

FAR EAST HOSPITALITY TRUST

Acquisition of Four Points by Sheraton Nagoya, Chubu International Airport

20 February 2025

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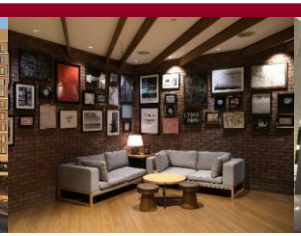
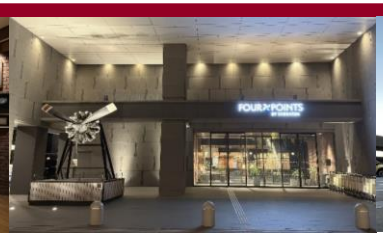
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  2. Potential to Tap Central Japan's Growth Opportunities
  3. Excellent Location with Convenient Accessibility
  4. High Quality Freehold Property
  5. Further Development Potential
  6. Attractive Value Proposition

- **Summary**

Overview of the Acquisition





FAR EAST HOSPITALITY TRUST

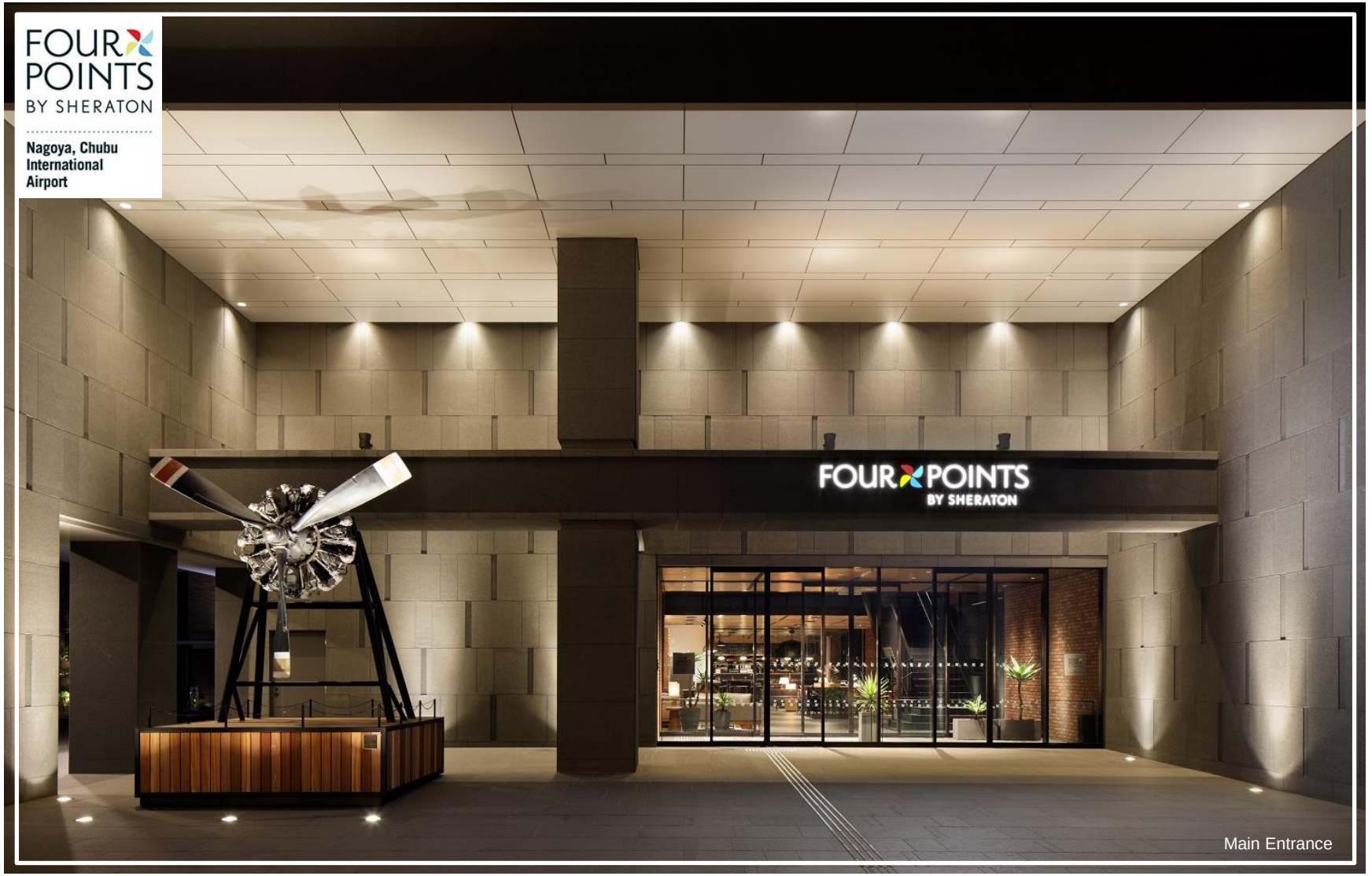
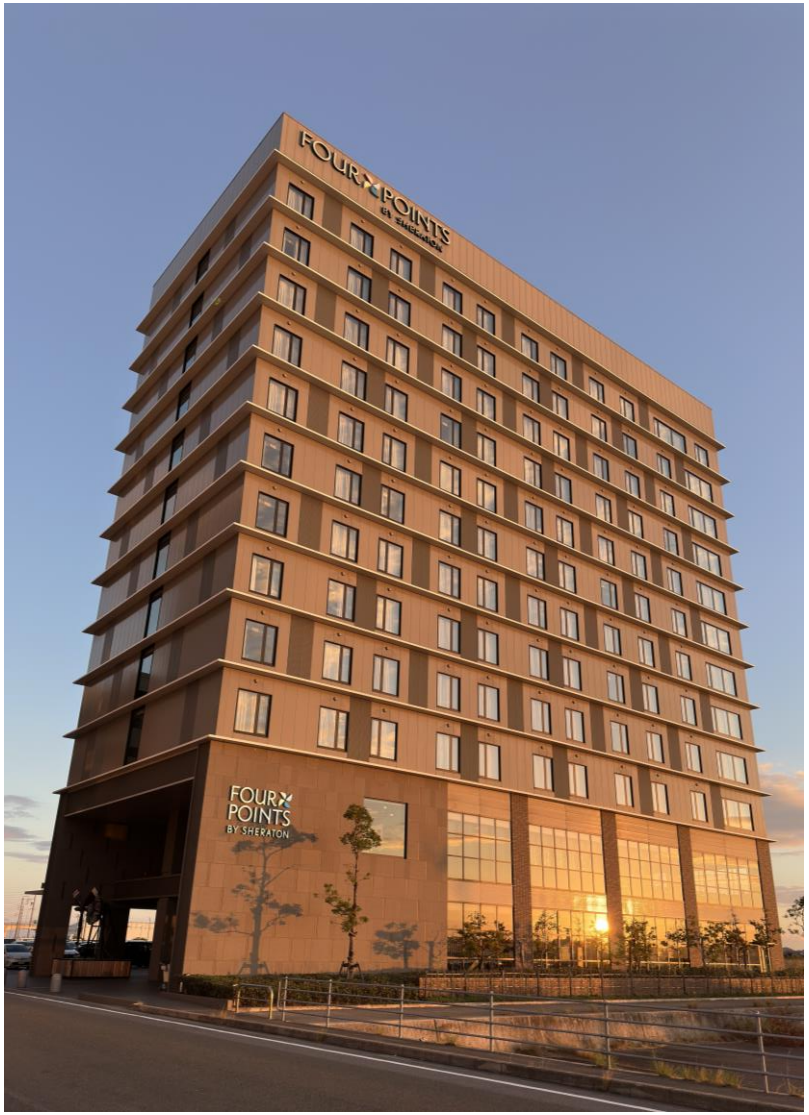


