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Comprising

**FRASERS HOSPITALITY REAL ESTATE INVESTMENT
TRUST**

(a real estate investment trust constituted on 12 June 2014 under the laws of the Republic of Singapore)

managed by **Frasers Hospitality Asset Management Pte. Ltd.**

FRASERS HOSPITALITY BUSINESS TRUST

(a business trust constituted on 20 June 2014 under the laws of the Republic of Singapore)

managed by **Frasers Hospitality Trust Management Pte. Ltd.**

**THE RIGHTS ISSUE AND THE PROPOSED ACQUISITION OF NOVOTEL MELBOURNE ON
COLLINS**

Unless otherwise indicated in this announcement, all conversions from Australian dollar amounts into Singapore Dollar amounts in this announcement are based on an exchange rate of A\$1.00 = S\$1.0356.

1. INTRODUCTION

1.1 The Rights Issue

Frasers Hospitality Asset Management Pte. Ltd., as manager of Frasers Hospitality Real Estate Investment Trust (“**FH-REIT**”, and as manager of FH-REIT, the “**REIT Manager**”), and Frasers Hospitality Trust Management Pte. Ltd., as trustee-manager of Frasers Hospitality Business Trust (“**FH-BT**” and together with FH-REIT, the stapled group, Frasers Hospitality Trust or “**FHT**”, and the trustee-manager of FH-BT, the “**Trustee-Manager**”, and together with the REIT Manager, the “**Managers**”), wish to announce that they are undertaking an underwritten and renounceable rights issue (the “**Rights Issue**”) of 441,549,281 new stapled securities in FHT (a stapled group comprising FH-REIT and FH-BT) (“**Rights Stapled Securities**”) to raise gross proceeds of approximately S\$266.3 million.

DBS Bank Ltd. and Citigroup Global Markets Singapore Pte. Ltd. have been appointed as the joint lead managers and underwriters for the Rights Issue (the “**Joint Lead Managers and Underwriters**”).

As a demonstration of their support for FHT and the Rights Issue, each of Frasers Centrepoint Limited (“**FCL**” or the “**Sponsor**”) and TCC Group Investments Limited (“**TCCG**” or the “**Strategic Investor**”) have provided irrevocable undertakings, pursuant to which they will subscribe and pay in full for their respective total provisional allotment of Rights Stapled Securities (“**Rights Entitlement**”). In addition, TCCG has undertaken to make applications for Excess Rights Stapled Securities (as defined herein) provided that the aggregate amount payable by TCCG for Rights Stapled Securities (including acceptance of its Rights Entitlement

and subscriptions for Excess Rights Stapled Securities) shall not exceed S\$128.0 million. (Please refer to paragraph 3 below entitled “Commitments of FCL and TCCG” for further details.)

These commitments by FCL and TCCG represent in aggregate up to approximately 69.7% of the Rights Stapled Securities to be issued pursuant to the Rights Issue.

1.2 The Proposed Acquisitions

The Rights Issue is a pre-emptive measure by the Managers to reduce FHT’s gearing and strengthen FHT’s balance sheet. The Managers intend to utilise the proceeds raised from the Rights Issue for purposes of financing the acquisitions of:

- (i) the land and the buildings known as “Novotel Melbourne on Collins” which is located at 270 Collins Street, Melbourne, Victoria, Australia (the “**Hotel**”) and the associated car park located at 233-239 Collins Street, Melbourne, Victoria, Australia (the “**Car Park**”) (the Hotel together with the Car Park, to be referred to as the “**Property**”) (the “**Property Acquisition**”); and
- (ii) the hotel assets, including the goodwill of the hotel business which is conducted from the Hotel (the “**Hotel Business**”), Liquor Licence (as defined herein), business licences, business intellectual property, occupancy documents and the furniture, furnishings and equipment (“**FF&E**”) relating to the Hotel (collectively, the “**Hotel Assets**”, and the acquisition of the Hotel Assets, the “**Hotel Assets Acquisition**”, and collectively with the Property Acquisition, the “**Proposed Acquisitions**”),

from a third party vendor, 260 Collins Pty Ltd (the “**Vendor**”), which currently holds both the Property and the Hotel Assets. The Proposed Acquisitions present a unique opportunity to deploy capital in order to reduce the dilutive effects of the Rights Issue. In connection with the Proposed Acquisitions:

- (a) FH-REIT has today, through The Trust Company (PTAL) Limited, as trustee for FHT Melbourne Trust 1 (the “**Melbourne Sub-Trust**”, and the trustee for the Melbourne Sub-Trust, the “**Melbourne Sub-Trustee**”), entered into a contract for the sale of land with the Vendor to acquire the Property (the “**Property SPA**”). (Please refer to paragraph 6.4 below for further details); and
- (b) FH-BT has today, through FH-BT NMCS Operations Pty Ltd (the “**FH-BT Lessee**”), entered into a contract with the Vendor to acquire the Hotel Assets (the “**Hotel Assets SPA**”). (Please refer to paragraph 6.5 below for further details.)

1.3 Activation of FH-BT and the Melbourne Master Lease Agreement

FH-BT is currently dormant and it is intended that FH-BT will be activated to be the master lessee of the Hotel (through the FH-BT Lessee) upon completion of the Hotel Assets Acquisition. The FH-BT Lessee is an indirect wholly-owned subsidiary of FH-BT incorporated in Australia. Pursuant to the Hotel Assets SPA, the FH-BT Lessee will acquire the Hotel Assets. In connection with the Hotel Assets Acquisition:

- (i) the FH-BT Lessee and the Vendor will enter into a master lease agreement, pursuant to which FH-BT Lessee will be appointed as the master lessee of the Hotel (the “**Melbourne Master Lease Agreement**”);
- (ii) the existing hotel management agreement (the “**Hotel Management Agreement**”) between the Vendor, AAPC Limited (ACN 009 175 820) (“**AAPC Limited**”) and AAPC Properties Pty Limited (ACN 065 560 885) (the “**Hotel Operator**”), including the rights and obligations thereunder, will be novated to the FH-BT Lessee pursuant to a deed of

novation entered into between the Vendor, Hotel Operator, FH-BT Lessee and AAPC Limited;

- (iii) the FH-BT Lessee, the Hotel Operator and AAPC Limited (acting as guarantor for the Hotel Operator's obligations and liabilities under the Hotel Management Agreement) have entered into an amending deed to amend certain terms in the Hotel Management Agreement (the amended Hotel Management Agreement is to be known as the "**Amended Hotel Management Agreement**"); and
- (iv) the FH-BT Lessee, the Melbourne Sub-Trustee, the Hotel Operator and AAPC Limited have entered into the land owner's deed referred to in paragraph 5.2 below.

Upon completion of the Property Acquisition pursuant to the Property SPA (the "**Property SPA Completion**"), the Melbourne Sub-Trustee will become the lessor under the Melbourne Master Lease Agreement. The novation of the Hotel Management Agreement to the FH-BT Lessee is effective from the date of the commencement of the Melbourne Master Lease Agreement. The Amended Hotel Management Agreement is effective from the date of the Property SPA Completion.

1.4 Investment Management Agreement

In connection with the Property Acquisition and establishment of the Melbourne Sub-Trust, an investment management agreement (the "**Investment Management Agreement**") between the Melbourne Sub-Trustee and FHT Australia Management Pty Ltd, a wholly-owned subsidiary of the REIT Manager incorporated in Australia (the "**MIT Manager**") had been entered into on 7 September 2016, pursuant to which the MIT Manager will provide certain services to the Melbourne Sub-Trust, including the management of the Melbourne Sub-Trust for and on behalf of the Melbourne Sub-Trustee. (Please refer to paragraph 6.8 below for further details.)

2. THE RIGHTS ISSUE

2.1 Principal Terms of the Rights Issue

Pursuant to the Rights Issue, the Rights Stapled Securities will be offered at the rights ratio ("**Rights Ratio**") of 32 Rights Stapled Securities for every 100 existing stapled securities in FHT ("**Stapled Securities**") held as at 5.00 p.m. on 20 September 2016, being the time and date on which the transfer books and register of stapled securityholders of FHT ("**Stapled Securityholders**") will be closed to determine the provisional allotments of Rights Stapled Securities to the Eligible Stapled Securityholders (as defined herein) (the "**Rights Issue Books Closure Date**") (fractional entitlements to be disregarded).

