



Proposed Acquisition of Oasia Hotel Downtown

12 January 2018



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Agenda

Overview of the Proposed Acquisition

Rationale for and Key Benefits of the Proposed Acquisition

Key Terms, Rationale and Key Benefits of the Master Lease and Earn-out Agreements



Overview of the Proposed Acquisition

Location	100 Peck Seah Street, Singapore 079333
Tier	Upscale
Leasehold Tenure⁽¹⁾	65 years commencing from the Completion Date
Number of Available Rooms	314
Food & Beverage Outlets	3
Independent Valuation by Knight Frank	S\$210.0m (as at 5 January 2018)
Independent Valuation by Savills	S\$226.0m (as at 29 December 2017)
Purchase Consideration	S\$210.0m
Price per key	S\$668,789
Vendor and Master Lessee	Far East SOHO Pte. Ltd.
Annualised 9M2017 Net Property Income (“NPI”)	S\$9.6m ⁽²⁾
Earn-out Arrangement	Issuance of S\$15.0m worth of Stapled Securities to Vendor if the NPI Condition is satisfied ⁽³⁾

Notes:

- (1) This refers to the length of leasehold title acquired by Far East H-Trust under the Sale and Purchase Agreement.
- (2) Based on the NPI of the Property for 9M2017 and annualised to full year.
- (3) Please see slide 24 for further information on the Earn-out Arrangement.

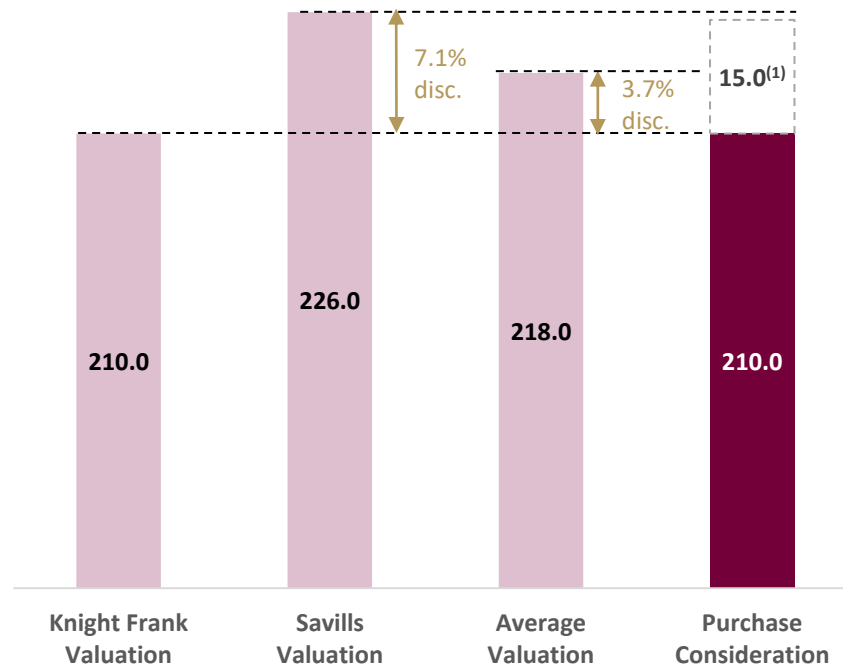


Oasia Hotel Downtown



Purchase Price Relative to Valuation

Purchase Price Relative to Valuation
(in S\$m)



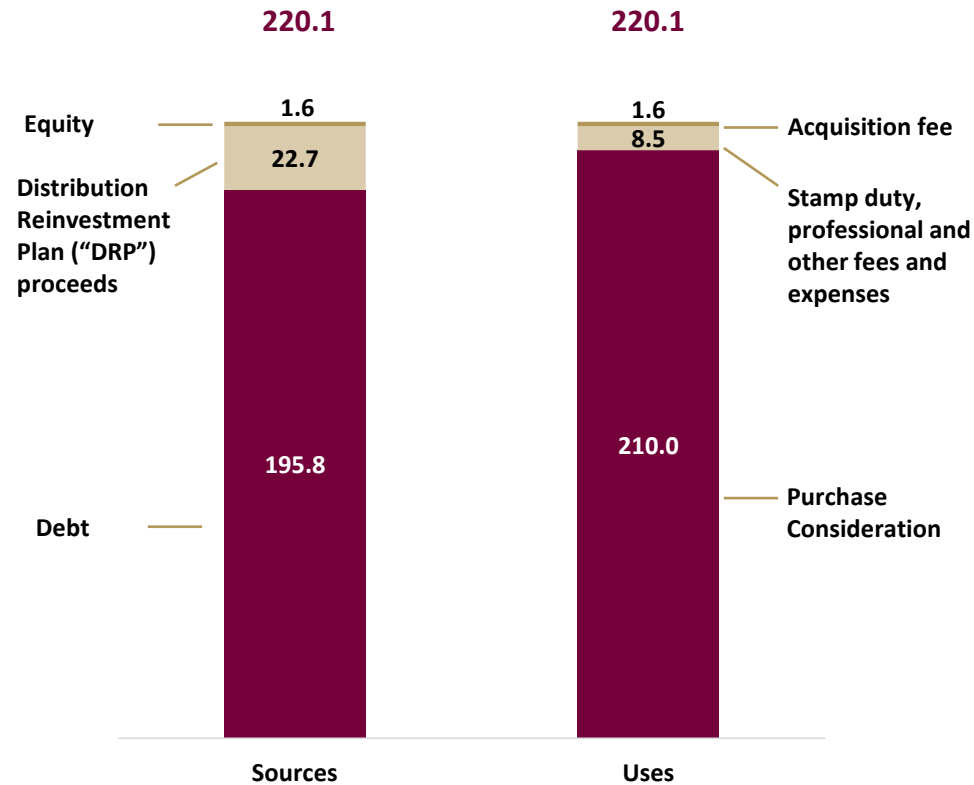
Note:

(1) Issuance of S\$15.0m worth of Stapled Securities to Vendor if the NPI Condition is satisfied, pursuant to the Earn-Out Arrangement.



Sources and Uses of Proceeds

Sources and Uses of Proceeds
(in S\$m)



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Rationale for and Key Benefits of the Proposed Acquisition

1 Yield Accretion

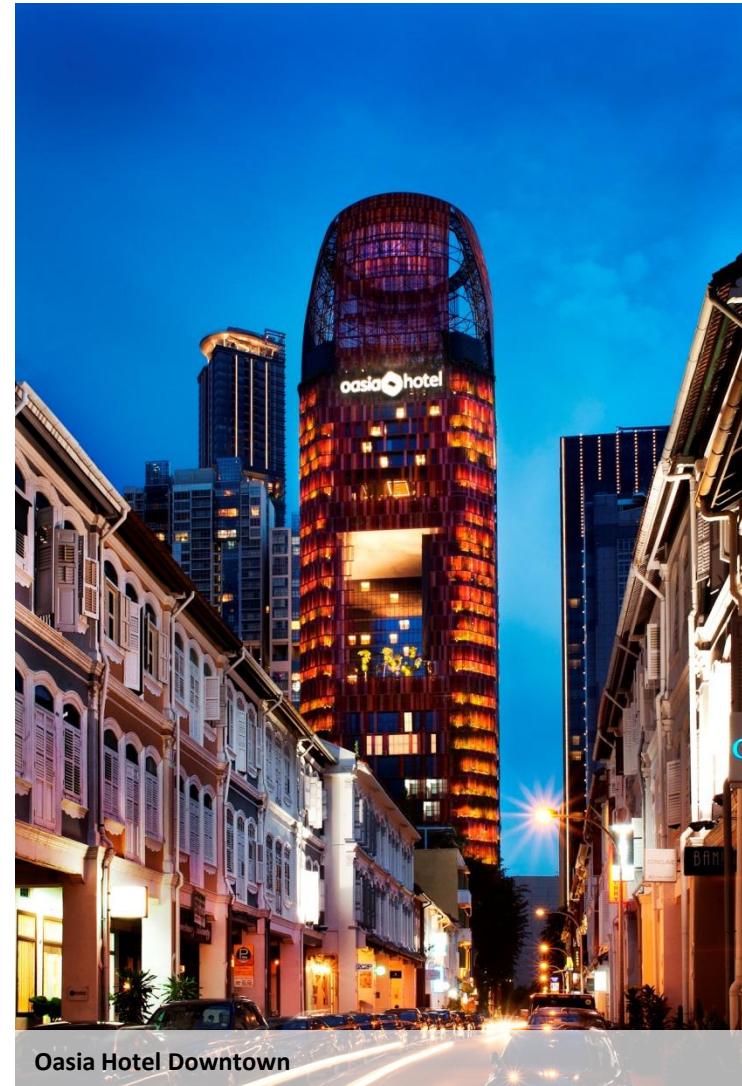
2 High Quality Property with Strategic Location Providing for Easy Access to the Business, Shopping and Cultural Districts