Image Credit: Marriott International

Four Points by Sheraton Nagoya, Chubu International Airport



Location	4-10-5 Centrair, Tokoname, Aichi	
Accessibility	Airport Train Station (6 mins walk) Chubu International Airport (6 to 10 mins walk) Aichi Sky Expo (6 mins walk) Ferry Terminal (3 mins walk)	
Asset Type	Upscale hotel	
Hotel Opening Date	November 2018	
Number of Keys	319	
Average Room Size (Sqm)	26	
Land Area (Sqm)	Total	9,750
	Hotel	3,000
	Carpark	6,750
GFA (Sqm)	14,062	
Initial Purchase Price[1]	JPY 6.0 billion (S$52.8 million[2])	
Price per Key	JPY 18.8 million (S$165,500)	
Price per GFA (Sqm)	JPY 0.43 million (S$3,750)	
Hotel Operator	Marriott International, Inc.	

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

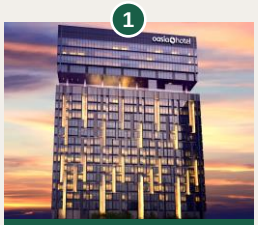
2 All amounts in S$ are based on an exchange rate of JPY 1 to S$0.0088, unless otherwise stated.

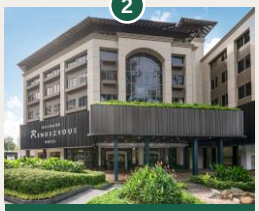
Rationale and Key Benefits of the Acquisition

1. **Diversification and Expansion into Japan**
2. **Potential to Tap Central Japan's Growth Opportunities**
3. **Excellent Location with Convenient Accessibility**
4. **High Quality Freehold Property**
5. **Further Development Potential**
6. **Attractive Value Proposition**

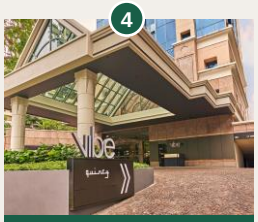
Diversification for Growth and Resilience

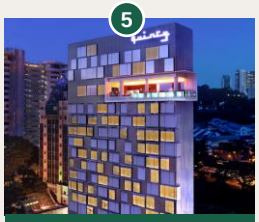
Building on a Strong Singapore Foundation

