



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

ENTRY INTO SALE AND PURCHASE AGREEMENTS AND CO-OWNERSHIP DEED IN RELATION TO CO-INVESTMENT WITH TOGA GROUP THROUGH FAR EAST HOSPITALITY HOLDINGS PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**”) of the Company (together with its subsidiaries, the “**Group**”) is pleased to announce that the Group has, today, entered into an investment venture with Toga Pty Ltd (“**Toga**”, and together with its subsidiaries, the “**Toga Group**”) to jointly acquire and hold hospitality properties in Europe (the “**Co-Ownership Venture**”).

For the purposes of the Co-Ownership Venture, the Group has:

- (i) incorporated three new subsidiaries through its 70%-held subsidiary, Far East Hospitality Holdings Pte. Ltd. (“**FEHH**”) (the “**New Subsidiaries**”);
- (ii) entered into three sale and purchase agreements (the “**Sale and Purchase Agreements**”) for the purpose of acquiring shares in the target companies (the “**Target Companies**”), which are the subject of the Co-Ownership Venture; and
- (iii) entered into a co-owners’ deed (the “**Adina Europe Co-Owners Deed**”) with Toga and its subsidiaries, Toga Accommodation Fund Investments Pty Ltd (“**Toga AFI**”) and Toga Germany Development Nr.1 GmbH & Co. KG (“**Toga GD**”) for the purpose of governing the Co-Ownership Venture.

The Sale and Purchase Agreements have been completed today, pursuant to which FEHH, through its New Subsidiaries, holds 50.0% of the interest in the shares of the Target Companies.

The Target Companies own the following hospitality properties (the “**Co-Ownership Assets**”):

- (i) the Adina Apartment Hotel Copenhagen located at Amerika Plads 7, 2100 København, Denmark (“**Adina Copenhagen**”);
- (ii) the Adina Apartment Hotel Berlin Checkpoint Charlie located at Krausenstraße 35-36, 10117 Berlin, Germany (“**Adina Berlin Checkpoint Charlie**”);
- (iii) the Adina Apartment Hotel Frankfurt Neue Oper located at Wilhelm-Leuschner-Straße 6, 60329 Frankfurt am Main, Germany (“**Adina Frankfurt**”); and
- (iv) the Adina Apartment Hotel Berlin Hauptbahnhof located at Platz vor dem Neuen Tor 6, 10115 Berlin, Germany (“**Adina Berlin Hauptbahnhof**”).

Details of the incorporation of the New Subsidiaries and the Co-Ownership Venture, including the Sale and Purchase Agreements and the Adina Europe Co-Owners Deed, are set out below.

Note: In this announcement, the EUR-SGD exchange rate is based on an exchange rate of S\$1.67 to €1.00 and the DKK-SGD exchange rate is based on an exchange rate of S\$0.22 to DKK1.00.

2. INCORPORATION OF THE NEW SUBSIDIARIES

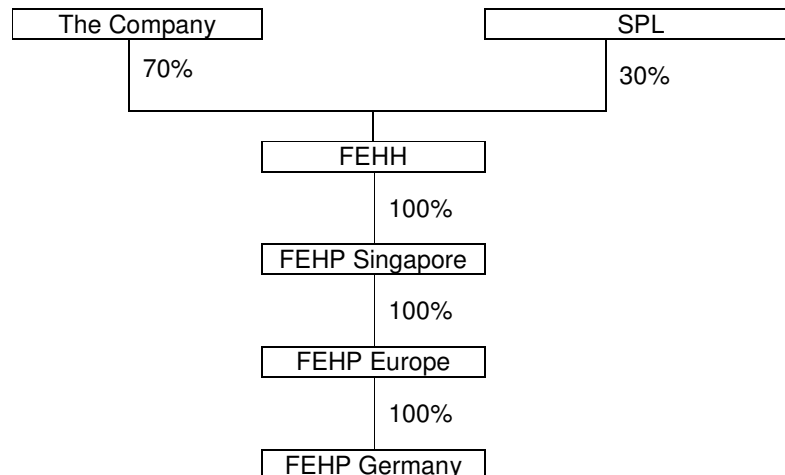
For the purpose of the Co-Ownership Venture, the Group has, through FEHH, incorporated the following New Subsidiaries:

	Name	Country of incorporation	Date of incorporation	Initial issued and paid-up capital	Principal activity(ies)
(a)	Far East Hospitality Properties (Europe) Pte. Ltd. ("FEHP Singapore")	Singapore	21 July 2014	S\$1.00 comprising one ordinary share	Investment holding
(b)	Far East Hospitality Properties (Europe) S.à r.l. ("FEHP Europe")	Luxembourg	25 July 2014	€12,500 comprising 12,500 shares of nominal value €1.00 per share	Investment holding
(c)	Far East Hospitality Properties (Germany) S.à r.l. ("FEHP Germany")	Luxembourg	25 July 2014	€12,500 comprising 12,500 shares of nominal value €1.00 per share	Investment holding

FEHH is a 70%-held subsidiary of the Company. The other 30% of the interests in FEHH is held by Sword Private Limited ("SPL"), which is wholly owned by The Straits Trading Company Limited.