The Rights Issue would provide Stapled Securityholders with the opportunity to subscribe for their *pro rata* Rights Entitlement at an issue price of S\$0.603 per Rights Stapled Security ("**Issue Price**"), which is at a discount of:

- (i) approximately 23.7% to the closing price of S\$0.790 per Stapled Security on the SGX-ST on 09 September 2016, being the last trading day of the Stapled Securities prior to the announcement of the Rights Issue ("**Closing Price**"); and
- (ii) 19.0% to the theoretical ex-rights price ("**TERP**") of S\$0.745 per Stapled Security which is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of FHT based on the Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Total number of securities outstanding after the Rights Issue}}$$

The Rights Stapled Securities will be issued pursuant to the general mandate (the “**General Mandate**”) that was given by the Stapled Securityholders to the Managers for the issue of new Stapled Securities, pursuant to an ordinary resolution obtained at an annual general meeting of Stapled Securityholders held on 9 December 2015.

2.2 Status of the Rights Stapled Securities

The Rights Stapled Securities will, upon allotment and issue, rank *pari passu* in all respects with the existing Stapled Securities in issue as at the date of issue of the Rights Stapled Securities, including the right to any distributions which may accrue for the period from 1 April 2016 to 30 September 2016 as well as all distributions thereafter.

2.3 Use of Proceeds

The Managers intend to use the gross proceeds of approximately S\$266.3 million from the Rights Issue in the following manner:

- (i) approximately S\$256.3 million (equivalent to approximately 96.2% of the gross proceeds) will be used to finance the Proposed Acquisitions and related costs, net of the estimated net liabilities to be assumed by the FH-BT Lessee under the Hotel Assets SPA which will be borne by the Vendor;
- (ii) approximately S\$3.6 million (equivalent to approximately 1.4% of the gross proceeds) will be used to pay the estimated professional fees and expenses and other fees and expenses expected to be incurred in connection with the Rights Issue; and
- (iii) approximately S\$6.4 million (equivalent to approximately 2.4% of the gross proceeds) will be used for working capital and capital expenditure purposes.

Notwithstanding their current intention, the Managers may, subject to relevant laws and regulations, use the net proceeds from the Rights Issue at their absolute discretion for other purposes, including funding other acquisitions and/or reducing FH-REIT’s debt.

Pending deployment of the net proceeds from the Rights Issue, the net proceeds may be deposited with banks and/or financial institutions, or used to repay outstanding borrowings or used for any other purpose on a short-term or interim basis as the Managers may, in their absolute discretion, deem fit.

The Managers will make periodic announcements on the utilisation of the proceeds from the Rights Issue as and when such funds are materially utilised and provide a status report on the use of the proceeds from the Rights Issue in the annual reports of FHT. Where there is any material deviation from the stated use of proceeds, the Managers will announce the reasons for such deviation.

3. COMMITMENTS OF FCL AND TCCG

To demonstrate support for FHT and the Rights Issue, (i) FCL has provided the FCL Irrevocable Undertaking (as defined herein) to the Managers and Joint Lead Managers and Underwriters and (ii) TCCG has provided the TCCG Irrevocable Undertaking (as defined herein) to the Managers.

3.1 FCL Irrevocable Undertaking

FCL, which through its wholly-owned subsidiaries, FCL Investments Pte. Ltd. (“**FCLI**”), Frasers Hospitality Asset Management Pte. Ltd. (“**FHAMPL**”) and Frasers Hospitality Pte. Ltd. (“**FHPL**”), has an aggregate interest in 298,226,184 Stapled Securities (representing approximately 21.6% of the issued Stapled Securities as at the date of this announcement), has on 9 September 2016, voluntarily provided an irrevocable undertaking (the “**FCL Irrevocable Undertaking**”) to each of (a) the Managers and (b) the Joint Lead Managers and Underwriters that in accordance with the terms and conditions of the Rights Issue and in any case not later than Closing Date, FCL will accept, procure that FCLI, FHAMPL and FHPL or, as the case may be, their nominees(s) or custodian(s) (the “**FCL Relevant Entities**”) accept, and/or procure one or more of its existing subsidiaries and/or new subsidiaries/entities set up by FCL to hold Stapled Securities, to subscribe and pay in full for, the FCL Relevant Entities’ total provisional allotments of Rights Stapled Securities.

3.2 TCCG Irrevocable Undertaking

TCCG, which has an aggregate interest in 535,841,000 Stapled Securities (representing approximately 38.8% of the issued Stapled Securities as at the date of this announcement), has on 9 September 2016, voluntarily provided an irrevocable undertaking (the “**TCCG Irrevocable Undertaking**”) to each of the Managers. Pursuant to the TCCG Irrevocable Undertaking, TCCG undertakes, amongst others, that in accordance with the terms and conditions of the Rights Issue:

- (i) TCCG will accept, procure that its nominees(s) or custodian(s) (the “**TCCG Relevant Entities**”) accept, and/or procure one or more of its existing subsidiaries and/or new subsidiaries/entities set up by TCCG to hold Stapled Securities (together with the TCCG Relevant Entities, the “**TCCG Subscribing Entities**”), to subscribe and pay in full for, the TCCG Relevant Entities’ total provisional allotments of Rights Stapled Securities (the “**Entitlement Application**”); and
- (ii) TCCG will, or procure that the TCCG Subscribing Entities will, make an application, subscribe and pay in full, for Excess Rights Stapled Securities to the extent that they remain unsubscribed after satisfaction of all other applications and excess applications (if any) (the “**Excess Application**”), provided that the aggregate amount payable by TCCG and the TCCG Subscribing Entities pursuant to the Entitlement Application and the Excess Application shall not exceed S\$128.0 million.

4. UNDERWRITING OF THE RIGHTS ISSUE

Save for the number of Rights Stapled Securities to be subscribed for pursuant to (i) the FCL Irrevocable Undertaking and (ii) the TCCG Irrevocable Undertaking, the Rights Issue is underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the conditions of the management and underwriting agreement entered into between the Managers and the Joint Lead Managers and Underwriters on 9 September 2016 (the “**Management and Underwriting Agreement**”).

The Joint Lead Managers and Underwriters will be entitled to a commission of up to 2.0% of the Issue Price multiplied by the total number of Rights Stapled Securities less the number of Rights Stapled Securities subscribed for pursuant to (i) the FCL Irrevocable Undertaking and (ii) the TCCG Irrevocable Undertaking (the “**Underwritten Rights Stapled Securities**”).

It should be noted that the Management and Underwriting Agreement may be terminated upon the occurrence of certain events, including those of a *force majeure* nature, but the Joint Lead

Managers and Underwriters are not entitled to rely on *force majeure* to terminate the Management and Underwriting Agreement on or after the date on which ex-rights trading commences (being 16 September 2016) (in compliance with Rule 818 of the Listing Manual of the SGX-ST (the “**Listing Manual**”)).

5. OVERVIEW OF THE PROPOSED ACQUISITIONS

5.1 Information on the Hotel

The Hotel Operator is an entity which is part of the AccorHotels Group (“**AccorHotels**”) and operates the Property under the “Novotel” brand. The Hotel is strategically located on Collins Street, in the heart of Melbourne’s central business district (“**CBD**”). The Hotel comprises 10 floors above the retail complex, with an entrance on the ground floor and the lobby on the third floor. The Hotel utilises car park spaces located in 3 basement levels of a twelve-storey building located at 233-239 Collins Street, Melbourne, diagonally opposite the Hotel.

The table below sets out a summary of selected information on the Property as at the date of this announcement:

Location	270 Collins Street and 233-239 Collins Street, Melbourne, Victoria, Australia
Land Tenure	Freehold
Approximate GFA⁽¹⁾	20,860 sq m (224,535 sq ft)
Number of Available Hotel Rooms	380
Total Purchase Consideration (A\$ million)	237.0
Proposed Master Lessee	FH-BT Lessee
Year Built	1992
Term of Melbourne Master Lease	20 years (with an option to renew for an additional 20 years)

Note:

(1) Includes only the Hotel and not the Car Park.