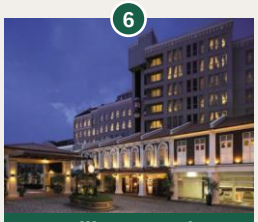

1 Oasia Hotel Novena

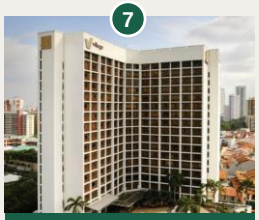

2 Orchard Rendezvous Hotel


3 Rendezvous Hotel Singapore


4 Vibe Hotel Singapore Orchard


5 Quincy Hotel Singapore

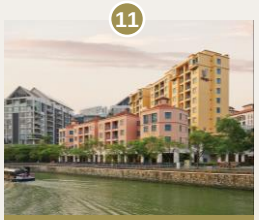

6 Village Hotel Albert Court

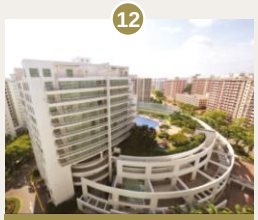

7 Village Hotel Bugis


8 Village Hotel Changi


9 Oasia Hotel Downtown


10 Adina Serviced Apartments Singapore


11 Village Residence Robertson Quay

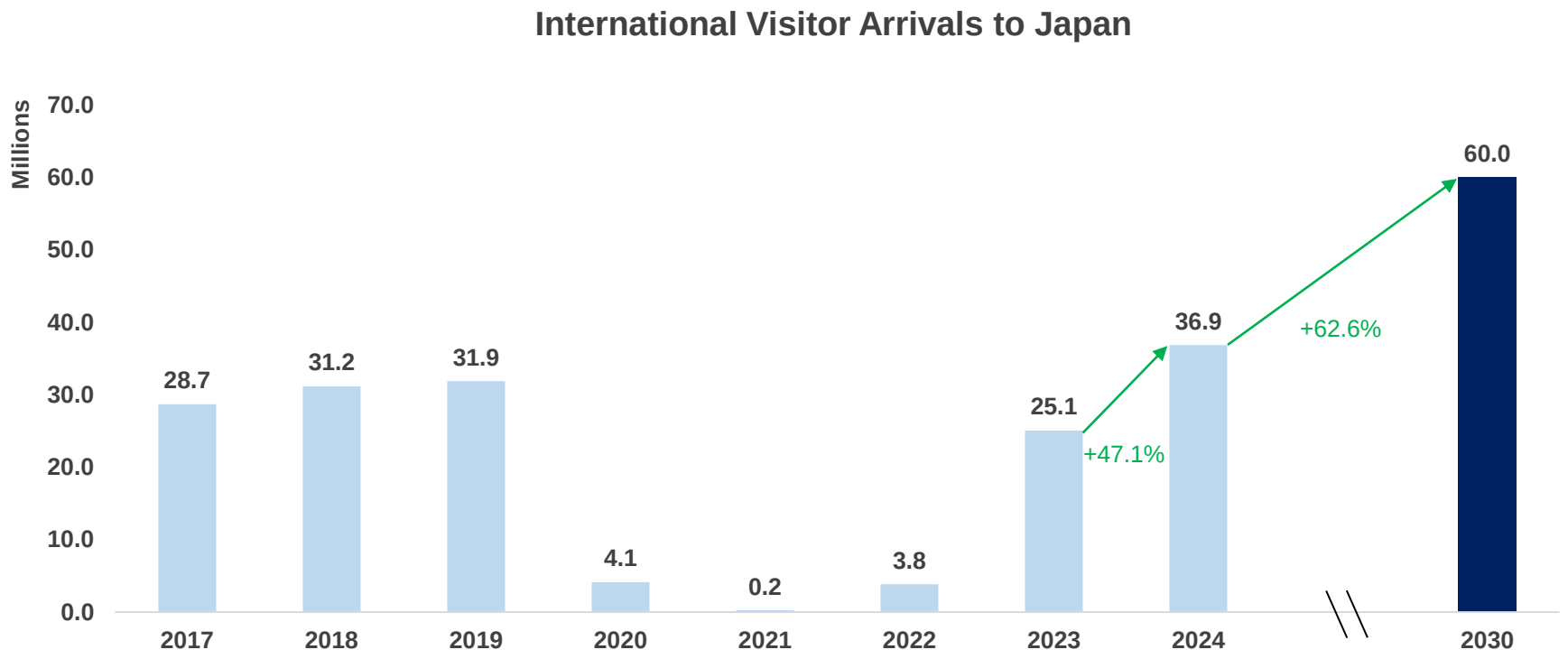

12 Village Residence Hougang

12 Properties | **3,015** Hotel rooms and apartment units | **177** Retail units and office spaces

Strategic Expansion into Japan

1. Diversification of income sources to mitigate concentration risk and strengthen resilience
2. More investment opportunities in a large developed market across multiple cities
3. Balance of overseas expansion for long-term growth while maintaining Singapore as core focus

Expansion into Japan to Capitalise on Growing Tourism Market



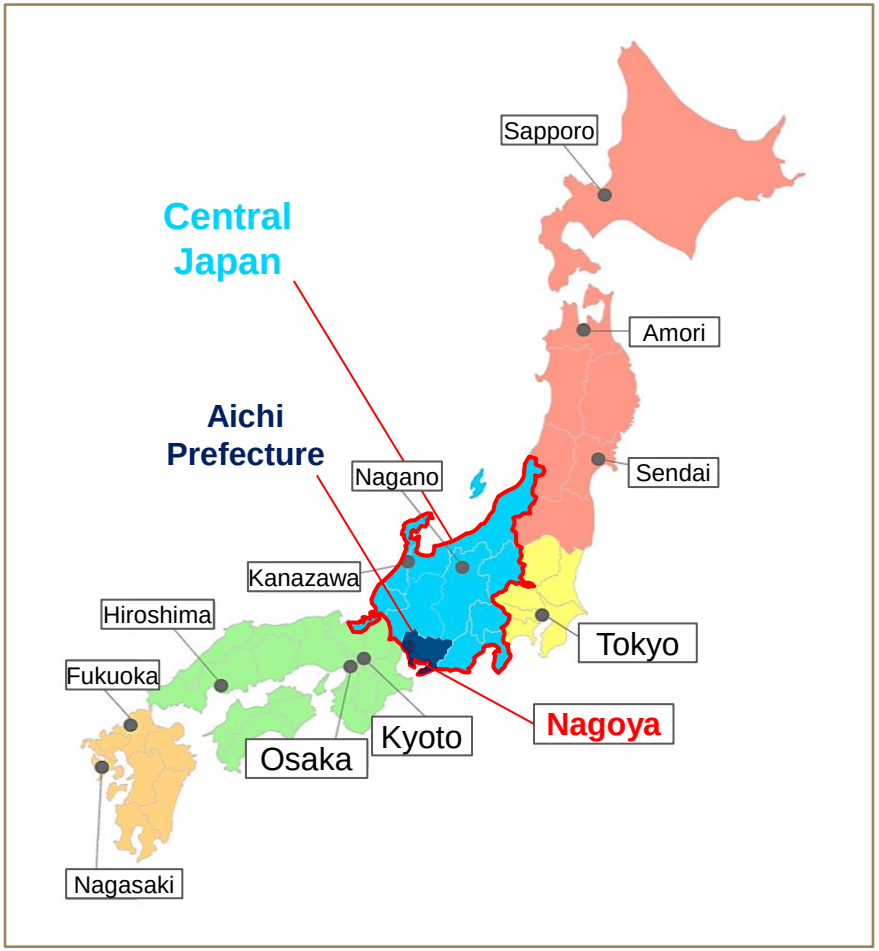
- Expanding into Japan opens a new growth avenue while leveraging the country's strong tourism and business sectors.
- In 2024, Japan experienced a strong recovery in tourist arrivals, welcoming a record 36.9 million international visitors, which represents a 47.1% increase from the previous year.
- Japan has set a target of attracting 60 million international visitors and achieving visitor spending of JPY 15.0 trillion by 2030.

Source: Japan National Tourism Organization, International Visitor Arrivals Statistics.

Rationale and Key Benefits of the Acquisition

1. Diversification and Expansion into Japan
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Central Japan – Aichi and Nagoya's Strategic Role



- Central Japan (Chūbu region) is positioned between Tokyo and Osaka, playing a key role in Japan's economic and transport network.
- Aichi Prefecture is an industrial powerhouse, known for its strengths in automotive, aerospace and advanced manufacturing.
- The prefecture is home to Nagoya, Japan's fourth-largest city and a vital economic centre for business, tourism and MICE events.
- Short travelling time from Nagoya to key cities via the Shinkansen (high-speed rail): Tokyo (90 minutes), Osaka (40 minutes), and Kyoto (30 minutes).
- Chubu Centrair International Airport in Nagoya is the primary international gateway for Central Japan (Chūbu region).

Image Credit: Nagoya Convention & Visitors Bureau.

Capitalising on Central Japan's Tourism Potential




Matsumoto Castle


Shirakawago

- The Japanese government aims to reduce congestion in other major tourist cities while encouraging visits to lesser-known regions, such as Central Japan.
- **Shoryudo (Dragon-Rising Region) covers nine prefectures** in Central Japan and the Hokuriku Region, featuring destinations like **Shirakawago**, **Nagano**, **Toyama**, and **Gifu**, known for their rich culture and scenic beauty.
- **Chubu Centrair International Airport** in **Nagoya** provides **seamless access** to the region. It plays a key role in attracting repeat visitors who have already explored major cities like Tokyo, Osaka, and Kyoto.

