



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

TERM SHEET FOR APPOINTMENT OF FAR EAST HOSPITALITY MANAGEMENT (S) PTE. LTD. AS THE OPERATOR OF THE HOTELS (AS DEFINED BELOW)

1. INTRODUCTION

The Board of Directors (the “**Board**”) of the Company (together with its subsidiaries, the “**Group**”) is pleased to announce that Far East Hospitality Management (S) Pte. Ltd. (an indirect subsidiary of the Group, “**FEHMS**”) has entered into a binding term sheet (“**Term Sheet**”) with Fontaine Investment Pte. Ltd. (“**Fontaine Investment**”) for the appointment of FEHMS as the sole and exclusive operator of 3 new properties located at Artillery Avenue in the Palawan area of Sentosa: Village Hotel Sentosa, The Outpost Sentosa, and with the third property to be branded at a later stage (the “**Hotels**”). The Term Sheet sets out the substantial commercial terms of the definitive hotel management agreement to be entered into.

As the Operator, FEHMS will be responsible for the overall management of these three Hotels with total room inventory of 839 rooms. These Hotels are targeted to open in mid-2019.

2. DETAILS OF FEHMS AND FONTAINE INVESTMENT

FEHMS is the wholly-owned subsidiary of Far East Hospitality Holdings Pte. Ltd., a 70-30 joint venture between the Company and The Straits Trading Company Limited respectively.

Fontaine Investment is 70% held by Far East Organization Centre Pte. Ltd. and 30% held by DBS Trustee Limited (in its capacity as trustee of Far East Hospitality Real Estate Investment Trust).

3. IPT MANDATE

As Fontaine Investment constitutes an “interested person” under Chapter 9 of the Listing Manual, the Term Sheet and definitive hotel management agreement will constitute interested person transactions, which will be conducted under the terms of the interested person transaction mandate that was first approved by the Company’s shareholders on 9 July 2013, and subsequently renewed at the annual general meetings of the Company held on 22 April 2014, 22 April 2015, 20 April 2016, and 20 April 2017.

Pursuant to Rule 920(d) of the Listing Manual, transactions conducted under a general mandate are not separately subject to Rules 905 and 906. Notwithstanding the above, the Board has decided to voluntarily disclose the Term Sheet to enhance the corporate disclosure standards of the Company.

4. FINANCIAL EFFECTS

The Term Sheet is not expected to have any material impact on the Group's consolidated net earnings per share and consolidated net tangible assets per share of the Group for the current financial year ending 31 December 2017.

5. FURTHER UPDATES

Shareholders and potential investors of the Company are hereby reminded to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors of the Company are reminded that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

The Company will make such further announcements to inform shareholders of any updates or developments in due course.

By Order of the Board

Phua Siyu Audrey
Company Secretary
24 October 2017