3 Attractive RevPAR Growth Potential

4 Greater Income Diversification

5 Increased Exposure to Singapore's Upscale Segment and Growth in Corporate Contribution

6 Benefit from Potential Increase in Leisure Demand Underpinned by Investment in Tourism Infrastructure

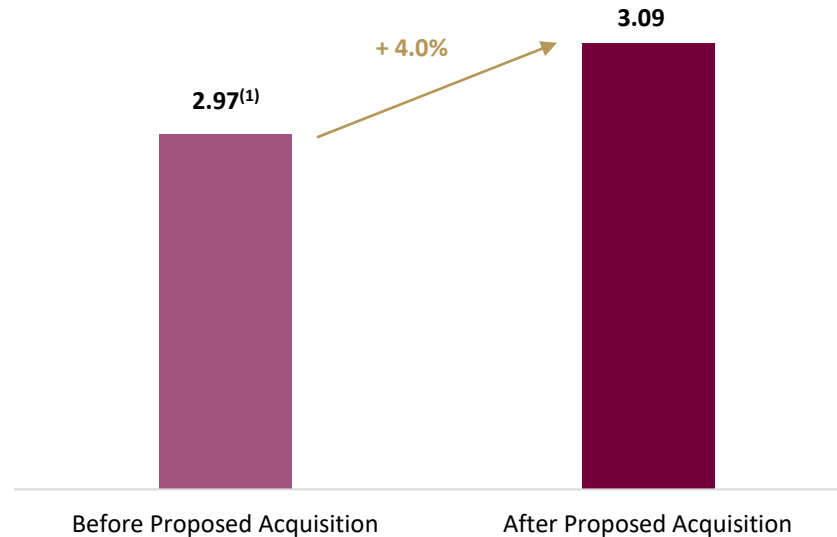


Oasia Hotel Downtown



Yield Accretive Acquisition

Distribution per Stapled Security for 9M2017 (in Singapore cents)



Stapled Securityholders would have enjoyed an increase in distribution per Stapled Security as a result of the Proposed Acquisition, assuming that the Property was acquired on 1 January 2017

Note:

(1) Based on the distributable income divided by the number of Stapled Securities in issue, adjusted for the interest savings from the repayment of the revolving credit facilities ("RCF") using the DRP proceeds. The proceeds were temporarily utilised to repay the RCF pending the intended use to finance the Proposed Acquisition. The number of Stapled Securities in issue and issuable as at 30 September 2017 was adjusted for the approximately 36.5 million Stapled Securities issued under the DRP.



Rationale for and Key Benefits of the Proposed Acquisition

1 Yield Accretion

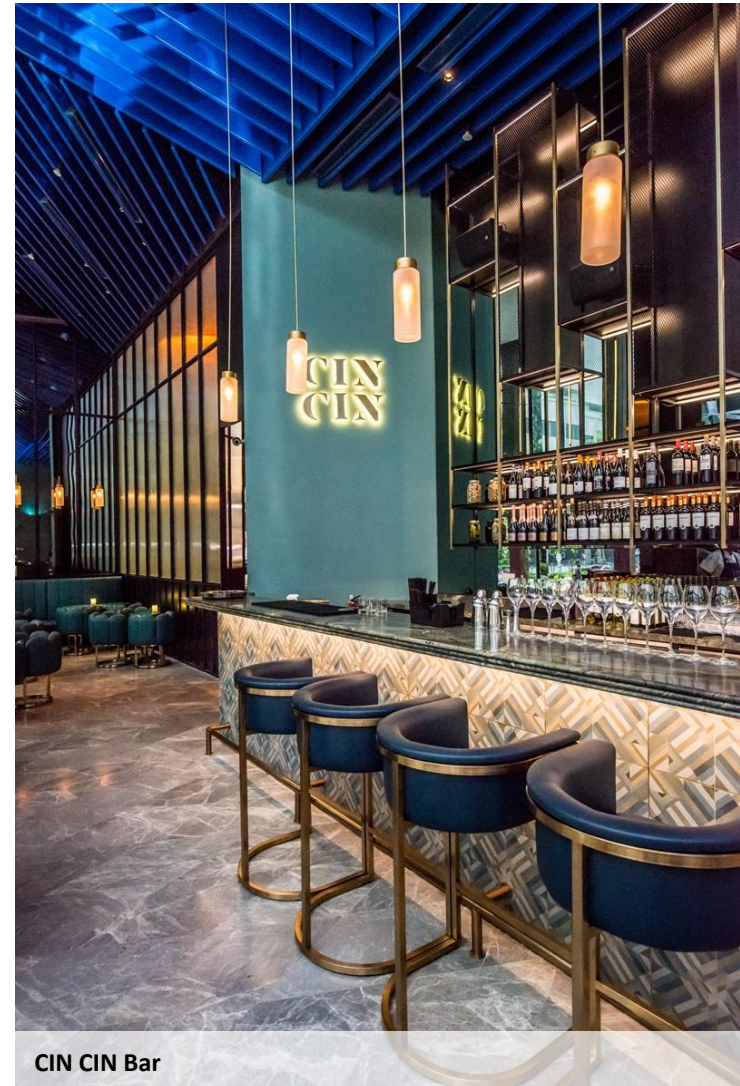
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CIN CIN Bar



High Quality Property with Strategic Location Providing for Easy Access to the Business, Shopping and Cultural Districts



- Strategically located in Singapore's Central Business District, in the downtown Tanjong Pagar area
- Minutes away from Robinson Road, Shenton Way, Raffles Place, Chinatown, Marina Bay and Sentosa
- Convenient transport connectivity
 - Walking distance from Tanjong Pagar MRT
 - Few minutes' drive to MCE, ECP and AYE
 - 30-minute drive from Changi Airport

Oasia Hotel Downtown's proximity to the Central Business District appeals to business travellers