5.2 Activation of FH-BT and the Melbourne Master Lease Agreement

FHT is a stapled group comprising FH-REIT and FH-BT. The units in FH-REIT (the “**FH-REIT Units**”) and the units in FH-BT (the “**FH-BT Units**”) are stapled together under the terms of a stapling deed dated 20 June 2014 entered into among the REIT Manager, Perpetual (Asia) Limited, in its capacity as trustee of FH-REIT (the “**REIT Trustee**”) and the Trustee-Manager (the “**Stapling Deed**”), and cannot be traded separately. As such, each holder of Stapled Securities will be a holder of FH-REIT Units and at the same time, FH-BT Units.

FH-BT is currently dormant and it is intended that FH-BT will be activated to be the master lessee of the Hotel (through the FH-BT Lessee) pursuant to the Melbourne Master Lease Agreement upon completion of the Hotel Assets Acquisition. The Melbourne Master Lease Agreement has an initial term of 20 years commencing from the date of completion of the Hotel Assets Acquisition, with an option for the FH-BT Lessee to extend for an additional 20 years.

As stated in paragraph 1.3 above, on the date of the Property SPA Completion, the Melbourne Sub-Trustee will become the lessor under the Melbourne Master Lease Agreement and the

Melbourne Master Lease Agreement will be an internal arrangement within the FHT stapled group.

Upon the Property SPA Completion, the Melbourne Sub-Trustee will enter into a land owner's deed with the FH-BT Lessee and the Hotel Operator. The land owner's deed sets out certain obligations to be complied with by the lessor of the Melbourne Master Lease Agreement in the event of a termination of the Melbourne Master Lease Agreement or a sale or assignment of its interests in the Hotel.

6. DETAILS OF THE PROPOSED ACQUISITIONS

6.1 Purchase Consideration and Valuation

The aggregate gross purchase consideration payable by FHT to the Vendor in connection with the Proposed Acquisitions is A\$237.0 million (approximately S\$245.4 million) (the "**Total Purchase Consideration**"). Taking into account the estimated amount of A\$3.0 million (approximately S\$3.1 million) to be borne by the Vendor¹, the net purchase consideration payable by FHT is A\$234.0 million (approximately S\$242.3 million) (the "**Net Purchase Consideration**") and comprises:

- (i) a purchase consideration of A\$231.2 million (approximately S\$239.4 million) payable by FH-REIT (through the Melbourne Sub-trustee) for the Property under the Property SPA (the "**Property Consideration**"); and
- (ii) a purchase consideration of A\$2.8 million (approximately S\$2.9 million) payable by FH-BT (through the FH-BT Lessee) for the Hotel Assets, including the Hotel Business, under the Hotel Assets SPA (the "**Net Hotel Assets Consideration**").

The Total Purchase Consideration was negotiated on a willing-buyer and willing-seller basis and based on the independent valuation of the Property and Hotel Assets by CBRE Valuations Pty Ltd ("**CBRE**"). CBRE has been appointed as the independent property valuer to value the Property and Hotel Assets. The appraised value of the Property (taking into account the Hotel Assets) as at 26 July 2016 determined by CBRE is A\$239.0 million (approximately S\$247.5 million), based on a combination of capitalisation rate, discounted cash flow and direct comparison approach valuation methods.

6.2 Acquisition Fees

An acquisition fee (the "**MIT Manager Acquisition Fee**") is payable to the MIT Manager for the Property Acquisition pursuant to the Investment Management Agreement, which amounts to approximately A\$2.3 million (approximately S\$2.4 million) (being 1.0% of the Property Consideration).

An acquisition fee (the "**Trustee-Manager Acquisition Fee**", and collectively with the MIT Manager Acquisition Fee, the "**Acquisition Fees**") is payable to the Trustee-Manager for the Hotel Assets Acquisition pursuant to the trust deed constituting FH-BT dated 20 June 2014 (the "**FH-BT Trust Deed**"), which amounts to A\$0.03 million (approximately S\$0.03 million) (being 1.0% of the Net Hotel Assets Consideration).

¹ The amount of A\$3.0 million (approximately S\$3.1 million) is to be borne by the Vendor as FH-BT Lessee is assuming certain net liabilities under the Hotel Assets SPA. As such, the Net Hotel Assets Consideration is A\$2.8 million. Not taking into account the net current liabilities to be borne by the Vendor, the gross consideration payable by FH-BT (through the FH-BT Lessee) for the Hotel Assets, including the Hotel Business, under the Hotel Assets SPA will be A\$5.8 million (the "**Gross Hotel Assets Consideration**").

The Managers have decided that the Acquisition Fees will be paid in the form of Stapled Securities.

6.3 Estimated Total Acquisitions Cost

The estimated total cost of the Proposed Acquisitions (the “**Total Acquisitions Cost**”) is A\$249.8 million (approximately S\$258.7 million), comprising:

- (i) the Net Purchase Consideration of A\$234.0 million (approximately S\$242.3 million);
- (ii) the MIT Manager Acquisition Fee of A\$2.3 million (approximately S\$2.4 million) which is payable to the MIT Manager wholly in the form of Stapled Securities;
- (iii) the Trustee-Manager Acquisition Fee of A\$0.03 million (approximately S\$0.03 million) which is payable to the Trustee-Manager wholly in the form of Stapled Securities; and
- (iv) the estimated professional and other fees and expenses incurred or to be incurred by FHT in connection with the Proposed Acquisitions of A\$13.5 million (approximately S\$13.9 million), including stamp duty payable of A\$13.0 million (approximately S\$13.5 million).

6.4 Certain Principal Terms of the Property SPA

The terms and conditions of the Property SPA were negotiated on an arm’s length basis. The Property SPA contains, *inter alia*, the following term and conditions:

- (i) FH-REIT (through the Melbourne Sub-Trustee) is required to pay a deposit of approximately A\$23.1 million (approximately S\$23.9 million) (the “**Property Deposit**”) to the trust accounts of the Vendor’s solicitors (the “**Escrow Agent**”), to be held by the Escrow Agent as stakeholder on and subject to the terms of the Property SPA and an escrow agency deed to be entered into; and
- (ii) the Melbourne Sub-Trustee (as purchaser) acknowledges that the Vendor at its own cost, intends to implement a sub-division of the land on which the Hotel is situated (the “**Hotel Land**”) and adjoining retail property (the “**Retail Land**”) in accordance with a plan of sub-division as disclosed (the “**Boundary Reconfiguration Plan**”) for purposes of accommodating changes to the boundaries of the Hotel Land, adjoining Retail Land and common property. The Melbourne Sub-Trustee agrees that it shall not make any claim against the Vendor in connection with the implementation of the Boundary Reconfiguration Plan in accordance with the terms of the Property SPA.

If the Boundary Reconfiguration Plan has been lodged but has not been registered by the Vendor by the date of the Property SPA Completion, the Melbourne Sub-Trustee:

- (a) may not delay the Property SPA Completion (and the Property SPA is not conditional on registration of the Boundary Reconfiguration Plan), provided that the Melbourne Sub-Trustee can (subject to stamping) lodge its registrable transfer of the Property at the titles office on the Property SPA Completion (and control of the title to the Hotel Land is given to the Melbourne Sub-Trustee for such purposes);
- (b) must do everything reasonably necessary (including comply with any requisitions) to enable (I) the Boundary Reconfiguration Plan (as lodged) to be registered promptly; and (II) the Hotel Land to be wholly owned by the Melbourne Sub-Trustee and the Retail Land to be wholly owned by the current owner of the Retail Land (or any purchaser from the current owner), and the Vendor will offer all reasonable assistance to the Melbourne Sub-Trustee in this regard; and

- (c) if the Vendor is unable to satisfy the requirements under paragraph 6.4(a) above by the date that is 24 hours and 1 minute after completion of the Hotel Assets Acquisition (the “**Due Date**”), either party may by notice in writing to the other party, extend the Due Date by a further 10 business days.