Image Credits: Centrair (Left), Pexels (Suradeach saetang) (Top Middle) and Supparuj Taechatanont / Dreamstime (Bottom Middle).

Capturing Corporate Business in Japan's Leading Industrial Region



Automotive Industry



Aerospace Industry



Robotic Industry

- Central Japan is home to about **5,300 companies** with capital exceeding JPY 30 million and at least 50 employees, representing about **18% of Japan's total**.
- There are over 180 **automotive** companies, including Toyota's headquarters. The **aerospace** industry is one of the largest clusters in the world, with 176 companies, while the **robotics** industry contributes 20% of Japan's output, with 77 companies.
- The region is also home to major manufacturers in **ceramics**, **electronics**, **appliances**, and **pharmaceutical**, supporting a strong corporate base. These industries drive strong corporate travel demand, supporting the region's hospitality sector.

Source: Aichi-Nagoya Aerospace Consortium, Ministry of Economy, Trade and Industry (2023).

Tapping Exhibition, Conference and Events Traffic





View of Four Points from Aichi Sky Expo

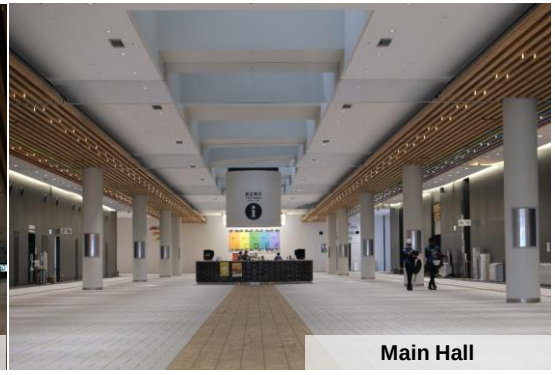
- **Aichi Sky Expo** is the **fourth largest exhibition centre** in Japan, with state-of-the-art facilities that **opened in August 2019.**
- With direct access to the airport and train station, the venue features **6 exhibition halls (60,000 sqm)**, **18 conference rooms**, **33,000 sqm** of outdoor multifunctional space, and **3,477 parking spaces**.
  - **Hall A** spans **10,000 sqm** and is a column-free area specifically designed for concerts and live events.
  - **Halls B to F**, each spans **10,000 sqm** and can be combined into a single 50,000 sqm space.
- Major events scheduled to be held include the Nagoya Motorcycle Show, Tourism Expo Japan in 2025, and the Asian Games in 2026.

Tapping Exhibition, Conference and Events Traffic



Aichi Sky Expo


Wayfinding


Main Hall

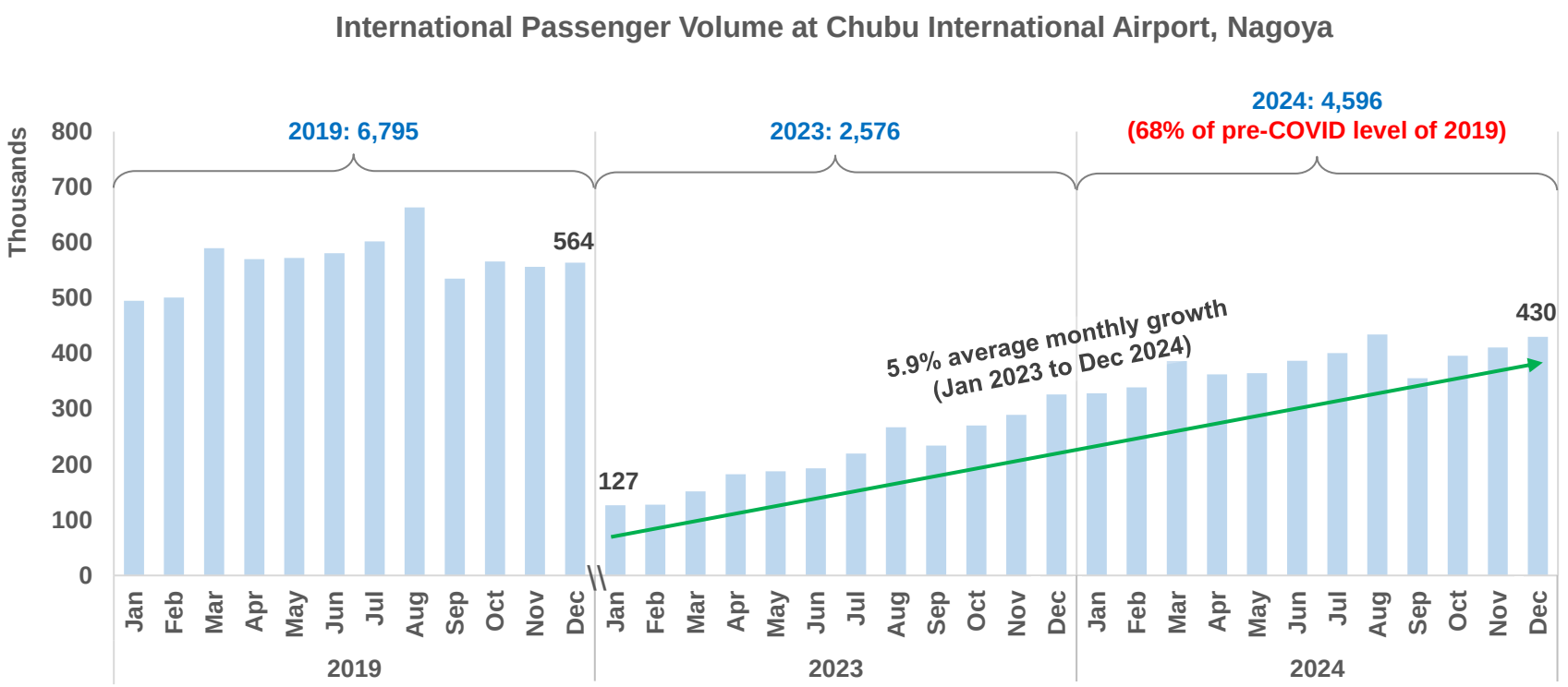


Conference Area



Amenities

Tapping into Recovery and Growth of Air Passenger Traffic



- In 2024, international passenger volumes at Chubu International Airport, Nagoya reached 68% of pre-COVID level reflecting a 78% year-on-year increase.
- The recovery trajectory has been on a consistent upward trend with an average monthly growth rate of 5.9%.
- The airport targets full recovery to 2019 levels by 2025.
- Construction of a second runway is scheduled to begin in the first half of 2025 with expected completion by 2027, increasing arrival and departure capacity by 50%.

