



PRESS RELEASE

**Frasers Hospitality Trust Reported Fourth Quarter  
Distribution Income of \$21.9 Million**

**Addition of Maritim Hotel Dresden and better performance of Australia properties  
offset by weaker performance of Singapore and London properties**

**Singapore, 28 October 2016** – Frasers Hospitality Trust (“FHT” or the “Trust”) is pleased to announce that its gross revenue (“GR”) and net property income (“NPI”) for the fourth quarter ended 30 September 2016 (“4Q FY2016”) rose 8.6% and 11.5% to \$33.5 million and \$28.6 million respectively. Distribution income (“DI”) for the quarter was \$21.9 million, down 2.6% year-on-year (“yoy”).

**Summary of Results**

S\$ mil	4Q FY2016	4Q FY2015	Variance	FY2016	FY2015 <sup>1</sup>	Variance
GR	33.5	30.8	+8.6%	123.6	105.6	+17.1%
NPI	28.6	25.7	+11.5%	104.2	86.4	+20.6%
DI	21.9	22.5	-2.6%	84.9	77.2	+10.0%
DPS without effects of Rights Issue – for comparison only	1.57 cents	1.66 cents	-5.4%	6.13 cents	6.20 cents	-1.1%
Adjusted DPS with effects of Rights Issue – as reported	1.19 cents	1.31 cents <sup>4</sup>	-9.4%	5.23 cents	5.82 cents <sup>4</sup>	-10.1
No. of Stapled Securities <sup>2</sup> (mil)	1,391.4	1,368.0	+1.7%	1,391.4	1,368.0	+1.7%
No. of Stapled Securities (mil) post-Rights Issue	1,837.0 <sup>3</sup>	1,441.5 <sup>4</sup>	+27.4%	1,837.0 <sup>3</sup>	1,441.5 <sup>4</sup>	+27.4%

Higher GR and NPI for 4Q FY2016 was boosted by the addition of Maritim Hotel Dresden and strong performance of Sydney properties. DI declined mainly due to the soft performance of Singapore and United Kingdom (“UK”) properties. Consequently, distribution per Stapled Security (“DPS”) was 5.4% lower at 1.57 cents.

<sup>1</sup> The figures for FY2015 included 1Q FY2015 figures that were prorated from actual 171 days to 92 days.

<sup>2</sup> Number of issued and issuable Stapled Securities as at 30 September of FY2015 and FY2016 respectively (excluding acquisition fee units issued on 24 October 2016).

<sup>3</sup> Number of issued and issuable Stapled Securities as at 30 September 2016 including Rights Stapled Securities of 441,549,281 issued on 14 October 2016 (the “Rights Issue”).

<sup>4</sup> Number of Stapled Securities entitled for distribution and DPS have been adjusted to reflect the effect of bonus element pursuant to the Rights Issue.

For the financial year ended 30 September 2016 (“FY2016”), FHT’s GR, NPI and DI improved yoy, lifted by the addition of Sofitel Sydney Wentworth and Maritim Hotel Dresden, and better performance of the other Sydney properties and ANA Crowne Plaza Kobe. However due to the increase in number of stapled securities, DPS declined marginally by 1.1% yoy to 6.13 cents.

On 14 October 2016, FHT issued 441,549,281 Rights Stapled Securities at a unit price of S\$0.603. These new Stapled Securities rank *pari passu* in all respects with existing Stapled Securities in issue, including the right to distributions for the period from 1 April 2016 to 30 September 2016. Based on FHT’s enlarged share base following the Rights Issue, its DPS for 4Q and FY2016 were 1.19 cents and 5.23 cents, down 9.4% and 10.1% yoy respectively.

**Ms Eu Chin Fen, Chief Executive Officer of the REIT Manager** said, “FY2016 has been an eventful second year for FHT. In May 2016, we acquired Maritim Hotel Dresden, our first property in Germany, for €58.4 million and funded the acquisition through the issuance of perpetual securities. The hotel, together with Sofitel Sydney Wentworth which was added to our portfolio in July 2015, has enhanced the income diversification of FHT, mitigating the weaker trading conditions in some of the markets that we operate in. On 9 September 2016, we announced a Rights Issue offer to strengthen our balance sheet for future growth, with most of the S\$266.3 million gross proceeds deployed for the acquisition of Novotel Melbourne on Collins.”

“Moving forward, while the weak global economic outlook continues to weigh on the hospitality industry in some markets, we will stay focused on driving the performance of our properties. We remain disciplined in pursuing good assets that have decent running yields and the potential to add stability to our income, while diligently weighing the benefits of an acquisition against our funding options,” added Ms Eu.

#### **Review of Portfolio’s Performance**

In 4Q FY2016, Australia portfolio reported an average Revenue Per Available Room (“RevPAR”) growth of 5.6%, driven by higher Average Daily Rate (“ADR”) and occupancy of almost 93%. While Sydney continues to benefit from a busy events calendar, the conference business at Sofitel Sydney Wentworth was soft due to increased competition and as such, the hotel reported 0.8% and 0.9% growth in Gross Operating Revenue (“GOR”) and Gross Operating Profit (“GOP”) respectively.