The incorporation of the New Subsidiaries was funded internally and is not expected to have any material impact on the earnings per share and the net tangible assets per share of the Company for the current financial year ending 31 December 2014.

The New Subsidiaries are held by the Group in the following manner:



3. SALE AND PURCHASE AGREEMENTS

In connection with the Co-Ownership Venture, the New Subsidiaries had entered into the following Sale and Purchase Agreements today to acquire 50% of the interests in the Target Companies (the “**Acquisitions**”):

- (i) FEHP Germany and Toga GD entered into a sale and purchase agreement with TAF 1 Ltd. (“**TAF 1**”) and TAF 2 Ltd. (“**TAF 2**”) to acquire from TAF 1 and TAF 2 the shares representing the entire registered share capital of the following Germany companies:
 - a. TAF Wilhelm Leuschner Strasse Property GmbH (“**TWLSP**”), a German company with limited liability, amounting to €25,000;
 - b. TAF Krausenstraße Property GmbH (“**TKP**”), a German company with limited liability, amounting to €25,000;
 - c. TAF Wilhelm-Leuschner-Str. Trading GmbH (“**TWLST**”), a German company with limited liability, amounting to €25,000; and
 - d. TAF Krausenstrasse Trading GmbH (“**TKT**”) with limited liability, amounting to €25,000.

Following the completion of the Acquisitions, the abovementioned companies are each 50%-held by FEHP Germany. Toga GD now holds 50% of the interests in TWLSP, TWLST and TKT, and also holds 44.8% of the interests in TKP, with Safe Luxembourg No. 1 S.à r.l., a wholly-owned subsidiary of Toga, holding 5.2% of the interests in TKP.

- (ii) FEHP Germany entered into a sale and purchase agreement with Toga to acquire from Toga the shares representing 50% of the entire registered share capital of the following companies:
 - a. TAF Invalidenstrasse Property Pty Ltd (“**TIP**”), an Australian proprietary company limited by shares, amounting to AUD 6,113,196; and
 - b. TAF Invalidenstrasse Trading GmbH (“**TIT**”), a German company with limited liability, amounting to €25,000.

Following the completion of the Acquisitions, the abovementioned companies are each 50%-held by FEHP Germany and 50%-held by Toga.

- (iii) FEHP Europe and Toga AFI entered into a sale and purchase agreement with TAF 1 and TAF 2 to acquire from TAF 1 and TAF 2 the shares representing the entire registered share capital of the following Danish companies:
 - a. Safe Nordhavn ApS (“**SN**”), a Danish private limited liability company, amounting to DKK67,126,839; and
 - b. THF Denmark (Active) ApS (“**TDA**”), a Danish private limited liability company, amounting to DKK 4,873,163.

Following the completion of the Acquisitions, the abovementioned companies are each 50%-held by FEHP Europe and 50%-held by Toga AFI.

4. **NON-DISCLOSEABLE TRANSACTION**

The aggregate of the consideration of the Acquisitions borne by the Group is €21,020,031 (or approximately S\$35.1 million), and shall be internally funded and paid in cash to the respective vendors of the Target Companies' shares. The Acquisitions, collectively, constitute a non-discloseable transaction in accordance with Chapter 10 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), and have been announced to provide details of the Acquisitions and the Co-Ownership Venture to shareholders of the Company. The information pursuant to Rules 1008(2) and 704(17)(c) of the Listing Manual is presented below.

5. **FURTHER INFORMATION ON THE TARGET COMPANIES**

Further information on the Target Companies is set out below.

(i) **TWLSP and TWLST**

TWLSP and TWLST respectively own the freehold interest and the furniture, fittings and equipment in Adina Frankfurt. FEHP Germany has acquired 50% of the interests in TWLSP and TWLST for an aggregate consideration of €8,563,862 (approximately S\$14.30 million).