Source: Central Japan International Airport and The Japan News

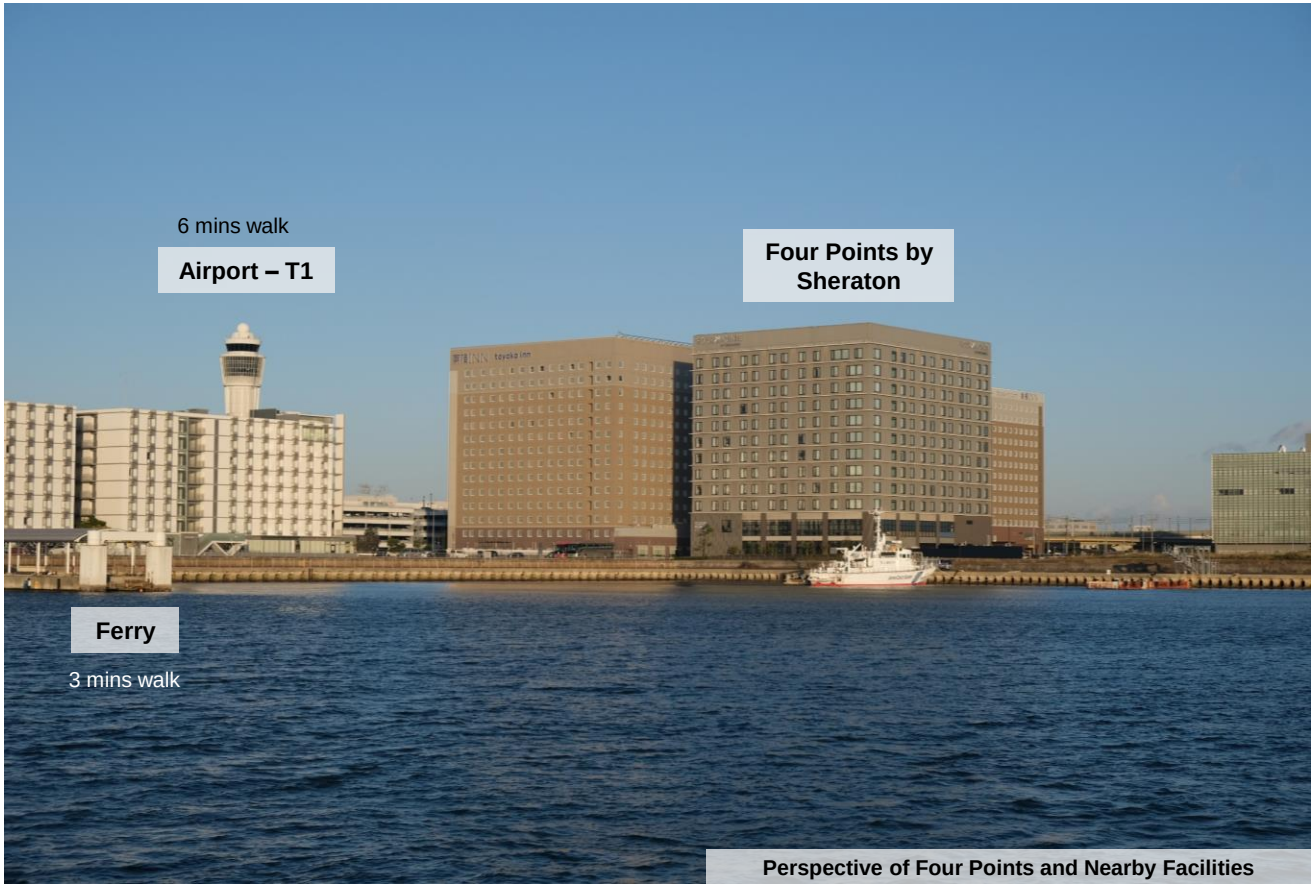
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Excellent Location in Close Proximity to Key Infrastructure



Façade – Sunrise



Perspective of Four Points and Nearby Facilities

Convenient Access to the Airport, Train, Ferry & Expo



Chubu Centrair International Airport

- 'World's Best Regional Airport'1 for 10 consecutive years
- 'Best Regional Airport in Asia'1 for 14 consecutive years

Aichi Sky Expo

Japan's 4th largest exhibition centre and the country's first bonded exhibition facility, allowing duty-free international exhibits, enhancing its appeal as a premier venue for global conventions, trade shows, and corporate events.

Ferry Terminal

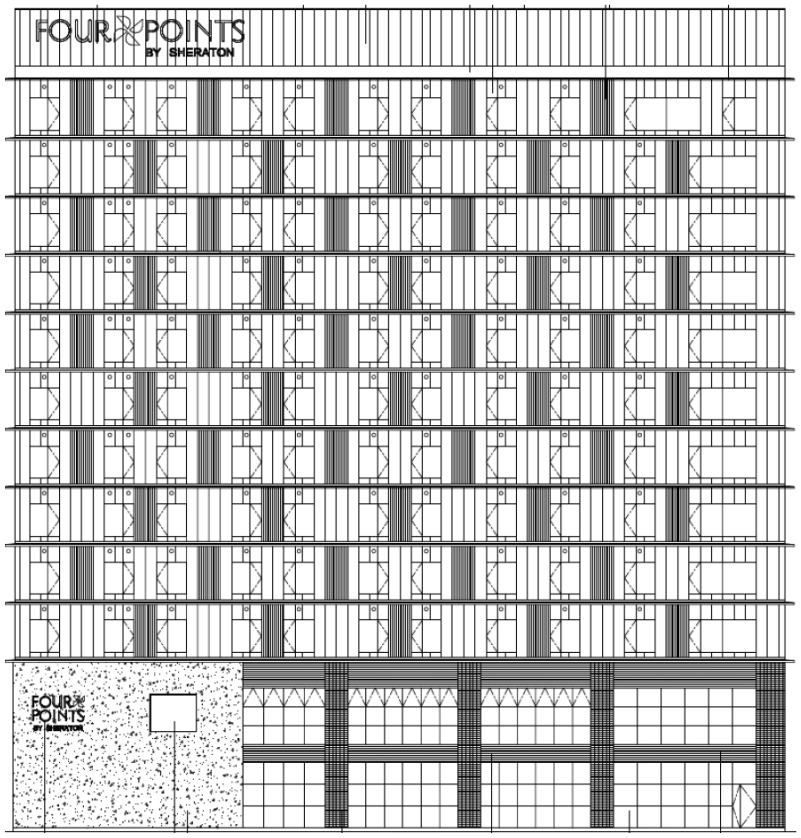
High-speed boat service linking to Tsu Nagisamachi Port in Mie Prefecture, providing an alternative route for travellers heading to western Japan.

