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FAR EAST HOSPITALITY TRUST EXPANDS INTO JAPAN WITH ACQUISITION OF FOUR POINTS BY SHERATON HOTEL IN NAGOYA

Highlights:

- Maiden expansion into Japan with acquisition of Four Points by Sheraton Nagoya.
- Initial purchase price of JPY 6.0 billion represents an attractive 23.0% discount to the independent valuation.
- Acquisition is part of Far East H-Trust's strategy to diversify its portfolio while maintaining a strong focus on Singapore.

Singapore, 20 February 2025 – Far East Hospitality Trust[1] ("**Far East H-Trust**" or the "**Trust**") is pleased to announce that it has entered into sale and purchase agreements with an unrelated third party (the "**Vendor**"), to acquire a freehold 319-room upscale hotel property (the "**Property**" or the "**Hotel**") for an initial purchase price of JPY 6.0 billion (S$52.8 million[2])[3] and a kabushiki kaisha ("**Op Co**") incorporated under the laws of Japan for an estimated amount of JPY 0.05 billion (S$0.4 million) (the "**Acquisitions**"). It is intended that the Op Co will be appointed as the master lessee of the Property.

The Property, known as Four Points by Sheraton Nagoya, Chubu International Airport, is situated in Greater Nagoya the third largest metropolitan area in Japan. It is strategically positioned within a walking distance of the Nagoya Chubu Centrair International Airport (the "**Airport**") – the main airport serving Central Japan. Offering seamless accessibility for both international and domestic travellers, the Hotel is also in close proximity to Aichi Sky Expo[4], Japan's fourth largest exhibition centre, spanning 60,000 square meters ("**sqm**") of event space.

Strategic Rationale

In connection with the Acquisitions, Far East H-Trust has also provided notice that the investment strategy of the Trust will be expanded to include a global scope and other adjacent lodging asset classes. The Acquisitions are part of Far East H-Trust's strategy to diversify its geographical footprint and mitigate potential concentration risks, while maintaining Singapore as the core of the Trust's long-term strategy. This first overseas expansion marks a significant milestone for the Trust, strengthening its portfolio resilience and long-term growth prospects.

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1 Far East Hospitality Trust is a hospitality stapled group comprising Far East Hospitality Real Estate Investment Trust ("**Far East H-REIT**") and Far East Hospitality Business Trust ("**Far East H-BT**").

2 Based on an exchange rate of JPY 1 to S$0.0088 unless stated otherwise.

3 In addition to the initial purchase price, total payment of up to JPY 1.75 billion (S$15.4 million) (the Adjusted Purchase Consideration referred to below) may be payable to the Vendor subject to the Property achieving certain defined performance targets within the next three years.

4 Source: Aichi Now, Aichi International Exhibition Center "Aichi Sky Expo" (<https://www.aichi-now.jp/en/spots/detail/2995/>).

Far East H-Trust is expanding into Japan as the country has achieved record growth in tourism with 36.9 million international visitors in 2024, reflecting a 47.1% year-on-year increase. With the Japanese government targeting 60.0 million visitors and JPY 15.0 trillion in tourism spending by 2030, demand for quality hospitality assets is expected to remain strong, reinforcing the attractiveness of the Acquisitions.

The Managers believe that entering into the Japanese market will allow Far East H-Trust to tap into a new growth vector. Nagoya is the key gateway to Central Japan, which has vast potential for tourism, and where travellers can access interesting destinations such as Nagano, Toyama, Kanazawa and Kyoto. With the Hotel being within walking distance of the Airport as well as the Central Japan International Airport Train Station, it is able to serve international and domestic travellers visiting this part of Japan.

Nagoya and the surrounding region in the Aichi prefecture is a major economic and industrial hub. It is anchored by the automotive (with over 180 companies, including the home base of Toyota), aerospace (one of the largest clusters in the world with 176 companies), and robotics industries. Beyond these, Nagoya also houses major manufacturers in ceramics, electronics, appliances, and pharmaceutical. Given the strong presence of companies in that region, the Airport serves as a key gateway for business travellers, many of whom require high-quality and well-located accommodation. The Hotel is therefore well-positioned to capture this demand.

