

## **EXTENSION EVENT UNDER THE EARN-OUT AGREEMENT IN RELATION TO THE ACQUISITION OF OASIA HOTEL DOWNTOWN**

**Singapore, 29 October 2020** – FEO Hospitality Asset Management Pte. Ltd., as the 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 the trustee-manager of Far East Hospitality Business Trust (the “**Trustee-Manager**”, and collectively with the REIT Manager, the “**Managers**”), refer to:

- (i) the announcement dated 12 January 2018 titled “Acquisition of Oasia Hotel Downtown”;
- (ii) the circular to stapled securityholders of Far East Hospitality Trust (“**Far East H-Trust**”) dated 13 February 2018 (the “**Circular**”); and
- (iii) the announcement dated 2 April 2018 titled “Completion of the Acquisition of Oasia Hotel Downtown”.

*Unless otherwise defined herein, all capitalised terms in this Press Release shall have the meanings ascribed to them in the Circular.*

In connection with the acquisition of Oasia Hotel Downtown (the “**Property**”, and the acquisition of the Property, the “**Acquisition**”), DBS Trustee Limited, in its capacity as trustee of Far East H-REIT (the “**REIT Trustee**”), and Far East SOHO Pte. Ltd. (the “**Vendor**”) had entered into an earn-out agreement (the “**Earn-out Agreement**”) on 2 April 2018, being the date of the completion of the Acquisition. Pursuant to the Earn-out Agreement, the REIT Trustee will issue an aggregate of S\$15.0 million worth of stapled securities of Far East H-Trust (the “**Earn-out Stapled Securities**”) to the Vendor if, during the Earn-out Period<sup>1</sup>, the net property income (“**NPI**”) of the Property is at least S\$9.9 million per annum (the “**Target NPI PA**”) for each of (a) an entire Earn-out Year<sup>2</sup> (the “**First Consecutive Earn-out Year**”) and (b) the “Second Consecutive Earn-out Year”<sup>3</sup> (the “**Earn-out Event Condition**”), the Earn-out Event Condition is deemed to have been met in accordance with the Earn-out Agreement. Upon the issue of the Earn-out Stapled Securities, the REIT Trustee shall be released and fully discharged from its obligations under the Earn-out Agreement.

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1 “**Earn-out Period**” refers to the period commencing from (and including) 2 April 2018, up to (and including) 31 December 2023, or such extended expiry date (the “**Earn-out Expiry Date**”) in accordance with Clause 2.5 of the Earn-out Agreement, whichever is later.

2 “**Earn-out Year**” refers to any full Fiscal Year within the Earn-out Period.

3 “**Second Consecutive Earn-out Year**” means:

(a) the entire Earn-out Year immediately following the First Consecutive Earn-out Year; or

(b) if the First Consecutive Earn-out Year is followed by one or two consecutive Fiscal Year(s) in which an Extension Event has occurred and for which the Target NPI PA has not been achieved (each a “**Disrupted Year**”), the Fiscal Year immediately following the Disrupted Year(s).

As a result of the disruption caused by the Covid-19 pandemic and the various measures imposed by the Singapore government, which have rendered all the rooms in the Property not operational in the normal course of business as a hotel for more than one month, an Extension Event<sup>4</sup> has occurred that would cause the Earn-out Expiry Date to be extended by one full Fiscal Year from 31 December 2023 to 31 December 2024, in accordance with Clause 2.5 of the Earn-out Agreement.

For the Earn-out Year 2019, the Target NPI PA of at least S\$9.9 million per annum was met for the Property. In the event that the Target NPI PA for the Earn-out Year 2020 is not achieved, the Earn-out Year 2020 will be regarded as a Disrupted Year and pursuant to the Earn-out Agreement, the Second Consecutive Earn-out Year will refer to the Fiscal Year immediately following the Earn-out Year 2020.

The Managers will provide further update(s) as and when there are material developments.

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4 See "Summary – The Proposed Earn-out Arrangement" on page 2 of the Circular for further details on Clause 2.5 of the Earn-out Agreement and the Extension Events.

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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 62.5% owned by Far East Organization Pte. Ltd. as at 7 September 2020.

**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.