1 Awarded by Skytrax (U.K.), a global air transport rating organisation.

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Hotel Room Mix and Facilities



Rooms (Level 3 to 12)	Number of Rooms	Room Size
Standard Rooms (King / Twin)	270	25-27 sqm
Premium Rooms (King / Twin)	39	30 sqm
Junior Suite	9	40 sqm
Four Point Suite	1	70 sqm
Total	**319**	**-**

Facilities	Category	Level
Bar (Best Brews)	F&B	1
All-Day Dinning (Evolution)	F&B	2
Gym	Wellness	2

- Relatively new and well-maintained hotel that opened in November 2018.
- Well-designed and of high quality, with limited competition within its product class in the vicinity.
- Good-sized hotel with 319 well-designed guest rooms averaging 26 sqm.
- Managed by Marriott International, which currently has the world's largest loyalty programme[1] (Marriott Bonvoy) with nearly 228 million members, offering a substantial potential customer base for the hotel.

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

High Quality and Well-Designed Hotel

External View



Façade (North Facing)


Façade (East Facing)

High Quality and Well Designed – Public Spaces

Entrance and Arrival



Main Entrance


Front Desk


Lobby

High Quality and Well Designed – Public Spaces

Ground Floor Amenities



Lobby Lounge



Bar (Best Brews)



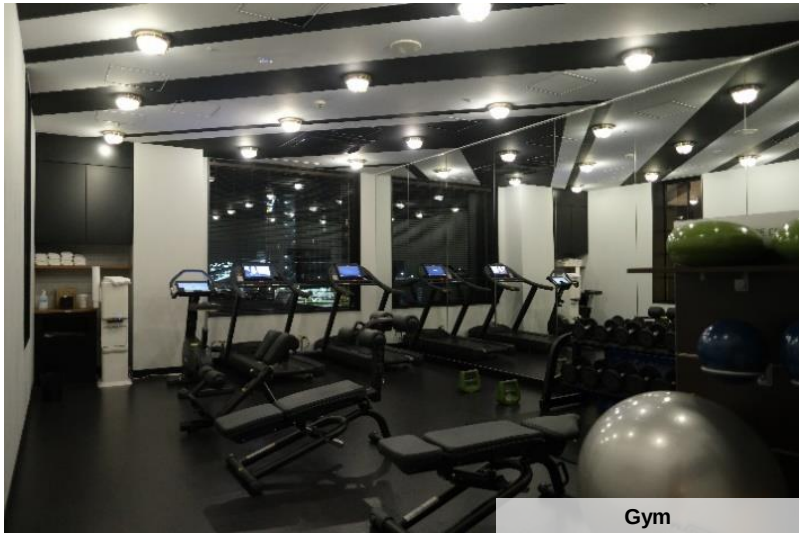
Snack Bar

High Quality and Well Designed – Public Spaces

Dining Facilities and Gym



All-Day Dinning (Evolution)