Upon the Property SPA Completion, (i) the Property Consideration (less the Property Deposit) is payable by the Melbourne Sub-Trustee to the Vendor and (ii) the Property Deposit shall belong to the Vendor and interest thereon (after deduction of bank fees and charges) belongs to the Vendor and the Melbourne Sub-Trustee in equal shares. If the Property SPA is terminated or rescinded, interest on the Property Deposit (after deduction of bank fees and charges) belongs to (i) the Melbourne Sub-Trustee in full if completion does not occur for any reason (except due to the Melbourne Sub-Trustee's default); or (ii) the Vendor in full if completion does not occur because of the Melbourne Sub-Trustee's default. The Vendor may forfeit and retain the Property Deposit and any interest accrued on the Property Deposit if the Melbourne Sub-Trustee is in breach of any of its obligations under the Property SPA or if it repudiates the Property SPA.

If the Vendor is in breach of any of its obligations under the Property SPA or if it repudiates the Property SPA, FH-REIT (through the Melbourne Sub-Trustee) may seek a full refund of the Property Deposit and any interest accrued on the Property Deposit.

The Property SPA and Hotel Assets SPA are inter-dependent. If the Hotel Assets SPA is rescinded or terminated for any reason, the Property SPA will also be rescinded or terminated (as applicable). If such rescission or termination is due to the FH-BT Lessee's default under the Hotel Assets SPA, the Property SPA will also be deemed to be terminated due to the Melbourne Sub-Trustee's default.

6.5 Certain Principal Terms of the Hotel Assets SPA

The terms and conditions of the Hotel Assets SPA were negotiated on an arm's length basis. Pursuant to the Hotel Assets SPA, the Hotel Assets, comprising among others, the goodwill of the Hotel Business, Liquor Licence (as defined herein), business licences, business intellectual property, occupancy documents and the FF&E relating to the Hotel will be acquired by the FH-BT Lessee. The principal terms of the Hotel Assets SPA include, among others, the following conditions precedent:

- (i) the grant of conditional pre-approval by the Victorian Commission for Gambling and Liquor Regulation (the “**Victorian Gambling and Liquor Commission**”) to the transfer of the Late Night (General) Licence No 33121245 issued under the Liquor Control Reform Act 1998 (Vic) (the “**Victorian Liquor Act**”) (the “**Liquor Licence**”) from the Vendor to the FH-BT Lessee (provided such conditions are reasonable and able to be satisfied); and
- (ii) the Victorian Gambling and Liquor Commission granting its consent in accordance with the Victorian Liquor Act to the Hotel Operator carrying on a business of supplying liquor on the licensed premises (as referred to in the Liquor Licence).

Pursuant to the Hotel Assets SPA, the FH-BT Lessee will take on the employment and operating contracts in connection with the running of the Hotel Business located at the Hotel, including the Hotel Management Agreement (which is to be amended) and ancillary agreements.

In addition, the Hotel Assets SPA contains, *inter alia*, the following term and condition, being that the FH-BT Lessee is required to pay a deposit of approximately A\$0.6 million

(approximately S\$0.6 million) (the “**Hotel Assets Deposit**”) to the trust accounts of the Escrow Agent, to be held by the Escrow Agent as stakeholder on and subject to the terms of the Hotel Assets SPA and an escrow agency deed to be entered into.

Upon completion, (i) the Gross Hotel Assets Consideration (less the Hotel Assets Deposit) is payable by the FH-BT Lessee to the Vendor and (ii) the Hotel Assets Deposit shall belong to the Vendor and interest thereon (after deduction of bank fees and charges) belongs to the Vendor and the FH-BT Lessee in equal shares. If the Hotel Assets SPA is terminated or rescinded, interest on the Hotel Assets Deposit (after deduction of bank fees and charges) belongs to (i) the FH-BT Lessee in full if completion does not occur for any reason (except due to the FH-BT Lessee’s default); or (ii) the Vendor in full if completion does not occur because of the FH-BT Lessee’s default. The Vendor may forfeit and retain the Hotel Assets Deposit and any interest accrued on the Hotel Assets Deposit if the FH-BT Lessee is in breach of any of its obligations under the Hotel Assets SPA or if it repudiates the Hotel Assets SPA.

If the Vendor is in breach of any of its obligations under the Hotel Assets SPA or if it repudiates the Hotel Assets SPA, FH-BT (through the FH-BT Lessee) may seek a full refund of the Hotel Assets Deposit and any interest accrued on the Hotel Assets Deposit.

As stated above, the Property SPA and Hotel Assets SPA are inter-dependent. If the Property SPA is rescinded or terminated for any reason, the Hotel Assets SPA will also be rescinded or terminated (as applicable). If such rescission or termination is due to the Melbourne Sub-Trustee’s default under the Property SPA, the Hotel Assets SPA will also be deemed to be terminated due to the FH-BT Lessee’s default.

6.6 No Objections Notification obtained from FIRB

Prior to the execution of the Property SPA and Hotel Assets SPA, FHT has already received a “*no objection*” letter dated 18 August 2016 in respect of the Proposed Acquisitions from the Foreign Investment Review Board (“**FIRB**”) under the Foreign Acquisitions and Takeovers Act 1975 (Cth) of Australia (“**FATA**”). The “*no objection*” letter is subject to standard tax conditions imposed by FIRB.

6.7 Certain Principal Terms of the Amended Hotel Management Agreement

On the date of completion of the Hotel Assets Acquisition and the commencement of the Melbourne Master Lease Agreement, the Hotel Management Agreement, including the rights and obligations thereunder, will be novated to the FH-BT Lessee. The FH-BT Lessee and Hotel Operator have also entered into an amending deed to amend certain terms of the Hotel Management Agreement.

The principal terms of the Amended Hotel Management Agreement include, among others, the following:

- (a) the Hotel Operator is appointed as the exclusive operator of the Hotel to manage and operate the Hotel in a proper and business-like manner subject to the terms and conditions of the Hotel Management Agreement;
- (b) the hotel management and operation services to be provided by the Hotel Operator include collection of charges, rents and other amounts due, sales and marketing services, hiring, training, supervision and termination of employees and providing maintenance and repair;

- (c) the term of the Amended Hotel Management Agreement is for a period of twenty years commencing from the date of completion of the Property Acquisition (the “**Frasers Completion Date**”); and
- (d) the Hotel Operator is entitled to a management fee of an agreed per cent. of the gross operating profit for each operating year.¹

The FH-BT Lessee is also responsible for other costs and expenses of maintaining, operating and supervising the operation of the Hotel which are typical in hotel management agreements, such as centralised services charges and reservation fees, which are payable to the Operator and/or its affiliates. The FH-BT Lessee is responsible for any capital expenditure including FF&E.

6.8 Certain Principal Terms of the Investment Management Agreement

Under the Investment Management Agreement entered into between the MIT Manager and the Melbourne Sub-Trustee, the MIT Manager shall provide certain services to the Melbourne Sub-Trustee and the Melbourne Sub-Trust, including (but not limited to) management of the Melbourne Sub-Trust for and on behalf of the Melbourne Sub-Trustee, keeping the trust property under periodic review and conferring with the Melbourne Sub-Trustee at agreed intervals regarding the management of the Melbourne Sub-Trust.

In consideration for the MIT Manager providing the services under the Investment Management Agreement in connection with the Melbourne Sub-Trust, the MIT Manager will be entitled to certain fees under the Investment Management Agreement.

The fees payable to the MIT Manager under the Investment Management Agreement will only apply subject to there being no double-counting of the payment of fees to the MIT Manager under the Investment Management Agreement and payment of fees to the MIT Manager (in its capacity as manager of the head trust, FHT Australia Trust) pursuant to the head trust management agreement in respect of FHT Australia Trust. For the avoidance of doubt, any fees paid by the Melbourne Sub-Trust to the MIT Manager under the Investment Management Agreement or the investment management agreement in respect of FHT Australia Trust will correspondingly reduce the final amount of the relevant fees to be received by the REIT Manager.