The consideration was arrived at on a willing buyer, willing seller basis and taking into account, inter alia, the most recent independent valuation of Adina Frankfurt at €36,550,000 as at 16 May 2014 (the "**Adina Frankfurt Valuation**") by CBRE GmbH (the "**German Valuer**"), based on the discounted cash flow methodology as well as the income capitalisation approach and comparable recent market transactions. The German Valuer was jointly engaged by TIMC Pty Limited¹, FEHH and Toga to conduct their independent valuation.

The net asset value of the shares representing 50% of the entire registered share capitals of TWLSP, before taking into account the Adina Frankfurt Valuation, is approximately €7.22 million (approximately S\$12.07 million) based on the unaudited financial statements as at 31 March 2014.

The net asset value of the shares representing 50% of the entire registered share capital of TWLST, before taking into account the Adina Frankfurt Valuation, is approximately €0.93 million (approximately S\$1.55 million) based on the unaudited financial statements as at 31 March 2014.

(ii) **TKP and TKT**

TKP and TKT respectively own the freehold interest and the furniture, fittings and equipment in Adina Berlin Checkpoint Charlie. FEHP Germany has acquired 50% of the interest in TKP and TKT for an aggregate consideration of €3,675,607 (approximately S\$6.14 million).

The consideration was arrived at on a willing buyer, willing seller basis and taking into account, inter alia, the most recent independent valuation of Adina Berlin Checkpoint Charlie at €22,190,000 as at 16 May 2014 (the "**Adina Berlin Checkpoint Charlie Valuation**") by the German Valuer. The German Valuer was jointly engaged by TIMC Pty Limited¹, FEHH and Toga to conduct their independent valuation.

The net asset value of the shares representing 50% of the entire registered share capital of TKP, before taking into account the Adina Berlin Checkpoint Charlie

¹ TIMC Pty Limited acts as the delegated manager representing TAF 1 and TAF 2 in the Sale and Purchase Agreements.

Valuation, is approximately €3.80 million (approximately S\$6.35 million) based on the unaudited financial statements as at 31 March 2014.

The net asset value of the shares representing 50% of the entire registered share capital of TKT, before taking into account the Adina Berlin Checkpoint Charlie Valuation, is approximately €1.08 million (approximately S\$1.81 million) based on the unaudited financial statements as at 31 March 2014.

(iii) TIP and TIT

TIP and TIT respectively own the freehold interest and the furniture, fittings and equipment in Adina Berlin Hauptbahnhof. FEHP Germany has acquired 50% of the interest in TIP and TIT for an aggregate consideration of €5,429,705 (approximately S\$9.07 million).

The consideration was arrived at on a willing buyer, willing seller basis and taking into account, inter alia, the most recent independent valuation of Adina Berlin Hauptbahnhof at €25,520,000 as at 16 May 2014 (the “**Adina Berlin Hauptbahnhof Valuation**”) by the German Valuer. The German Valuer was jointly engaged by FEHH and Toga to conduct their independent valuation.

The net asset value of the shares representing 50% of the entire registered share capital of TIP, before taking into account the Adina Berlin Hauptbahnhof Valuation, is approximately €4.36 million (approximately S\$7.28 million) based on the unaudited financial statements as at 31 March 2014.

The net asset value of the shares representing 50% of the entire registered share capital of TIT, before taking into account the Adina Berlin Hauptbahnhof Valuation, is approximately €(5,600) (approximately S\$(9,300)) based on the unaudited financial statements as at 31 March 2014.

(iv) SN and TDA

SN and TDA respectively own the freehold interest and the furniture, fittings and equipment in Adina Copenhagen. FEHP Europe has acquired 50% of the interest in SN and TDA for an aggregate consideration of €3,350,857 (approximately S\$5.60 million).

The consideration was arrived at on a willing buyer, willing seller basis and taking into account, inter alia, the most recent independent valuation of Adina Copenhagen at €22,900,000 as at 14 May 2014 (the “**Adina Copenhagen Valuation**”) by HVS (the “**Danish Valuer**”), based on the income capitalisation approach. The Danish Valuer was jointly engaged by TIMC Pty Limited¹, FEHH and Toga to conduct their independent valuation.

The net asset value of the shares representing 50% of the entire registered share capital of SN, before taking into account the Adina Copenhagen Valuation is approximately DKK24.35 million (approximately S\$5.36 million) based on the unaudited financial statements as at 31 March 2014.

The net asset value of the shares representing 50% of the entire registered share capital of TDA, before taking into account the Adina Copenhagen Valuation, is approximately DKK2.31 million (approximately S\$0.51 million) based on the unaudited financial statements as at 31 March 2014.

Selected information on the Adina Frankfurt, Adina Berlin Checkpoint Charlie, Adina Berlin Hauptbahnhof and Adina Copenhagen is set out in paragraph 10 below.