Gym



Level 2 Lounge Area

High Quality and Well Designed – Guest Rooms

One-bedroom Suite



Living Room



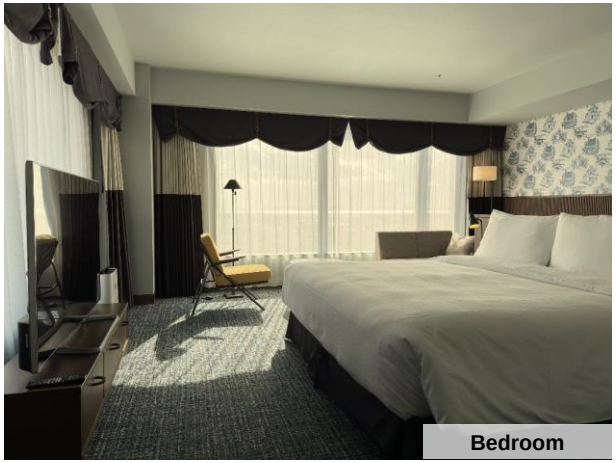
Bedroom

High Quality and Well Designed – Guest Rooms

Junior Suite



Study/ Bedroom



Bedroom



Bathroom

High Quality and Well Designed – Guest Rooms

King Room



King Room



King Room with Sea View

High Quality and Well Designed – Guest Rooms

Twin Room



Twin Room

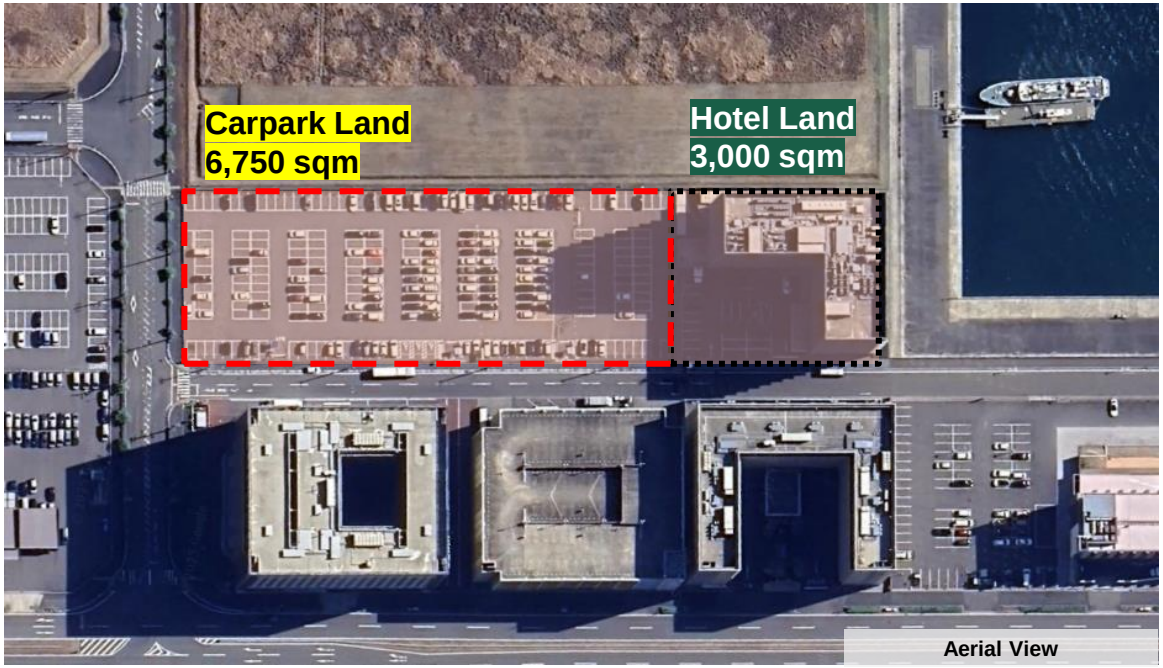


Twin Room

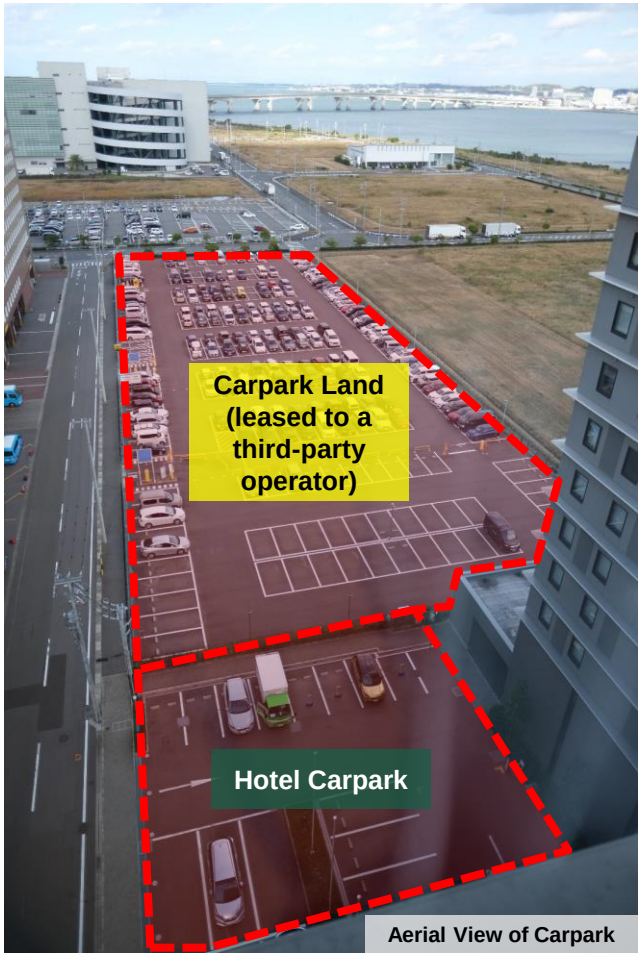
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Potential for Future Development on Carpark Land



Aerial View



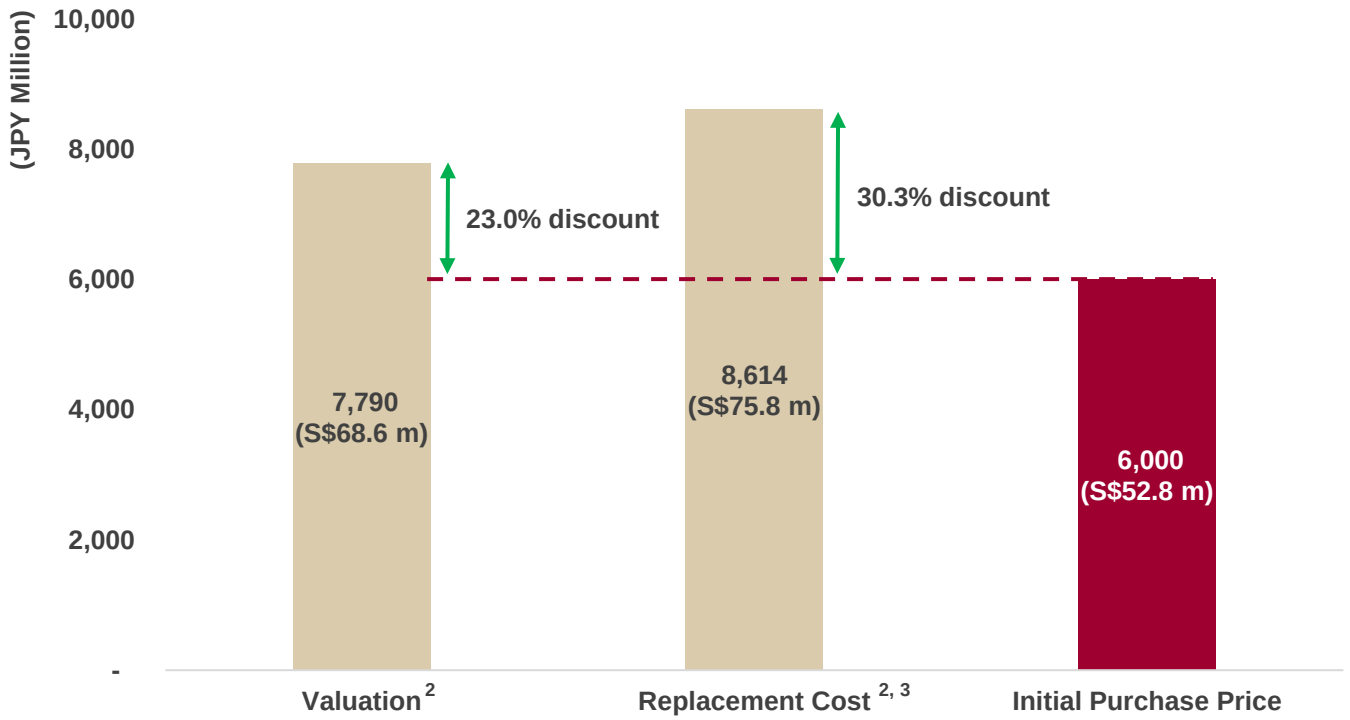
Aerial View of Carpark

- Acquisition includes adjacent carpark land, offering potential for future hotel expansion or development into retail or other commercial buildings.
- This land parcel offers opportunity for long-term value creation.

