation of internal processes. No material weaknesses in internal controls were identified.
- These findings, together with Management's remediation timelines, were presented to the ARC. Follow-up internal audit will be performed for areas requiring remediation.