The Singapore portfolio reported GOR and GOP growth of 10.7% and 15.9% respectively due to the return of full inventory in InterContinental Singapore, compared to 4Q FY2015 when some rooms were not in operation because of renovation. To-date, the hotel has achieved ADRs close to pre-renovation levels and continues to drive room occupancy and food and beverage (“F&B”) revenue to get to its optimal performance. Fraser Suites Singapore turned in lower RevPAR for 4Q FY2016 due to continued weakness from oil and gas accounts. The property is actively pursuing long stay accounts by targeting at industries with better growth prospects (e.g. IT and pharmaceutical) and companies that are relocating.

The UK portfolio saw yoy decline in GOR and GOP of 1.5% and 2.9% respectively due to weaker business sentiment following Brexit which affected corporate demand and occupancy. GOP was also impacted by the 7.5% increase in minimum wage which took effect on 1 April 2016.

With the strengthening of the Japanese Yen, ANA Crowne Plaza saw a decline in inbound guests, leading to lower occupancy in 4Q FY2016. GOR and GOP dropped 3.7% and 4.2% yoy respectively due to decline in room revenue. Expenses of the property will continue to be monitored and ongoing work on increasing revenue from conferences and events to improve performance will continue to be undertaken.

In 4Q FY2016, RevPAR of The Westin Kuala Lumpur grew yoy largely due to stronger transient and corporate demand from industries other than oil and gas. F&B revenue was up yoy due to improved performance of the F&B outlets which helped to offset the underperformance of the banquet and catering businesses. Both the GOR and GOP of the hotel increased 1.7% and 4.7% respectively.

### **Growth in Portfolio Valuation**

FHT's investment portfolio was valued at S\$2.058 billion as at 30 September 2016 by an independent valuer, an increase of 5.0% yoy. The higher portfolio value was attributed to the addition of Maritim Hotel Dresden and higher valuations achieved for its Australia and Japan properties, which was offset by lower valuations for its Singapore, UK and Malaysia properties.

### **Capital Management with High Proportion of Fixed-Rate Borrowings**

As at 30 September 2016, FHT's total debt was \$810.0 million, with gearing at 37.7%. The proportion of fixed-rate debt remained at 86%. Total cost of debt year-to-date was 2.55% per annum, with interest cover at 4.86 times. FHT's weighted average years to maturity stood at 2.35 years and its net asset value per Stapled Security was 82.90 cents.

### **Distribution Details**

Distribution Period	1 April 2016 to 30 September 2016
DPS	2.3347 cents
Last Day of Trading on "Cum" Basis	7 Nov 2016
First Day of Trading on "Ex" Basis	8 Nov 2016
Books Closure Date	10 Nov 2016
Distribution Payment Date	29 Dec 2016

### **Outlook**

For January to August 2016, Tourism Australia reported a yoy growth of 11.7% in international arrivals to 5.2 million. Chinese visitors to Australia grew 20.7% yoy. Hotels in Sydney have maintained high occupancy with demand expected to stay strong in 2H2016, buoyed by the city's extensive events calendar, and strong corporate and leisure demand. While new supply is due to enter the market in the next 12 to 24 months, it is anticipated that demand generated by existing infrastructure developments such as the Sydney International Convention Centre and Barangaroo should be able to absorb these new rooms<sup>5</sup>.

For January to August 2016, the Singapore Tourism Board reported an 10.3% increase in tourist arrivals, fuelled in part by a surge in arrivals of Chinese and Indonesian visitors. Underscoring its status as a leading MICE destination, Singapore continues to grow its pipeline of events including World Mail & Express Asia, International Conference on Biomedical Engineering, MilSim Asia and IoT Asia. However, the weak global economic outlook, moderating growth in China, increasing regional competition and supply of new rooms will continue to weigh on the hospitality sector.

According to Visit Britain, inbound visitors for January to August 2016 were up 3% yoy to 25 million. Following Brexit, the weakened Pound has led to an increase in overseas visitors to London but this may be masked by the impact that future negotiations on Brexit could have on business investment and

<sup>5</sup> JLL – Asia Pacific Property Digest Q2 2016.

consumer confidence<sup>6</sup>. With rising confidence in the Scottish economy and growing tourism demand, outlook for Edinburgh and Glasgow is expected to remain positive. Edinburgh is set to benefit from significant developments including the Edinburgh St James, an £850 million city centre redevelopment project while the Scottish Exhibition and Conference Centre and SSE Hydro (an entertainment and sporting arena) remain significant demand drivers for Glasgow<sup>7</sup>.

For January to September 2016, Japan National Tourism Organization reported growth in the number of foreign visitors to the country, with Chinese visitors remaining the largest group. Going forward, growth in inbound tourism is expected to be at a slower pace. As repeated ADR increases have started to weigh on occupancy, growth in ADR is also expected to moderate<sup>8</sup>.