An Award-winning Designer Business Hotel

Multiple-award wins



Urban Land Institute (ULI) 2017-2018
Global Awards for Excellence Winner



Singapore Institute of Architects Architectural 2017
Design Awards for Building Of The Year Winner and
Design Award Winner (Commercial Projects)



Singapore Good Design Mark (SG Mark)
Platinum Award 2017, the highest accolade



Skyline Pavilion



Club Room



Rationale for and Key Benefits of the Proposed Acquisition

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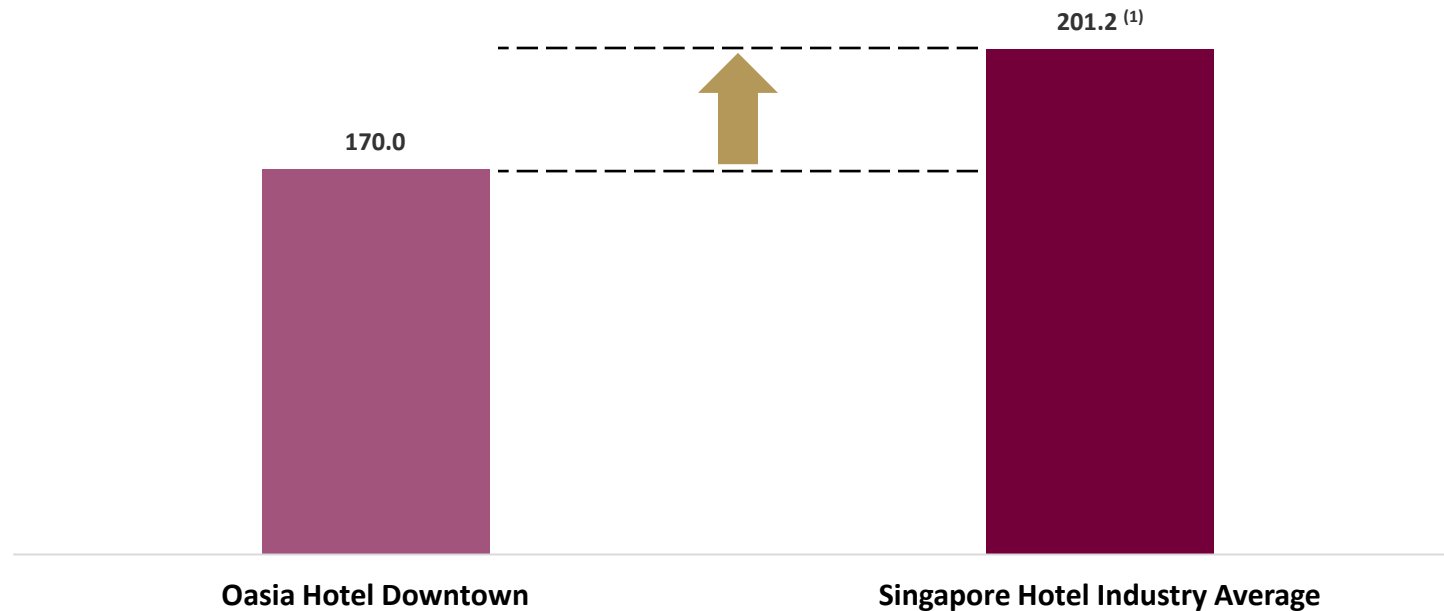
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Attractive RevPAR Growth Potential

9M2017 Revenue per Available Room ("RevPAR")
(in S\$)



Relatively new Property with attractive opportunity to leverage on the expertise of the REIT Manager and the hotel operator to grow room rates further as occupancy levels stabilise over the next two years

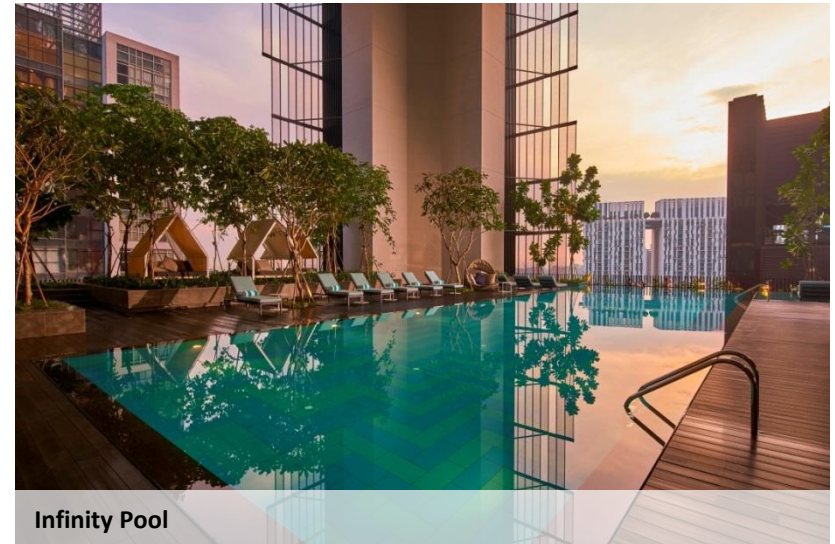
Source:

1) Singapore Tourism Board ("STB"), 13 December 2017. STB has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Managers have taken reasonable actions to ensure that the information from the relevant report published by the STB is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Managers nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.



