

CHANGES FOR FINANCIAL YEAR BEGINNING 1 JANUARY 2020 (“FY2020”)

REDUCTION OF MANAGEMENT FEES PAYABLE TO REIT MANAGER

Singapore, 24 March 2020 – 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**”, and collectively with the REIT Manager, the “**Managers**”) of Far East Hospitality Business Trust (“**Far East H-BT**”), wish to announce that with effect from 1 January 2020, there will be a reduction in the management fees payable to the REIT Manager that will benefit the stapled securityholders of Far East Hospitality Trust (“**Stapled Securityholders**” and the trust, “**Far East H-Trust**”), a stapled group comprising Far East H-REIT and Far East H-BT.

Under the trust deed constituting Far East H-REIT, the REIT Manager is entitled to receive management fees payable out of the deposited property of Far East H-REIT for the management of Far East H-REIT’s portfolio of properties.

The Board of Directors of the REIT Manager has approved the reduction to the base fee and performance fee which would lower the overall management fees payable by Far East H-REIT to the REIT Manager, and are therefore beneficial to Stapled Securityholders. More details about the changes are provided below.

Base Fee

The base fee covers the day-to-day operational, compliance, monitoring and reporting costs as well as administrative overheads incurred by the REIT Manager. It represents the compensation to the REIT Manager for executing its core responsibilities and is based on a percentage of the value of Far East H-REIT’s deposited property, which is an appropriate metric to determine the resources required for managing Far East H-REIT.

From 1 January 2020, the base fee is reduced from 0.3% to 0.28% per annum of the value of the deposited property of Far East H-REIT.

For illustrative purposes, if this reduction was applied to the base fee for the financial year ended 31 December 2019 (“FY2019”), the base fee would have been lower by approximately S\$0.54 million or 6.7%.

Performance Fee

The performance fee, which is currently based on net property income, is an objective benchmark and incentivises the REIT Manager to proactively manage its portfolio, which may include but are not limited to asset enhancement initiatives, repositioning or re-branding of its properties, re-segmentation of its properties’ customer base and driving cost efficiencies to improve profit margins.

From 1 January 2020, the performance fee is reduced from 4.0% of the net property income to 4.0% of the net property income or 4.0% of the annual distributable amount (which is computed by deducting items such as finance costs and trust expenses from net property income and after accounting for the base fee) for that financial year, whichever is lower.

For illustrative purposes, if this reduction was applied to the performance fee for FY2019, the performance fee would have been lower by approximately S\$1.2 million or 28.8%.

Together with the changes in the computation of the base fee payable to the REIT Manager mentioned above, the overall management fees would have been lower by S\$1.74 million or 14.2%. This represents a substantial reduction to the fees payable by Far East H-REIT to the REIT Manager which would benefit the Stapled Securityholders.

CHANGE FROM QUARTERLY TO SEMI-ANNUAL DISTRIBUTIONS

Far East H-Trust’s current distribution policy is to make distributions to Stapled Securityholders on a quarterly basis. From FY2020, Far East H-Trust will change its distribution frequency to one based on a semi-annual basis as the Managers believe that Far East H-Trust can achieve savings in cost and administration efforts, and such cost savings can be passed on to Stapled Securityholders in the form of distributions.

Far East H-Trust will make its final quarterly distribution to Stapled Securityholders for the period from 1 October 2019 to 31 December 2019 on 27 March 2020 before commencing with the semi-annual distributions.

CHANGE TO HALF-YEARLY REPORTING

The Managers refer to the recent amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) which were effective from 7 February 2020.

The Managers wish to announce that Far East H-Trust will adopt the announcement of half-yearly financial statements with effect from FY2020. For FY2020, the next financial results announcement will be for the half-year period ending 30 June 2020.

In making their deliberations, the Boards of Directors of the Managers note that a half-year financial reporting cycle and observation of strengthened disclosure requirements from the SGX-ST with regular business updates are sufficient to keep the market informed of Far East H-Trust’s state of affairs.

The Managers will continue their proactive engagement with stakeholders through their various communication channels, including providing relevant material updates between the announcements of half-yearly financial statements.

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ABOUT FAR EAST HOSPITALITY TRUST (“Far East H-Trust”)

Far East H-Trust is a Singapore-Focused Hotel and Serviced Residence Hospitality Trust listed on the Main Board of The Singapore Exchange Securities Trading Limited (“SGX-ST”). Comprising Far East Hospitality Real Estate Investment Trust (“Far East H-REIT”) and Far East Hospitality Business Trust (“Far East H-BT”), Far East H-Trust was listed on the SGX-ST on 27 August 2012 and has a portfolio of 13 properties totaling 3,143 hotel rooms and serviced residence units valued at approximately S\$2.65 billion as at 31 December 2019. Managed by FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd. (collectively, the “Managers”) and sponsored by members of Far East Organization Group (the “Sponsor”), Far East H-Trust seeks to provide Stapled Securityholders with regular, stable and growing distributions on a quarterly basis. Far East H-Trust is listed on the FTSE ST Mid Cap Index.

ABOUT THE MANAGERS

FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd. are the managers of Far East H-REIT and Far East H-BT respectively. Both are 67.0% owned by FEO Asset Management Pte. Ltd., which is a wholly-owned subsidiary of Far East Organization Centre Pte. Ltd., and 33.0% owned by Far East Orchard Limited (“FEOR”). FEOR is 61.26% owned by Far East Organization Pte. Ltd. as at 31 December 2019.

IMPORTANT NOTICE

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Managers' current view of future events.

The value of the Stapled Securities and the income derived from them, if any, may fall as well as rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of their affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the Managers to redeem or purchase their Stapled Securities for so long as the Stapled Securities are listed on the SGX-ST. It is intended that investors and Stapled Securityholders may only deal in their 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. The past performance of Far East H-Trust is not necessarily indicative of the future performance of Far East H-Trust.