Additionally, the Hotel's close proximity to Aichi Sky Expo makes it an attractive accommodation choice for visitors attending MICE (Meetings, Incentives, Conferences, and Exhibitions) events or performances at the centre. The major events that are scheduled to be held at the Aichi Sky Expo include concerts by well-known groups such as NCT 127 and TOMORROW X TOGETHER[5], Tourism Expo Japan, Advance Air Mobility (AAM) Asia Symposium 2025[6] and the Asian Games in 2026. With limited competition within its product class positioned in the vicinity, the Hotel is well-placed to capitalise on the demand from participants attending events at the centre throughout the year.

Four Points by Sheraton Nagoya is managed by Marriott International Inc., a globally recognised hospitality group. With a strong presence worldwide, the group is supported by its extensive distribution network and Marriott Bonvoy, which is currently the world's largest loyalty program[7] with nearly 228 million members. As a brand under the programme, the Hotel benefits from a substantial potential customer base.

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5 Source: Aichi Sky Expo (<https://www.aichiskyexpo.com/ase-event/>).

6 Source: AAM Asia (<https://aam-asia.com>).

7 Source: CoStar's "Hotel Brand Loyalty by the Numbers" report (June 2024), and latest loyalty programme membership figures from Marriott International and Hilton Worldwide Holdings as reported in their 4Q 2024 results.

Transaction Overview and Financial Considerations

The initial purchase price of JPY 6.0 billion (S$52.8 million) represents a 23.0% discount on the independent valuation[8] of JPY 7.79 billion (S$68.6 million) and is also below the estimated replacement cost[8] of JPY 8.61 billion (S$75.8 million), which includes land value, reconstruction cost for a new hotel of similar standard, and incidental expenses. This provides an attractive entry point and enhances the long-term value proposition of the investment.

Subject to the operational performance of the Property achieving certain defined targets, an additional payment ("**Adjusted Purchase Consideration**") of up to JPY 1.75 billion (S$15.4 million) may be made to the Vendor in April or May of the calendar year from 2026 to 2028 in accordance with the sale and purchase agreement for the trust beneficial interest of the Property. The total amount of the Adjusted Purchase Consideration shall not exceed JPY 1.75 billion (S$15.4 million), beyond which there will be no obligations to pay any further amount for the remaining periods.

Assuming the net operating income of the Property has stabilised and consequently, the Adjusted Purchase Consideration of JPY 1.75 billion (S$15.4 million) is payable, the Acquisitions are expected to be 1.7% accretive to the distribution per stapled security ("**DPS**") on a pro forma basis, assuming that the Acquisitions were completed on 1 January 2024, the Property had been leased out and operated by the Op Co through to 31 December 2024 and the Adjusted Purchase Consideration of JPY 1.75 (S$15.4 million) billion would be payable[9].

The Property is still in its recovery phase, steadily ramping up operations since Japan's border reopening in October 2022. This recovery is expected to be further bolstered by the continuous rebound of international air travel and tourism. In 2024, Nagoya Chubu Centrair International Airport welcomed 4.6 million international visitors, marking a 78.0% increase from the previous year and representing only 68.0% of the pre-pandemic levels seen in 2019. This slower pace of recovery, partly attributable to supply constraints, underscores the potential for further growth in air traffic as conditions continue to improve. The Property is well-positioned to capitalise on increasing passenger volumes and corporate travel demand as international travel recovers.

Beyond its current performance, the Property also offers considerable development potential. It sits on ~9,750 sqm of land, of which ~6,750 sqm is currently leased to a car park operator. Subject to planning approval, this land could be repurposed into an additional hotel or other commercial uses, presenting opportunities to further enhance the Property's long-term value.

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8 The independent valuation and replacement cost, prepared by CBRE K.K., are as at 31 December 2024.

9 Statements in respect of the Adjusted Purchase Consideration and net operating income of the Property are not intended as a forecast of the performance of the Property, and, accordingly, should not be construed as such.

Strengthening Portfolio Resilience Through Capital Recycling & Prudent Capital Management

The Acquisitions will be funded through JPY-denominated debt facilities, which serve as a natural hedge against currency fluctuations. Despite the additional borrowing, gearing is expected to remain low at approximately 32.9% and the Trust will maintain ample debt headroom, providing sufficient financial flexibility for other yield-accretive opportunities.

This disciplined approach to capital management is underpinned by Far East H-Trust's capital recycling strategy, which saw the divestment of Central Square in 2022 at an eventual exit yield of 1.7%, generating S$130.3 million in net gains from a total sale price of S$331.2 million. Testament to the Managers' continued redeployment of capital to achieve yield accretion, the Managers believe that the Property, once stabilised, would strengthen Far East H-Trust's portfolio's resilience and enhance long-term value for the holders of stapled securities in Far East H-Trust.