Tourism Malaysia reported a 3.7% growth in tourist arrivals to 13 million in the first six months of 2016. Chinese tourists grew 32.1% yoy for January to June 2016. According to Tourism Malaysia, the country is expected to welcome 30.5 million tourists and earn MYR103 billion tourist receipts in 2016. Following the introduction of visa exemption and e-visa programme for Chinese tourists in March 2016, the government has launched its e-visa programme for tourists from India in July. It aims to make travel to Malaysia more convenient, thereby attracting more Indian tourists to visit the country<sup>9</sup>.

For 2016, the German National Tourist Board has predicted a 1% to 3% growth in inbound tourist arrivals. Tourism in Germany largely benefits from a well-balanced mix between corporate and leisure demand, supported by the country's wide range of tourist attractions and its standing as an important MICE and business destination<sup>10</sup>. Known as a major host for conferences and trade fairs in Germany, Dresden has an ongoing pipeline of events including Aachen-Dresden International Textile Conference, Trading Dresden, International Symposium Additive Manufacturing, HAUS (construction tradeshow) and Sachsenback (bakery and confectionery tradeshow).

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#### **Investor Relations and Media Contact:**

Sandy Leng  
Head, Investor Relations  
Fraser Hospitality Asset Management Pte. Ltd.  
Email : ir@frasershospitality.com  
Telephone: +65 63490423

#### **About Frasers Hospitality Trust**

Frasers Hospitality Trust ("FHT") is the first global hotel and serviced residence trust listed in Singapore on 14 July 2014, comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust.

It is established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate located anywhere in the world except Thailand, used primarily for hospitality and/or hospitality-related purposes, whether wholly

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<sup>6</sup> Knight Frank – The UK Provincial Hotel Market Review, September 2016.

<sup>7</sup> JLL Hotel Intelligence, September 2016.

<sup>8</sup> Savills Spotlight: Japan Hospitality, August 2016.

<sup>9</sup> Tourism Malaysia media release, "Efforts to facilitate travel to Malaysia take a major leap", 26 July 2016.

<sup>10</sup> JLL Hotel Intelligence, September 2016.

or partially, as well as real estate-related assets in connection to the foregoing.

With 15 quality properties strategically located across 9 key cities in Asia, Australia and Europe, FHT's portfolio value as at 30 September 2016 was approximately S\$2.06 billion (excluding Novotel Melbourne on Collins as its acquisition was only completed on 20 October 2016). These 9 hotels and 6 serviced residences are: Novotel Melbourne on Collins, Novotel Rockford Darling Harbour, Sofitel Sydney Wentworth, Fraser Suites Sydney, InterContinental Singapore, Fraser Suites Singapore, Best Western Cromwell London, Park International London, Fraser Suites Edinburgh, Fraser Suites Glasgow, Fraser Suites Queens Gate, Fraser Place Canary Wharf, ANA Crowne Plaza Kobe, The Westin Kuala Lumpur and Maritim Hotel Dresden. Collectively, they have a total of 3,914 rooms comprising 3,072 hotel rooms and 842 serviced residence units.

For more information on FHT, please visit [www.frasershospitalitytrust.com](http://www.frasershospitalitytrust.com)

### **About Frasers Centrepoint Limited**

Frasers Centrepoint Limited ("FCL") is a full-fledged international real estate company and one of Singapore's top property companies with total assets of above S\$23 billion as at 30 June 2016. FCL has three strategic business units – Singapore, Australia and Hospitality, which focus on residential, commercial, retail and industrial properties in Singapore and Australia, and the hospitality business spanning more than 80 cities across North Asia, Southeast Asia, Australia, Europe, and the Middle East. FCL also has an International Business arm that focuses on the Group's investments in China, Southeast Asia, and the United Kingdom.

FCL is listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST"). FCL is also the sponsor and its subsidiaries are the managers of three REITs listed on the SGX-ST, Frasers Centrepoint Trust, Frasers Commercial Trust, and Frasers Logistics & Industrial Trust that are focused on retail properties, office and business space properties, and industrial properties respectively, as well as one stapled trust listed on the SGX-ST, Frasers Hospitality Trust (comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) that is focused on hospitality properties.

As a testament to its excellent service standards, best practices, and support of the environment, FCL is the proud recipient of numerous awards and accolades both locally and abroad.

For more information on FCL, please visit [www.fraserscentrepoint.com](http://www.fraserscentrepoint.com).

### **About The TCC Group**

The TCC Group is among the largest conglomerates in Southeast Asia and is engaged in a variety of businesses including real estate. The TCC Group invests in and develops a wide range of real estate projects globally, including hotels, office towers, retail centres, residences, serviced apartments, convention centres, golf courses and resorts. As at 30 June 2016, it owns, among others, 21 retail shopping centres with approximately 515,000 square metres of retail space, seven commercial offices with approximately 810,000 square metres of office space, 43 hotels with 9,500 keys in Thailand and 6 countries worldwide.

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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, changes in operating expenses, (including employee wages, benefits and training costs), 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.

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Any discrepancies in the figures included herein between the listed amounts and total thereof are due to rounding.