Rationale for and Key Benefits of the Proposed Acquisition

- 1 Yield Accretion**
- 2 High Quality Property with Strategic Location Providing for Easy Access to the Business, Shopping and Cultural Districts**
- 3 Attractive RevPAR Growth Potential**
- 4 Greater Income Diversification**
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Infinity Pool

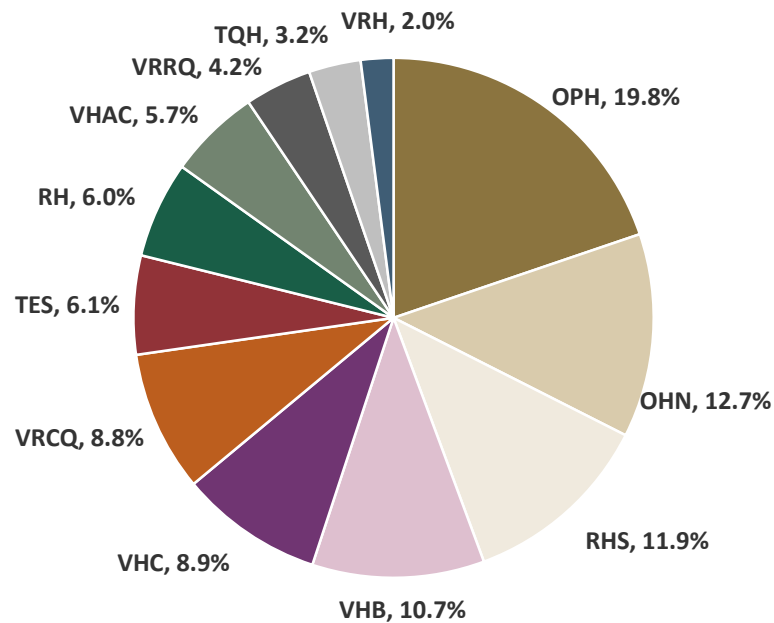


Deluxe Room

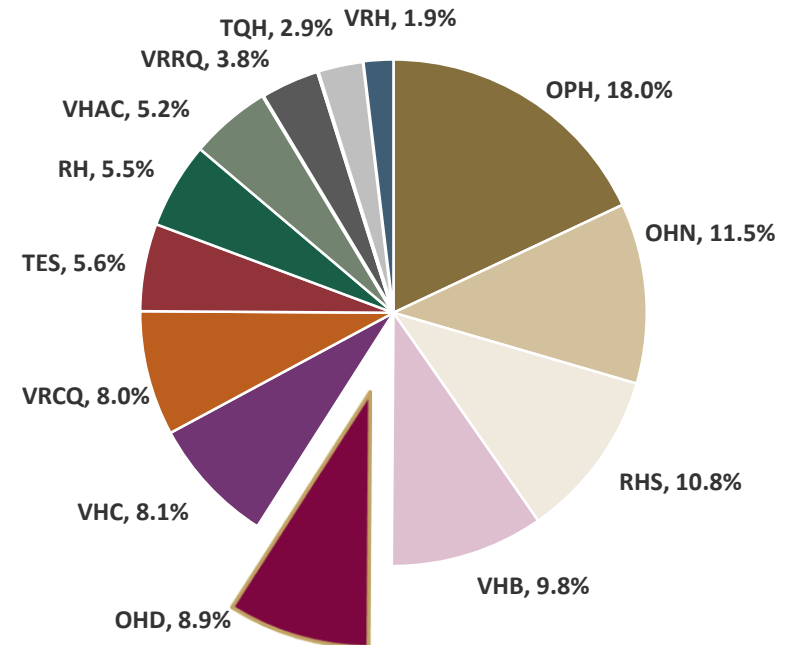


Greater Income Diversification

Pre-Acquisition Breakdown of Gross Revenue by Property for 9M2017



Post-Acquisition Breakdown of Gross Revenue by Property for 9M2017



Proposed Acquisition helps to improve income diversity for the portfolio
Gross revenue contribution for any single property does not exceed 18.0%, down from 19.8%

Notes:

(1) Based on the gross revenue of Far East H-Trust's existing portfolio and the Property for 9M2017.

(2) "OPH" – Orchard Parade Hotel, "OHN" – Oasia Hotel Novena, "RHS" – Rendezvous Hotel Singapore, "VHB" – Village Hotel Bugis, "OHD" – Oasia Hotel Downtown, "VHC" – Village Hotel Changi, "VRCQ" – Village Residence Clarke Quay, "TES" – The Elizabeth Hotel, "VHAC" – Village Hotel Albert Court, "RH" – Regency House, "VRRQ" – Village Residence Robertson Quay, "TQH" – The Quincy Hotel and "VRH" – Village Residence Hougang.