Mr Gerald Lee, Chief Executive Officer of the Managers said, "This proposed acquisition marks a strategic milestone for Far East H-Trust as we expand our footprint beyond Singapore. Japan's stable economic environment, robust tourism growth, increasing visitor spending, and strong government support for decentralising inbound travel make it an attractive market for expansion. In addition, Japan is an attractive destination for investments as hotels can be acquired at yields that are well above the borrowing costs.

While this acquisition represents an exciting new growth opportunity, Singapore remains the core market and foundation of our long-term strategy. We remain committed to strengthening our existing portfolio and will continue to uphold our disciplined approach to prudent capital management, ensuring sustainable value creation for our Stapled Securityholders."

– End –

ABOUT THE PROPERTY

Four Points by Sheraton Nagoya, Chubu International Airport is a modern, upscale hotel conveniently located near Chubu Centrair International Airport in Tokoname, Aichi Prefecture, Japan. Opened in November 2018, the Hotel offers 319 well-appointed rooms with contemporary interiors, catering to both business and leisure travellers.

The Hotel is located within a 6-minute walk from Nagoya Chubu Centrair International Airport, which is served by the Meitetsu Airport Line. This provides direct access to Nagoya Station in approximately 30 minutes, one of Japan's busiest transportation hubs and a major commercial and business district. Nagoya Station is also one of the key stops for the Japan Rail Shinkansen (bullet train) network, offering high-speed rail connections to Tokyo, Osaka, and Kyoto.

Additionally, the Centrair Ferry Terminal, located within a 3-minute walk, offers a high-speed ferry service that connects to Tsu Nagisamachi Port in Mie Prefecture, providing an alternative route for travellers heading to western Japan.

The area surrounding the Hotel offers a mix of business, aviation, and leisure attractions. Notably, it is within a 6-minute walk of Aichi Sky Expo, Japan's fourth largest exhibition centre, spanning 60,000 sqm of event space. It is also Japan's first bonded exhibition centre, allowing duty-free international exhibits, which enhances its appeal as a leading venue for global conventions, trade shows, and corporate events. Beyond business and exhibition activities, the area also offers diverse cultural and recreational experiences. Leisure travellers can explore nearby cultural and recreational attractions, including INAX Live Museum, Tokoname's historic pottery district, and Flight of Dreams, an aviation-themed entertainment complex featuring a Boeing 787 display.

Facade, Guest Spaces and Amenities



Facade



Facade



Main Entrance



Lobby



Font Desk



Lobby



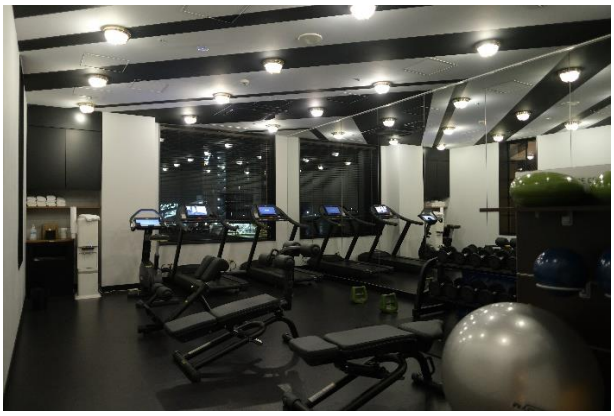
Bar (Best Brews)



Snack Bar



Level 2 Lounge Area



Gym



All-Day Dinning (Evolution)



All-Day Dinning (Evolution)

Guest Rooms

 Junior Suite	 Junior Suite Bathroom
 King Room	 King Room
 Twin Room	 Twin Room

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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 12 properties totalling 3,015 hotel rooms and serviced residence units valued at approximately S$2.52 billion as at 31 December 2024. In addition, Far East H-REIT holds a 30.0% stake in Fontaine Investment Pte Ltd (a joint venture with Far East Organization Centre Pte. Ltd., a member company of Far East Organization), which has developed three hotels in Sentosa. 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 the holders of stapled securities in Far East H-Trust ("Stapled Securityholders", and the stapled securities, "Stapled Securities") with regular, stable and growing distributions on a half-yearly basis.

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 63.9% owned by Far East Organization Pte. Ltd. as at 31 December 2024.

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.