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5. Expansion and Development Potential
6. **Attractive Value Proposition**

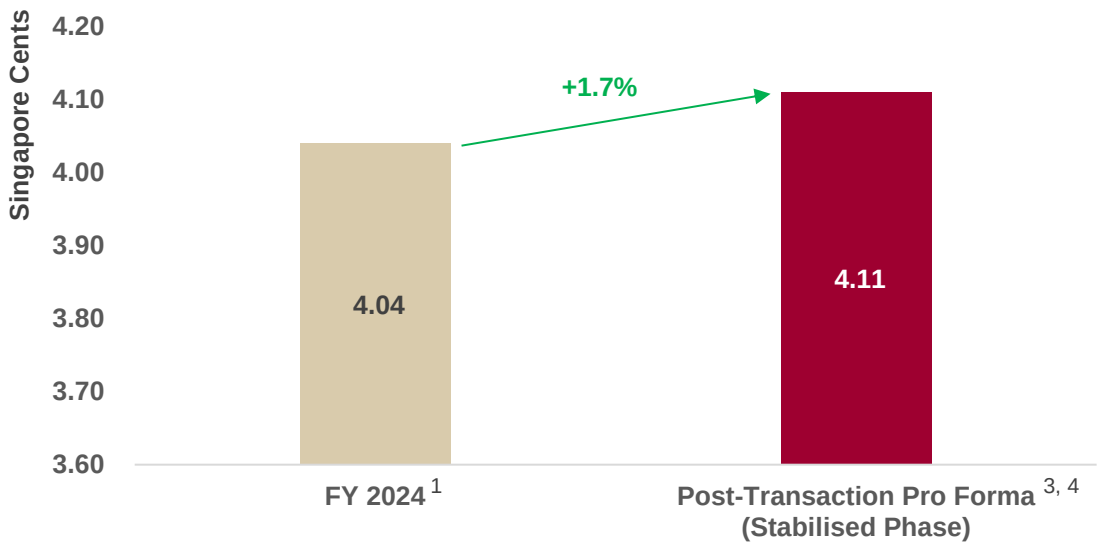
Attractive Purchase Price Relative to Valuation and Replacement Cost



- The initial purchase price[1] of JPY 6.0 billion (S$52.8 million) represents a 23.0% discount to the independent valuation[2] of JPY 7.79 billion (S$68.6 million), and below the estimated replacement cost[3] of developing a similar asset.
- This provides an attractive entry point and enhances the investment's long-term value proposition of the investment.

1 In addition to the initial purchase price, total payment of up to JPY 1.75 billion (S$15.4 million) (the Adjusted Purchase Consideration) may be payable to the Vendor subject to the Property achieving certain defined performance targets within the next three years.
2 The independent valuation and replacement cost, prepared by CBRE K.K., are as at 31 December 2024.
3 Replacement cost which includes land value, reconstruction cost for a new hotel of similar standard, and incidental expenses.

Accretive Distribution per Stapled Security



- As the Property is still recovering from the effects of COVID-19, the performance of the Property for FY 2024 is not representative of the stabilised phase.
- For illustration purposes[2], assuming the Property has stabilised and achieved the net operating income required to trigger the Adjusted Purchase Price of JPY 1.75 billion (S$15.4 million), DPS accretion would be 1.7%, reaching 4.11 cents on a pro forma basis[3].
- To support the Acquisition, the REIT Manager is electing to receive only 50.0% of the Base Fee and Performance Fee in respect of the Property in the first and second years after acquisition.

1 Based on the unaudited financial statements of Far East H-Trust for FY 2024.
2 Statements in respect of the Adjusted Purchase Price 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.
3 Based on the expected performance of the Property in the stabilised phase and assuming the Adjusted Purchase Price is triggered, the pro forma financial effects of the Acquisitions on the DPS for FY2024, as if 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 Price of JPY 1.75 billion would be payable.
4 The number of Stapled Securities in issue as at 31 December 2024 was adjusted to include approximately 103,000 new Stapled Securities issued to the Manager as base fees.

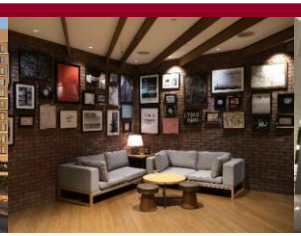
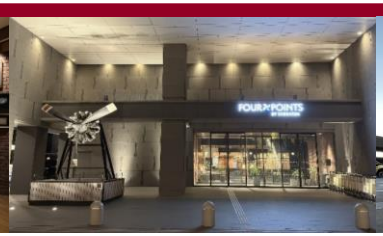
Performance-Based Purchase Consideration Mechanism

Adjusted Purchase Consideration Calculation	• Applying a 5.0% capitalisation rate to Net Operating Income of Relevant Period[1] – minus Initial Purchase Consideration (JPY 6.0 billion or S$52.8 million) – minus Adjusted Purchase Consideration paid till date • In the event, Capital Expenditure has been incurred towards improving the quality of the Hotel, it will be deducted from the Adjusted Purchase Consideration • Total Adjusted Purchase Consideration is capped at JPY 1.75 billion (S$15.4 million)
Adjusted Purchase Consideration Period	• 3 years (1 January 2025 – 31 December 2027)

- As the Property is still recovering from the effects of COVID-19, the REIT Manager has negotiated for a performance-based purchase consideration mechanism.
- The mechanism ensures that part of the purchase consideration is contingent on the Property achieving specific financial targets, effectively tying the investment cost to the actual performance post-acquisition, hence mitigating investment risks.

1 Relevant Period means the period from 1 January 2025 to 31 December 2025, 1 January 2026 to 31 December 2026 or 1 January 2027 to 31 December 2027.

Summary





FAR EAST HOSPITALITY TRUST

Summary

1. **Diversification and Expansion into Japan**
   - Diversification to mitigate concentration risk and strengthen resilience.
   - Expanding into new growth market with Japan targeting 60 million visitors by 2030, up from 37 million in 2024.

2. **Potential to Tap Central Japan's Growth Opportunities**
   - Japanese government working to decentralise tourism beyond major cities, positioning Nagoya as key gateway to Central Japan.
   - Nagoya, Japan's fourth-largest city, is a vital economic region for business, tourism and MICE events.
   - Chubu Centrair International Airport in Nagoya serves as the primary international gateway to Central Japan, and aims to achieve full recovery to 2019 levels by 2025.

3. **Excellent Location with Convenient Accessibility**
   - Well-connected within a 6-minute walk to the airport, train station, ferry terminal and Aichi Sky Expo.

4. **High Quality Freehold Property**
   - Relatively new and well-maintained freehold property with contemporary interiors, catering to both business and leisure travellers.
   - 319 keys of well-designed spacious guestrooms averaging 26 sqm.

5. **Expansion and Development Potential**
   - Adjacent carpark land offers potential for future hotel expansion or development of other commercial buildings.

6. **Attractive Value Proposition**
   - Initial purchase price of JPY 6.0 billion (S$52.8 million[1]) is 23.0% below valuation, providing an attractive entry point.
   - At stabilised state, acquisition is expected to be 1.7% DPU accretive.

Far East H-Trust remains focused on Singapore as its core market

1 Based on an exchange rate of JPY 1 to S$0.0088.

Thank You

For more information please visit
https://www.fehtrust.com