Rationale for and Key Benefits of the Proposed Acquisition

1 Yield Accretion

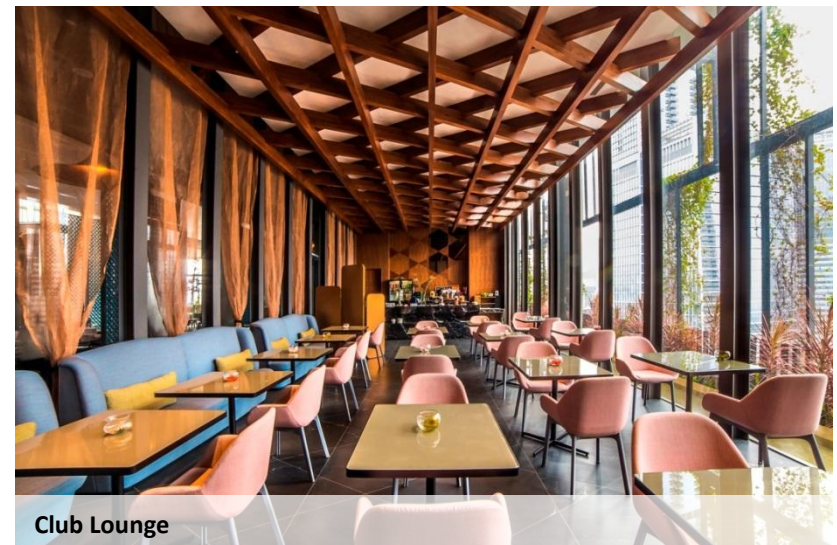
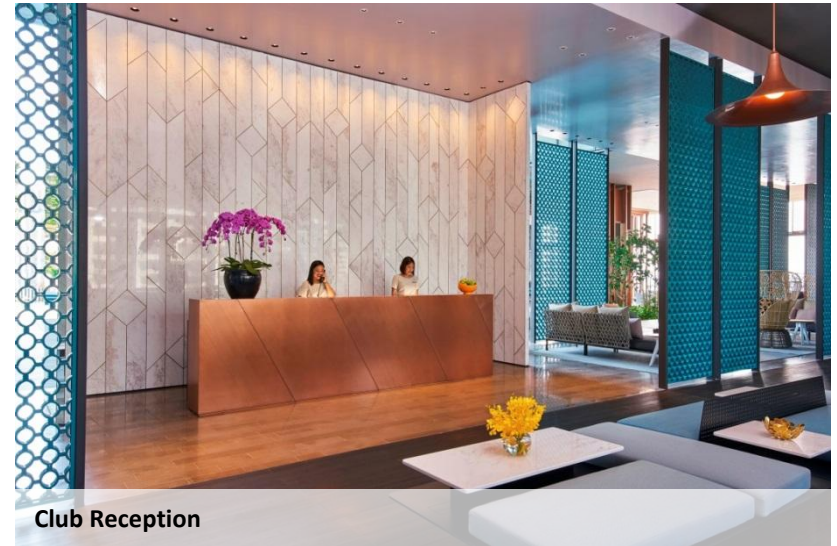
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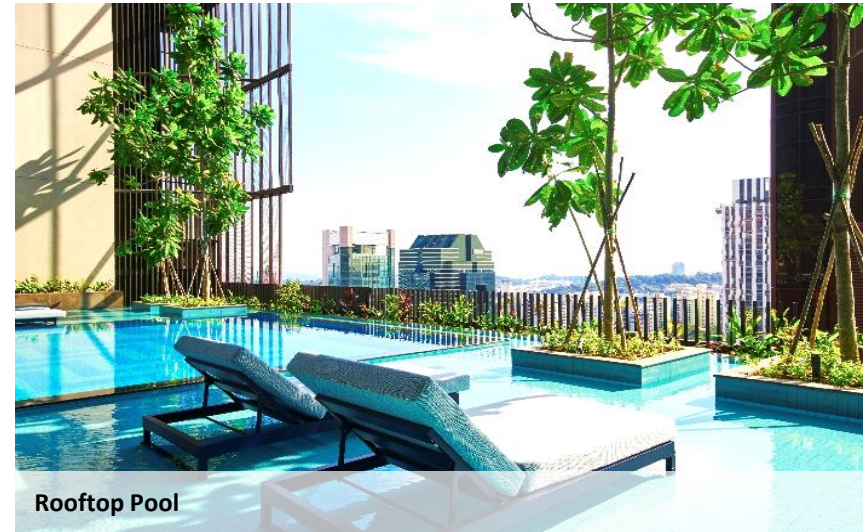
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Increased Exposure to Singapore's Upscale Segment and Growth in Corporate Contribution

- The Proposed Acquisition is in line with the REIT Manager's strategy to increase Far East H-Trust's exposure to the upscale hotel segment and to create a better balance between mid-tier and upscale hotel assets in the portfolio
- Given the proximity to Singapore's Central Business District, the hotel is well-positioned to drive mid-week corporate business at attractive room rates
- Increase overall corporate contribution to Far East H-Trust's portfolio of hospitality assets