7. RATIONALE FOR AND KEY BENEFITS OF THE RIGHTS ISSUE AND THE PROPOSED ACQUISITIONS

The Managers believe that the Rights Issue and the Proposed Acquisitions will provide Stapled Securityholders with the following benefits:

7.1 Strengthen FHT’s balance sheet to increase financial flexibility

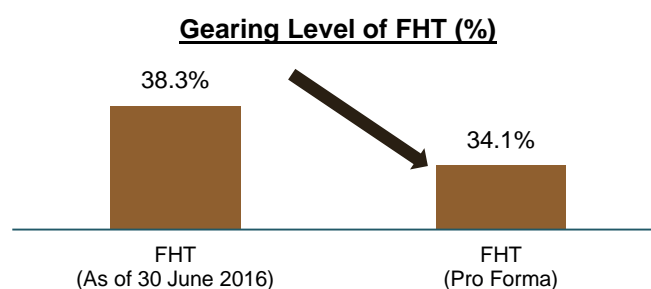
The Rights Issue is a pre-emptive measure by the Managers to reduce FHT’s gearing and strengthen its balance sheet to increase financial flexibility for future growth.

¹ The Managers are not able to disclose the amount of fees payable to the Hotel Operator as the Managers were not able to obtain approval from the Hotel Operator for such information to be disclosed in the Announcement due to confidentiality obligations under the Amended Hotel Management Agreement. The Managers believe that the fee structure is commercially fair and reasonable. In any case, the Managers are of the view that these are not material expenses of FHT, taken as a whole.

The Managers intend to utilise the proceeds from the Rights Issue to primarily fund the acquisition of the Property and the Hotel Assets, mitigating the impact of distribution per Stapled Security (“DPS”) dilution from the Rights Issue. The Hotel is a prime hospitality property located in a buoyant hospitality market with growth potential.

Post-transaction, FHT’s gearing will reduce from 38.3%¹ to 34.1%. This will provide FHT with an enhanced credit profile for greater financial flexibility and access to more funding options, enhancing FHT’s ability to pursue future growth opportunities, via accretive acquisitions and/or asset enhancement initiatives, in an efficient manner.

The chart below illustrates the reduction in the gearing of FHT from the Rights Issue and Proposed Acquisitions.



7.2 Unique opportunity to be seized by the Managers to acquire a prime hotel within Melbourne CBD

(i) Prime hotel property

The Hotel is one of the few hotels strategically located within Melbourne’s core CBD area along Collins Street. It is within close proximity to prime office and retail precincts and tourist attractions.

Having undergone various asset enhancement initiatives over the last few years, including the renovation of rooms and conference facilities, the Hotel has the potential to capture higher yielding businesses with no major capital expenditure foreseeable in the near term. The Hotel is also expected to benefit from the recent completion of the asset enhancement and repositioning of the adjoining St. Collins Lane into one of Melbourne’s premium retail offerings.

Apart from the Hotel, the other hotels in the vicinity are 5-star hotels, presenting a potential for the Hotel to be re-positioned as a higher tier hotel in the future. There is also a limited new competitive supply of hotels in this locality as the majority of the new upcoming supply of hotel rooms will be located in Docklands and South Bank area or at the city fringe.

¹ As of 30 June 2016.

The following diagram highlights the Hotel's strategic location along Collins Street:



(ii) **Reputable operator**

The Hotel will continue to be operated by AccorHotels under the “Novotel” brand and leverage on AccorHotel’s extensive global network. AccorHotels has one of the largest hotel networks with more than 4,000 properties across 95 countries. It has a portfolio of 20 internationally renowned brands including Fairmont, Sofitel, Pullman, Swissôtel, Novotel, Mecure and ibis.

AccorHotels is also the largest operator in Australia with over 25 years’ experience and a portfolio of 208 properties in Australia. Its regional head office is located in Sydney and its loyalty program comprises over 28 million members worldwide and over 1.9 million in Australia.

7.3 Ride on Melbourne’s growing hospitality market

Melbourne is the finance, sports, arts and cultural hub city of Australia, with strong visitor-ship. Voted as the world’s most liveable city for the sixth year by the Economist Intelligence Unit¹, it is a fast growing hospitality market in Australia, where demand growth has typically matched or exceeded the growth in rooms available, having seen a 19.2% increase in visitor nights from 2013 to 2015 due to growth in both domestic and international visitors².

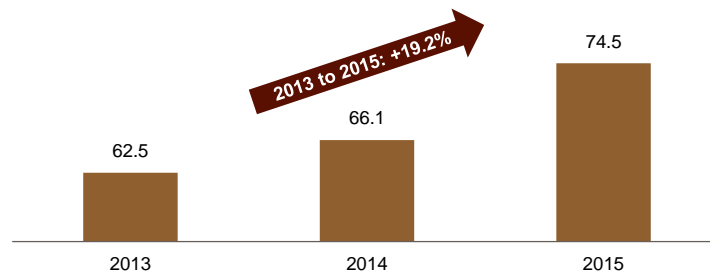
As a result, occupancy and revenue per available room (“RevPAR”) have seen annual increases since 2010. In addition, the average daily rate of rooms in the Melbourne hospitality market is projected to increase 3.0% annually for 2016 and 2017³.

Growth in Melbourne’s hospitality sector is expected to continue due to the following reasons⁴:

1 Source: <http://www.abc.net.au/news/2016-08-18/melbourne-ranked-worlds-most-liveable-city-for-sixth-year/7761642>, 18 August 2016 <Last accessed 9 September 2016>.
 2 Source: CBRE.
 3 Source: CBRE.
 4 Source: CBRE.

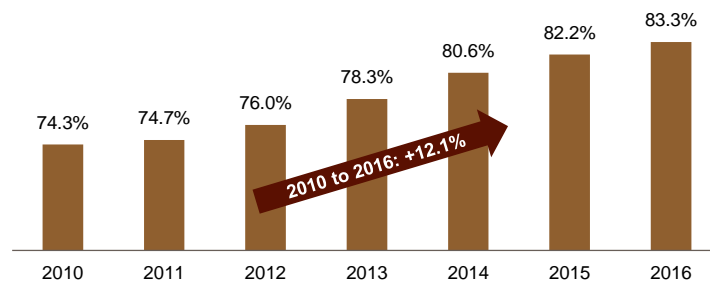
- Improvements in infrastructure, including:
 - the completion of Melbourne Airport Terminal Four in 2H 2015,
 - the expansion of the Melbourne Convention and Exhibition Centre,
 - the expansion of Melbourne Park sporting and entertainment precinct,
 - the development of the Federation Square – Eastern Precinct, and
 - the development of E-Gate, a mixed use inner city precinct on the edge of Melbourne’s CBD; and
- Hosting of major international sporting, cultural and entertainment events such as the Australian Tennis Open, and the Formula 1 Grand Prix which is contracted to be held in Melbourne until 2023.

Melbourne Visitation
(millions of visitor nights)



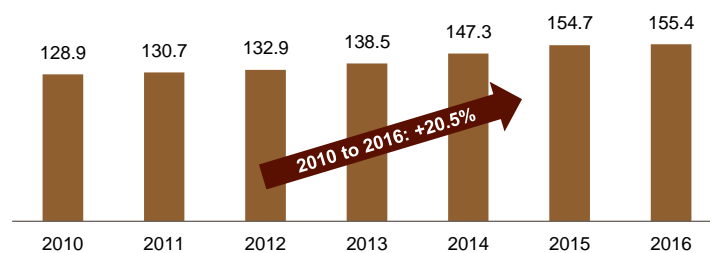
Source: CBRE

Melbourne Occupancy
(Rolling 12 months for year ended April)



Source: CBRE

Melbourne RevPAR
(A\$; Rolling 12 months for year ended April)



Source: CBRE

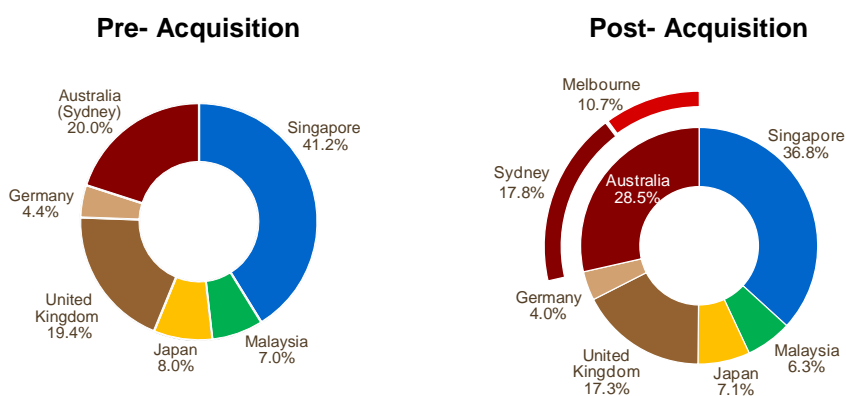
7.4 Enhance FHT's portfolio resilience through diversification

The acquisition of the Hotel will further enhance and diversify FHT's portfolio by providing exposure to Melbourne's attractive hospitality supply and demand dynamics, which will provide income stability and growth potential to FHT. With the acquisition of the Hotel, FHT's portfolio size would increase from S\$2.1 billion¹ to S\$2.3 billion.