¹ TIMC Pty Limited acts as the delegated manager representing TAF 1 and TAF 2 in the Sale and Purchase Agreements.

6. FINANCIAL EFFECTS OF THE ACQUISITIONS

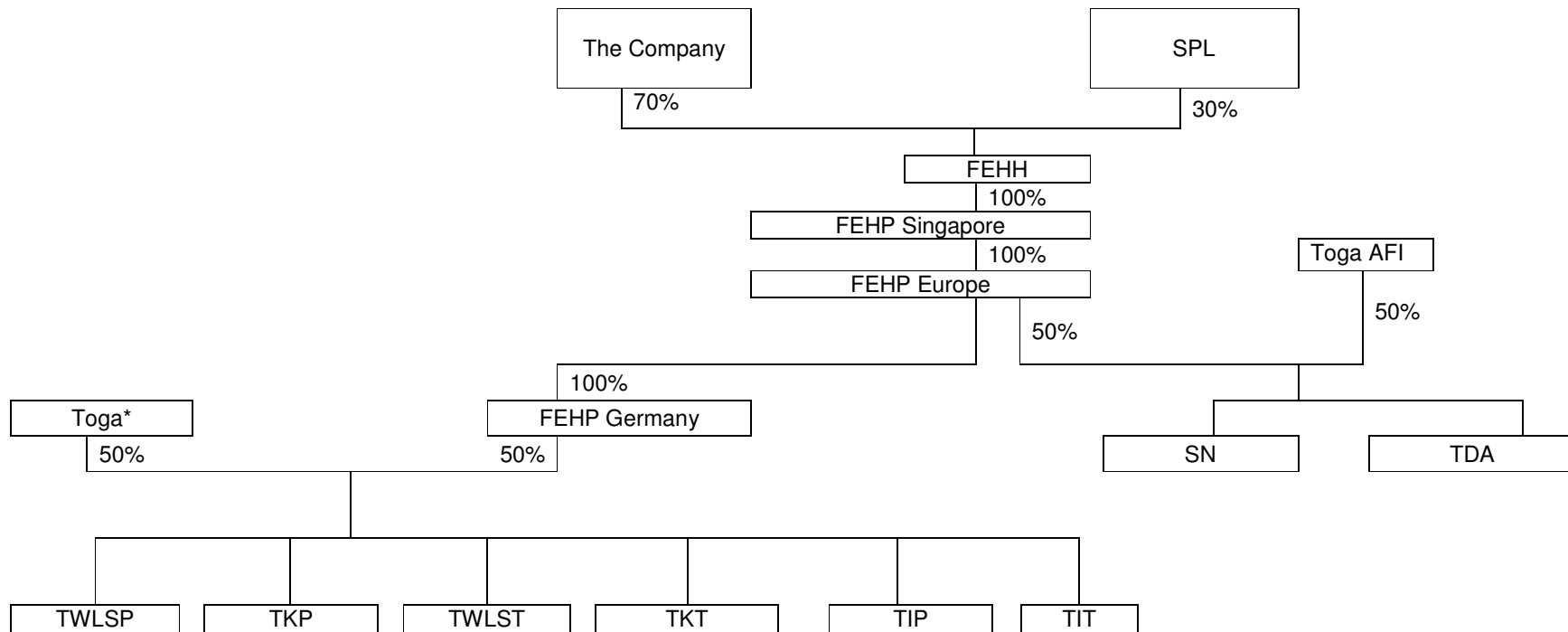
The Acquisitions are not expected to have any material impact on the earnings per share and the net tangible assets per share of the Company for the current financial year ending 31 December 2014.

7. RATIONALE FOR THE CO-OWNERSHIP VENTURE

Based on the experience and expertise of the Toga Group in Europe, the Board is of the view that the Acquisitions and the Co-Ownership Venture will allow the Group to further strengthen its foothold in Europe, and to take advantage of growth opportunities to expand the geographical revenue base and increase the recurring income stream of the Group. The Co-Ownership Venture will also allow the Group and Toga, its like-minded partner who is involved in other joint ventures with the Group, to combine their financial resources to pursue more yield accretive acquisition and growth opportunities, either in hospitality-related assets or hospitality management business, and share their networks to direct new and exciting opportunities in Europe.

8. **STRUCTURE OF THE CO-OWNERSHIP VENTURE FOLLOWING THE COMPLETION OF THE ACQUISITIONS (“COMPLETION”)**

Following Completion, the transaction structure of the Co-Ownership Venture is as follows:



Note:

* TWLSP, TWLST and TKT are 50%-held by Toga GD. TKP is 44.8%-held by Toga GD, and 5.2%-held by Safe Luxembourg No. 1 S.à r.l., a wholly-owned subsidiary of Toga. Accordingly, TWLSP, TWLST, TKP and TKT are 50%-held by Toga. TIP and TIT are 50%-held by Toga directly.