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3 Attractive RevPAR Growth Potential

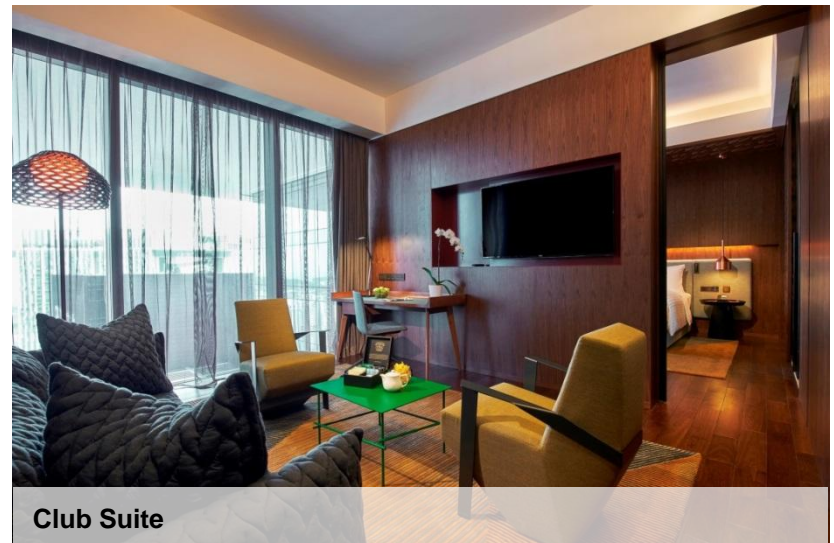
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Sky Terrace



Club Suite



Benefit from Potential Increase in Leisure Demand Underpinned by Investment in Tourism Infrastructure