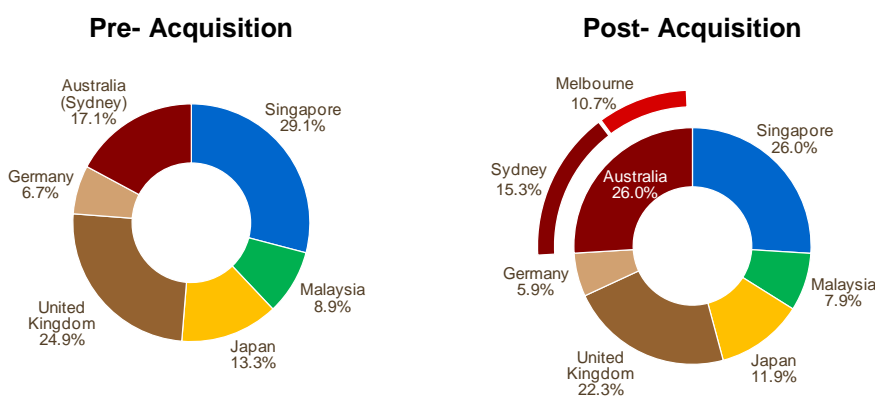
In addition, the Proposed Acquisitions reduce the single asset risk of FHT's portfolio, where the highest appraised value for a single property in FHT's portfolio will be reduced in proportion from 26.1% to 23.3% of the total appraised value of FHT's portfolio.

The diagrams below illustrate: (i) impact of the Proposed Acquisitions on the geographical distribution of FHT's portfolio value; and (ii) impact of the Proposed Acquisitions on the geographical contribution to FHT's Net Property Income for the financial year ended 30 September 2015 ("FY2015")².

Pro Forma Impact of the Proposed Acquisitions on Portfolio Value



Impact of the Proposed Acquisitions on Pro Forma Net Property Income for FY2015



7.5 The Rights Issue provides an opportunity for existing Stapled Securityholders to participate in an equity fund raising exercise

- 1 Based on the appraised value of FHT's properties as at 30 September 2015, save for Maritim Hotel Dresden which was valued as at 31 March 2016 and (if applicable) including the appraised value of the Property which is as at 26 July 2016 (the "Portfolio Value").
- 2 Based on the *pro forma* Net Property Income for FY2015 and adjusted for the acquisition of Maritim Hotel Dresden.

The Rights Issue provides an opportunity for Eligible Stapled Securityholders to subscribe for their Rights Entitlement at an Issue Price of S\$0.603 which is at an attractive discount of 19.0% to TERP.

The Rights Entitlements are renounceable, and Eligible Stapled Securityholders who do not wish to subscribe for their entitlements may sell their “nil-paid” rights and crystallise the value of the rights discount.

7.6 Increase FHT’s free float

The Rights Issue will increase FHT’s free float¹ by up to S\$105.3 million from S\$431.2 million² to S\$536.5 million³.

7.7 Strong support from the Sponsor and the Strategic Investor

As stated in paragraph 3 above, to demonstrate support for FHT and the Rights Issue, (i) the Sponsor, FCL, has provided the FCL Irrevocable Undertaking to the Managers and Joint Lead Managers and Underwriters and (ii) the Strategic Investor, TCCG, has provided the TCCG Irrevocable Undertaking to the Managers.

8. APPROVAL IN-PRINCIPLE OF THE SGX-ST

The SGX-ST has on 8 September 2016 given its approval in-principle for the listing and quotation of the Rights Stapled Securities on the Main Board of the SGX-ST. The SGX-ST’s approval in-principle is not to be taken as an indication of the merits of the Rights Issue, the Rights Stapled Securities, FHT, FH-REIT, FH-BT and/or their subsidiaries.

The listing approval of the Rights Stapled Securities is subject to the following conditions:

- (i) compliance with the SGX-ST’s listing requirements;
- (ii) submission of a written undertaking from the Managers that they will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Managers will disclose a breakdown with specific details on the use of proceeds for working capital in FHT’s announcements on use of proceeds and in FHT’s annual report;
- (iii) submission of a written undertaking from the Managers that they will comply with Rule 877(10) of the Listing Manual with regard to the allotment of any Excess Rights Stapled Securities; and
- (iv) submission of a written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that each of FCL and TCCG have sufficient financial resources to fulfil their respective obligations under the FCL Irrevocable Undertaking and the TCCG Irrevocable Undertaking.

9. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

1 The term “free float”, in the context of this announcement refers to Stapled Securities held by persons who are not either of FCL, TCCG or their associates (as defined in the Listing Manual).
2 Based on Closing Price.
3 Based on TERP and assuming no Excess Rights Stapled Securities has been allocated to FCL or TCCG.

Eligible Stapled Securityholders are Stapled Securityholders with Stapled Securities standing to the credit of their securities account with CDP (but do not include securities sub-accounts) (“**Securities Account**”) and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days¹ prior to the Rights Issue Books Closure Date, provided CDP with Singapore addresses for the service of notices and documents, but exclude, subject to certain exceptions, Stapled Securityholders located, resident or with a registered address in any jurisdiction in which the offering of Rights Stapled Securities and Rights Entitlements may not be lawfully made (“**Eligible Stapled Securityholders**”).

Eligible Stapled Securityholders will receive their Rights Entitlements under the Rights Issue on the basis of their holdings of Stapled Securities in FHT (“**Stapled Securityholdings**”) as at the Rights Issue Books Closure Date and are entitled to participate in the Rights Issue and to receive the offer information statement to be lodged with the Monetary Authority of Singapore (the “**MAS**”, and the offer information statement, the “**Offer Information Statement**”) (including the ARE and the ARS) at their respective Singapore addresses registered with CDP. Eligible Stapled Securityholders are at liberty to accept in part or in full, decline or otherwise renounce or trade (during the Rights Entitlements trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Stapled Securities. No provisional allotments of Rights Stapled Securities will be made to Stapled Securityholders who are not Eligible Stapled Securityholders (the “**Ineligible Stapled Securityholders**”) and no purported acceptance thereof or application for Excess Rights Stapled Securities thereof by Ineligible Stapled Securityholders will be valid.

The Rights Stapled Securities represented by the provisional allotments (A) of (i) Eligible Stapled Securityholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the Rights Entitlements trading period prescribed by the SGX-ST) and/or (ii) Ineligible Stapled Securityholders which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the renounees of the Rights Entitlements or the purchasers of Rights Entitlements (collectively, “**Excess Rights Stapled Securities**”) will be aggregated and used to satisfy applications (if any) for Excess Rights Stapled Securities or disposed of or otherwise dealt with in such manner as the Managers may, in their absolute discretion, deem fit.

Subject to the requirements of or otherwise waived by the SGX-ST, in the allotment of Excess Rights Stapled Securities, preference will be given to the rounding of odd lots (if any) followed by allotment to the Stapled Securityholders who are neither directors of the Managers (“**Directors**”) nor Substantial Stapled Securityholders (as defined herein). Directors and Substantial Stapled Securityholders who have control or influence over FHT or the Managers in connection with the day-to-day affairs of FHT or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of directors of the Managers, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Stapled Securities.