9. FURTHER INFORMATION ON THE CO-OWNERSHIP VENTURE

Following Completion, the co-ownership of the Target Companies between FEHP Europe, FEHP Germany, Toga, Toga AFI and/or Toga GD (collectively, the “**Co-Owners**”) (as the shareholders of the relevant Target Company may be) will be governed by the Adina Europe Co-Owners Deed.

The management of the Target Companies shall vest in the board of directors of the relevant Target Company. Each Co-Owner may nominate one (1) director to the board of directors of each Target Company, and the resolution of management matters require the affirmative approval of the director nominated by each Co-Owner. Special matters, including, among others, approval of the annual budget of the Target Company, and related party transactions and major transactions and capital expenditure which are not included in the approved annual budget, are subject to the unanimous approval of the Co-Owners of the relevant Target Company as shareholders. The directors of each Target Company shall also on a monthly basis report to the Co-Owners Committee (as defined below) about the affairs and development of the relevant Target Company.

FEHP Europe and FEHP Germany, collectively, and Toga, Toga AFI and Toga GD, collectively, may also each appoint not more than three (3) persons to a committee (the “**Co-Owners Committee**”) to deliberate and determine substantive issues relating to the ownership of the Co-Owned Assets and management of the Co-Ownership Venture. Notwithstanding the existence of the Co-Owners Committee, the Co-Owners Committee does not have authority to instruct or require the directors of the Target Companies to act in a certain way.

10. FURTHER INFORMATION ON THE CO-OWNERSHIP ASSETS

Selected information on the Co-Ownership Assets are set out below:

(i) Adina Copenhagen

Address/Location	Amerika Plads 7, 2100 København, Denmark
Tenure	Freehold
Description	Apartment Hotel
Approximate site area (sq m)	3,000
Number of rooms	128

(ii) Adina Berlin Checkpoint Charlie

Address/Location	Krausenstraße 35-36, 10117 Berlin, Germany
Tenure	Freehold
Description	Apartment Hotel
Approximate site area (sq m)	2,143
Number of rooms	127

(iii) Adina Frankfurt

Address/Location	Wilhelm-Leuschner-Straße 6, 60329 Frankfurt am Main, Germany
Tenure	Freehold
Description	Apartment Hotel
Approximate site area (sq m)	1,455
Number of rooms	134

(iv) Adina Berlin Hauptbahnhof

Address/Location	Platz vor dem Neuen Tor 6, 10115 Berlin, Germany
Tenure	Freehold
Description	Apartment Hotel
Approximate site area (sq m)	1,798
Number of rooms	139

11. FURTHER INFORMATION ON THE TOGA GROUP

The Toga Group was established in 1963 by its current executive chairman, Mr Ervin Vidor, AM as a property development, construction, investment and management group initially focusing on medium sized residential and commercial developments. The Toga Group now operates in Australia, New Zealand and Europe across the following integrated areas: Property Development, Design, Construction & Project Management, Investment & Asset Management and Hospitality Management. Through its integrated capability, Toga is an active developer of hotels, residential apartments and mixed use projects including retail and commercial.

In 2013, FEHH entered into a 50-50 joint venture with Toga Group and established TFE Hotels (Toga Far East Hotels). Today, TFE Hotels comprises:

- A hotel management business with over 9,000 keys under management across over 65 hotels and apartment hotels in Australia, New Zealand, Germany, Denmark and Budapest operated under the following brands: Adina Apartment Hotels, Medina Serviced Apartments, Rendezvous Hotels, Vibe Hotels and Travelodge Hotels, and;
- A hotel real estate portfolio with a value of approximately A\$200 million. Additionally, TFE Hotels has recently acquired sites located in the Sydney and Brisbane Central Business Districts which will be redeveloped as hotels with a total value of over \$170 million.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at Orchard Parade Hotel, 1 Tanglin Road #05-01, Singapore 247905, for a period of three months commencing from the date of this announcement:

- (i) the Sale and Purchase Agreements;
- (ii) the valuation report for the Adina Frankfurt Valuation;
- (iii) the valuation report for the Adina Berlin Checkpoint Charlie Valuation;
- (iv) the valuation report for the Adina Hauptbahnhof Valuation; and
- (v) the valuation report for the Adina Copenhagen Valuation.

By Order of the Board

Jessica Lien Mei Jin
Company Secretary

1 August 2014