Mandai area makeover



Redevelopment of six precincts in Sentosa



Changi Airport Terminal 4

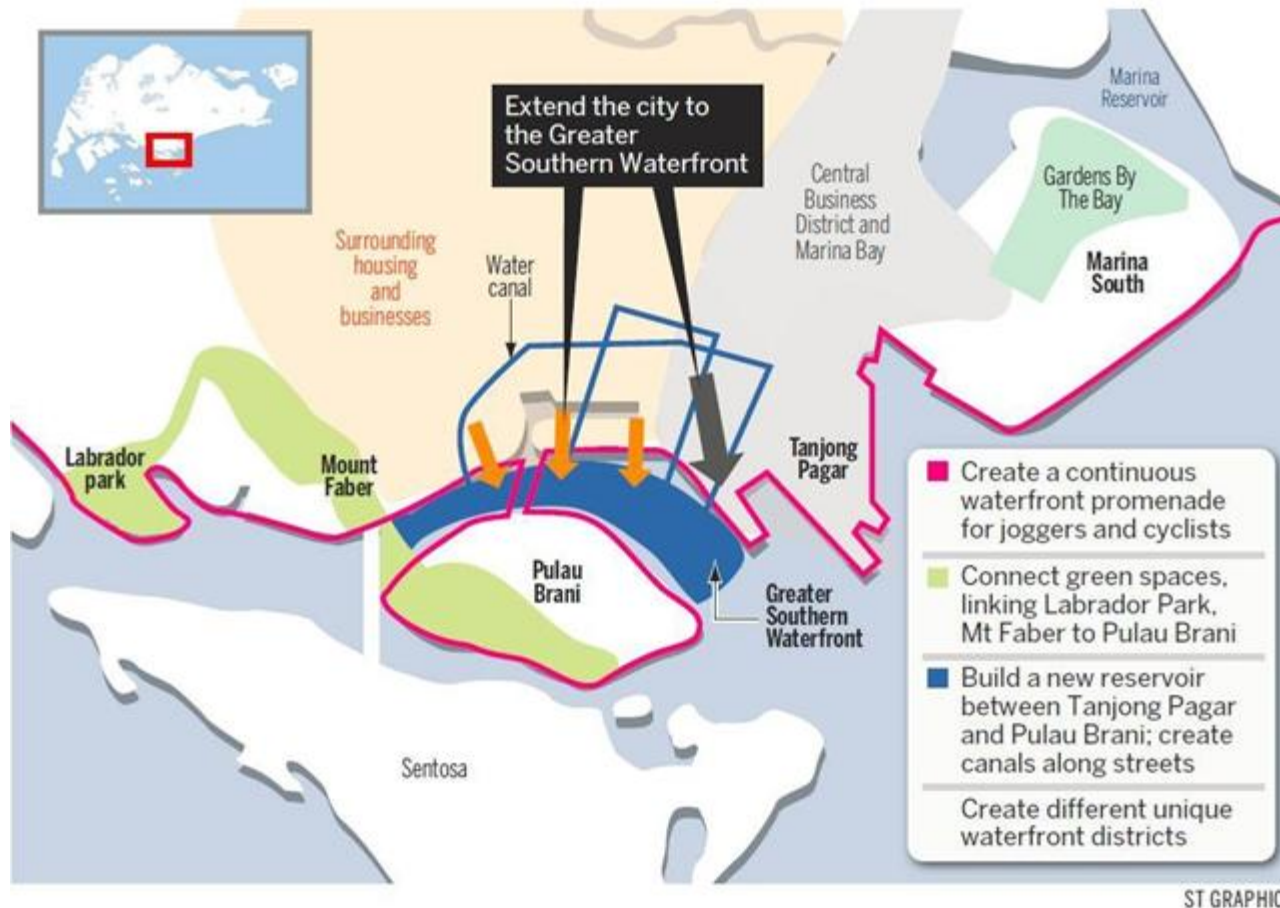


Concept of Changi Airport Terminal 5

- Visitor arrivals are expected to increase over the coming years, underpinned by significant additional tourism infrastructure under development, such as the makeover the Mandai area and the redevelopment of six precincts in Sentosa
- Recent opening of Singapore Changi Airport's Terminal 4 in 4Q2017 and the future development of Terminal 5 should further increase airline traffic and visitor arrivals to Singapore
- These developments are likely to translate to further opportunities for the hospitality sector and increase leisure business especially for the weekends



Well-positioned to Benefit from the Future Greater Southern Waterfront



Situated in the Tanjong Pagar area, the Property is well-positioned to benefit from the development of the Greater Southern Waterfront, which the government envisions to be a seamless extension of the city with new live-work-play opportunities⁽¹⁾

Image source: The Straits Times, 23 November 2013

Source:

(1) Today Online, 20 November 2013 (URL: <http://www.todayonline.com/singapore/ura-unveils-concept-greater-southern-waterfront>). Today Online has not provided its consent to the inclusion of the information extracted from the relevant article published by it and is therefore not liable for such information. While the Managers have taken reasonable actions to ensure that the information from the relevant article published by Today Online is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such article, neither the Managers nor any other party has conducted an independent review of the information contained in such article nor verified the accuracy of the contents of the relevant information.

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Key Terms, Rationale and Key Benefits of the Master Lease

Key Terms of the Master Lease Agreement

Master Lessee	Far East SOHO Pte. Ltd.
Term of Master Lease	20 years plus an option to renew for another 20 years at the Master Lessee's discretion
Fixed Rent under the Master Lease	S\$6.5m per annum
Variable Rent under the Master Lease	33% of the Property's Gross Operating Revenue + 25% of Gross Operating Profit – Fixed Rent ⁽¹⁾ per annum

Rationale and Key Benefits of the Master Lease

- **Downside protection through the Master Lease Agreement with expected rental growth**
 - **Fixed Rent is approximately 63.6% of total rental payment of the Property for 9M2017**
- **Long tenure is expected to provide Far East H-Trust with a long-term stream of quality rental income**

Note:

(1) If the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero.



Key Terms of Proposed Earn-out Agreement

The Vendor and Far East H-Trust will enter into an earn-out agreement, in which Far East H-Trust will issue S\$15.0m worth of Stapled Securities to the Vendor if, by 31 Dec 2023⁽¹⁾, the net property income (“NPI”) is not less than S\$9.9m for two full consecutive years⁽²⁾ (the “NPI Condition”).

Key Terms of the Proposed Earn-out Agreement

Earn-out Amount	S\$15.0m in Stapled Securities
Period	5 full fiscal years up to 31 Dec 2023 ⁽¹⁾
Target NPI	S\$9.9m p.a.
NPI Condition	NPI of the Proposed Acquisition is not less than the target NPI for two consecutive years NPI = Master Lease Rent – Property Tax – Insurance – MCST Sinking Fund
Earn-out Stapled Securities	Number of Stapled Securities to be issued to the Vendor at the Unit Price according to the following formula: No. of Earn-Out Securities = Earn-Out Amount ÷ Unit Price
Unit Price	Issue price of Earn-Out Stapled Securities computed based on the volume weighted average price for Stapled Securities for all trades on the SGX-ST for the period of 10 Business Days commencing on the “ex-dividend” date

Notes:

- (1) If performance is impacted by (i) a Force Majeure event or (ii) where there is major damage to more than 60 rooms, lobby and/or access to the hotel (each an “Extension Event”), the relevant fiscal year in which such Extension Event occurs will be considered as a Disrupted Year and the Earn Out Period will be extended by 1 year. There will be a maximum of 2 extensions which shall be up to (and including) 31 December 2025.
- (2) As determined in accordance with the Earn-out Agreement.



Rationale and Key Benefits of Proposed Earn-out Arrangement

Rationale and Key Benefits of the Proposed Earn-out Arrangement

- **Allows Far East H-Trust to pay a lower acquisition price upfront**
 - **S\$210.0m Purchase Consideration is at the lower of the two valuations conducted by the Independent Property Valuers**
- **Stronger incentive for Vendor and Master Lessee to achieve better and sustainable future performance of the Property**
- **Property will continue to be managed by related parties of the Vendor, fostering greater alignment of interest between the Vendor, the Managers and Stapled Securityholders**



THANK YOU