Eligible Stapled Securityholders who hold Stapled Securities under the Supplementary Retirement Scheme or through a finance company or depository agent can only accept their provisional allotments of Rights Stapled Securities by instructing their relevant bank, finance company or depository agent to do so on their behalf. **ANY APPLICATION MADE BY THE ABOVEMENTIONED STAPLED SECURITYHOLDERS DIRECTLY TO CDP OR THROUGH ATMS WILL BE REJECTED.** Such Stapled Securityholders should refer to the Offer

¹ “**Market Day**” refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

Information Statement to be lodged with the MAS for important details relating to the offer procedure in connection with the Rights Issue.

For practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Stapled Securityholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Stapled Securityholders.

10. OFFER INFORMATION STATEMENT

In connection with the Rights Issue, the Managers will, following the lodgement of the Offer Information Statement with the MAS, issue and despatch the Offer Information Statement to Stapled Securityholders setting out, among other things, the details of the Rights Issue and a profit forecast of FHT's total returns for its existing portfolio and enlarged portfolio (which includes the Property).

11. INDICATIVE TIMETABLE

An indicative timeline for the Rights Issue is set out below (all references are to Singapore dates and times):

Event	Date and Time
Last day of "cum-rights" trading for the Rights Issue	: 15 September 2016
First day of "ex-rights" trading for the Rights Issue	: 16 September 2016
Lodgement of Offer Information Statement	: 20 September 2016
Rights Issue Books Closure Date	: 20 September 2016 at 5.00 p.m.
Despatch of the Offer Information Statement (together with the application forms) to Eligible Stapled Securityholders	: 23 September 2016
Commencement of trading of Rights Entitlements	: 23 September 2016 from 9.00 a.m.
Last date and time for splitting and trading of Rights Entitlements	: 3 October 2016 at 5.00 p.m.
Closing Date:	
Last date and time for acceptance of the Rights Entitlements and payment for Rights Stapled Securities	: 7 October 2016 at 5.00 p.m. ⁽¹⁾ (9.30 p.m. for Electronic Applications through ATMs of Participating Banks)
Last date and time for application and payment for Excess Rights Stapled Securities	: 7 October 2016 at 5.00 p.m. ⁽¹⁾ (9.30 p.m. for Electronic Applications through ATMs of Participating Banks)
Last date and time for acceptance of and payment by the renounee	: 7 October 2016 at 5.00 p.m.
Expected date of the issuance of the Rights Stapled Securities	: 14 October 2016
Expected date for commencement of trading of Rights Stapled Securities on the SGX-ST	: 17 October 2016 from 9.00 a.m.

Note:

- (1) If acceptances of the Rights Entitlements and (if applicable) applications for Excess Rights Stapled Securities, as the case may be, are made through CDP in accordance with the ARE and the ARS.

The Managers may, in consultation with the Joint Lead Managers and Underwriters and with the approval of the SGX-ST, modify the above timetable subject to any limitation under any applicable laws. In such an event, the Managers will announce the same via the SGXNET. However, as at the date of this announcement, the Managers do not expect the above timetable to be modified.

12. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

12.1 Method of Financing

The Total Acquisitions Cost will be fully funded by the proceeds raised from the Rights Issue.

12.2 Pro Forma Financial Effects of the Proposed Acquisitions

12.2.1 Assumptions

The *pro forma* financial effects of the Rights Issue, Proposed Acquisitions and Melbourne Master Lease Agreement (collectively, the “**Transaction**”) on the DPS, the net asset value (“**NAV**”) per Stapled Security, and the capitalisation of FHT presented below are **strictly for illustrative purposes** and were prepared based on the audited financial statements for FY2015 (the “**2015 Audited Financial Statements**”) as well as the following assumptions:

- (i) the Net Purchase Consideration is A\$234.0 million (approximately S\$242.3 million);
- (ii) 441,549,281 Rights Stapled Securities are issued at an Issue Price of S\$0.603 per Rights Stapled Security;
- (iii) the MIT Manager Acquisition Fee of A\$2.3 million (approximately S\$2.4 million) is payable to the MIT Manager wholly in the form of Stapled Securities;
- (iv) the Trustee-Manager Acquisition Fee of A\$0.03 million (approximately S\$0.03 million) is payable to the Trustee-Manager wholly in the form of Stapled Securities;
- (v) the estimated professional and other fees and expenses incurred or to be incurred by FHT in connection with the Proposed Acquisitions is A\$13.5 million (approximately S\$13.9 million), inclusive of stamp duty payable of A\$13.0 million (approximately S\$13.5 million); and
- (vi) (where applicable) Australian dollar denominated transactions related to the Proposed Acquisitions are based on the exchange rate of A\$1.00 : S\$1.0356.

The *pro forma* financial effects are for **illustrative purposes only** and do not represent FHT’s DPS and NAV per Stapled Security following the completion of the Transaction.

12.2.2 Pro Forma Financial Effects for FY2015

- (i) **Pro Forma DPS**

FOR ILLUSTRATIVE PURPOSES ONLY: the *pro forma* financial effects of the Transaction on the DPS for FY2015, as if the Transaction were completed on 14 July 2014 (the date of listing of FHT on the Main Board of the SGX-ST) and FHT had held the Hotel and Hotel Assets through to 30 September 2015 are as follows:

	Pro Forma Financial Effects for FY2015			
	FY2015 Audited Financial Statements	After the Maritim Acquisition ⁽¹⁾ only	After the Transaction only	After the Maritim Acquisition and the Transaction
Amount available for distribution ⁽²⁾ (S\$'000)	93,727.2	94,766.8	106,052.6	107,092.2
Stapled Securities in issue and to be issued ('000)	1,368,026.1	1,369,812.1 ⁽³⁾	1,815,000.1 ⁽⁴⁾	1,816,786.1 ⁽⁵⁾
DPS (cents)	7.5645	7.6282	6.2875	6.3380
DPS yield (%)	7.9 ⁽⁶⁾	7.9 ⁽⁶⁾	6.9 ⁽⁷⁾	7.0 ⁽⁷⁾
DPS yield (%) based on Issue Price	N.A.	N.A.	8.6	8.6

Notes:

- (1) "Maritim Acquisition" refers to the acquisition by FH-REIT of the hospitality asset known as "Maritim Hotel Dresden", located in Germany, which was completed on 15 June 2016.
- (2) The distribution for FHT represents the aggregate of distributions by FH-REIT and FH-BT.
- (3) Based on the number of Stapled Securities in issue and to be issued as at 30 September 2015 and adjusted to include approximately 1.8 million new Stapled Securities issued to the REIT Manager as payment for the acquisition fee and the REIT Manager's base and performance fee in relation to the Maritim Acquisition.
- (4) Based on the number of Stapled Securities in issue and to be issued as at 30 September 2015 and adjusted to include (i) approximately 441.5 million Rights Stapled Securities, (ii) approximately 3.3 million new Stapled Securities issued to the MIT Manager as payment for the MIT Manager Acquisition Fee and to the Trustee-Manager as payment for the Trustee-Manager Acquisition Fee in relation to the Transaction; and (iii) approximately 2.2 million new Stapled Securities that are issuable to the REIT Manager's base and performance fees, MIT Manager's base and performance fees, and Trustee-Manager's management base and performance fees.
- (5) Based on the number of Stapled Securities in issue and to be issued as at 30 September 2015 and adjusted to include new Stapled Securities issued in relation to the Maritim Acquisition and the Transaction.
- (6) Based on Closing Price of S\$0.790 per Stapled Security.
- (7) Based on TERP of S\$0.745 per Stapled Security.

(ii) **Pro Forma NAV per Stapled Security**

FOR ILLUSTRATIVE PURPOSES ONLY: the *pro forma* financial effects of the Transaction on the NAV per Stapled Security as at 30 September 2015, as if the Transaction were completed on that date, are as follows:

	Pro Forma Financial Effects as at 30 September 2015			
	FY2015 Audited Financial Statements	After the Maritim Acquisition only	After the Transaction only	After the Maritim Acquisition and the Transaction

NAV (S\$'000)	1,172,282.2	1,164,598.5	1,421,623.5	1,413,939.8
Stapled Securities issued ('000)	1,357,378.5	1,358,626.0 ⁽¹⁾	1,802,182.0 ⁽²⁾	1,803,429.5 ⁽³⁾
NAV per Stapled Security (cents)	86.36	85.72	78.88	78.40

Notes:

- (1) Based on the number of Stapled Securities in issue as at 30 September 2015 and adjusted to include approximately 1.2 million new Stapled Securities issued to the REIT Manager as payment for the acquisition fee in relation to the Maritim Acquisition.
- (2) Based on the number of Stapled Securities in issue as at 30 September 2015, and adjusted to include (i) approximately 441.5 million Rights Stapled Securities, and (ii) approximately 3.3 million new Stapled Securities issued to the MIT Manager as payment of the MIT Manager Acquisition Fee and to the Trustee-Manager as payment for the Trustee-Manager Acquisition Fee in relation to the Transaction.
- (3) Based on the number of Stapled Securities in issue as at 30 September 2015, and adjusted to include new Stapled Securities issued in relation to the Maritim Acquisition and the Transaction.

(ii) **Pro Forma Capitalisation**

FOR ILLUSTRATIVE PURPOSES ONLY: the *pro forma* financial effects of the Transaction on the capitalisation of FHT as at 30 September 2015, as if the Transaction were completed on that date, are as follows:

(in S\$'000)	Pro Forma Financial Effects as at 30 September 2015			
	FY2015 Audited Financial Statements	After the Maritim Acquisition <u>only</u>	After the Transaction <u>only</u>	After the Maritim Acquisition and the Transaction
Long-term debt⁽¹⁾:				
Secured	30,881.8	30,881.8	30,881.8	30,881.8
Unsecured	754,121.6	754,121.6	754,121.6	754,121.6
Total debt	785,003.4	785,003.4	785,003.4	785,003.4
Stapled Securityholders' funds	1,172,282.2	1,164,598.5	1,421,623.5	1,413,939.8
Total capitalisation	1,957,285.6	1,949,601.9	2,206,626.9	2,198,943.2

Note:

- (1) Stated net of unamortised transaction costs.

13. INTERESTS OF THE DIRECTORS AND CONTROLLING STAPLED SECURITYHOLDERS

13.1 As at the date of this announcement and based on information available to the Managers as at the date of this announcement, the interests of the directors of the Managers (the "**Directors**") in the Stapled Securities are as follows:

- (a) Mr Law Song Keng is the Chairman and Independent Director of the Managers and has a direct interest in 416,590 Stapled Securities;
- (b) Mr Choe Peng Sum is a Non-Executive Director of the Managers, Chief Executive Officer of FHPL (an entity within the FCL Group¹) and a director of other entities within

¹ "FCL Group" means FCL and its subsidiaries and entities held or managed, directly or indirectly, by FCL.

the FCL Group other than the Managers and has a direct interest in 400,000 Stapled Securities;

- (c) Mr Lim Ee Seng is a Non-Executive Director of the Managers and a director of other entities within the FCL Group other than the Managers and has a direct interest in 400,000 Stapled Securities; and
- (c) Mr Panote Sirivadhanabhakdi is a Non-Executive Director of the Managers, a director of FCL and other entities within the FCL Group other than the Managers and a director of various entities within the TCC Group¹ (which is the controlling shareholder of the FCL Group) and holds 20.0% of the issued share capital of TCCG. Accordingly, Mr Panote Sirivadhanabhakdi has a deemed interest in TCCG's interest in 535,841,000 Stapled Securities.

13.2 Save as disclosed above and based on information available to the Managers as at the date of this announcement, none of the Directors or the controlling Stapled Securityholders has an interest, direct or indirect, in the Proposed Acquisitions.

14. OTHER INFORMATION

14.1 Director's Service Contracts

No person is proposed to be appointed as a director of the Managers in connection with the Proposed Acquisitions or any other transactions contemplated in relation to the Proposed Acquisitions.

14.2 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rules 1006(b) and 1006(c) of the Listing Manual of the SGX-ST ("**Listing Manual**") are as follows:

- (i) the net profits attributable to the assets acquired compared with FHT's net profits; and
- (ii) the aggregate value of the consideration given compared with FHT's capitalisation.

Comparison of:	The Proposed Acquisitions	FHT	Relative Figure
Profits⁽¹⁾ (S\$ million)	2.7 ⁽²⁾	27.0 ⁽³⁾	9.9%
Total Purchase Consideration against market capitalisation (S\$ million)	245.4	1,088.4 ⁽⁴⁾	22.5%

Notes:

- (1) In the case of a real estate investment trust, net property income is a close proxy to the net profits attributable to its assets.
- (2) Relates to the estimated net property income of the Property for the financial quarter ended 30 June 2016 which is based on the earnings before interest expenses, taxes, depreciation and amortisation in the management accounts of the Property for the relevant time period.
- (3) Relates to FHT's actual net property income for the financial quarter ended 30 June 2016.
- (4) Based on the weighted average price of the Stapled Securities transacted on the SGX-ST on 8 September 2016, being the market day preceding the date of execution of the Property SPA and the Hotel Assets SPA of approximately S\$0.789 per Stapled Security.

¹ "**TCC Group**" refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

FH-REIT 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, which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing. FH-BT was established for the purpose of being the master lessee for FH-REIT's properties (if there are no other suitable master lessees) and is meant to appoint a professional manager to manage the relevant hotel or service residence. Accordingly, the Managers are of the view that the Proposed Acquisitions are in the ordinary course of FHT's business and does not change its risk profile as the Property Acquisition falls within FH-REIT's investment policy and the Hotel Assets Acquisition (and appointment of the Hotel Operator) is consistent with the purposes for which FH-BT was established. As such, the Proposed Acquisitions is not subject to Chapter 10 of the Listing Manual.

15. UPDATE ON USE OF PROCEEDS FROM THE 2015 PRIVATE PLACEMENT

The Managers refer to the private placement of 150,000,000 new Stapled Securities at an issue price of S\$0.820 per New Stapled Security which closed on 26 June 2015 (the "**2015 Private Placement**").

Further to FHT's announced financial statements for the financial periods ended 30 September 2015 and 31 December 2015 and the disclosures therein on the use of proceeds from the 2015 Private Placement, the Managers wish to provide the following updates to Stapled Securityholders.

- (i) It was disclosed in the financial statements for the period ended 30 September 2015 that approximately S\$0.1 million (equivalent to approximately 0.08% of the gross proceeds of the 2015 Private Placement) from the 2015 Private Placement was utilised for working capital purposes. The Managers wish to inform Stapled Securityholders that the working capital purpose mentioned was the payment of property tax incurred for Sofitel Sydney Wentworth.
- (ii) It was disclosed in the financial statements for the period ended 31 December 2015 that a sum of S\$0.4 million of the proceeds from the 2015 Private Placement remained unutilised as at 31 December 2015. The Managers wish to update Stapled Securityholders that since 31 December 2015, approximately S\$0.1 million of the remaining proceeds (equivalent to approximately 0.08% of the gross proceeds of the 2015 Private Placement) have been utilised for purposes of paying professional expenses incurred in relation to the acquisition of Sofitel Sydney Wentworth, being the payment of legal fees and tax agent's fees.

16. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Managers¹ at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 for a period of three months from this announcement:

- (i) the Property SPA;
- (ii) the Hotel Assets SPA;

¹ Prior appointment with the Managers (telephone number: +65 6276 4882) will be appreciated.

- (iii) the Investment Management Agreement; and
- (iv) the full valuation report issued by CBRE.

The trust deed constituting FH-REIT dated 12 June 2014 (as amended), the FH-BT Trust Deed and the Stapling Deed will also be available for inspection at the registered office of the Managers for so long as FHT is in existence.

By Order of the Board

Frasers Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201331351D)
(as manager of Frasers Hospitality Real Estate Investment Trust)

Frasers Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201401270M)
(as trustee-manager of Frasers Hospitality Business Trust)

Piya Treruangrachada
Company Secretary

9 September 2016

IMPORTANT NOTICE

This announcement 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, 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.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view on future events.

The value of Stapled Securities and the income derived from them, if any, may fall or rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers, the REIT Trustee or any of its/their affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Managers to redeem their Stapled Securities while the Stapled Securities are listed. It is intended that 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.

This publication is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities. The past performance of FHT and the Managers is not necessarily indicative of the future performance of FHT and the Managers.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia) and is not to be distributed or circulated outside Singapore. Any failure to comply with this restriction may constitute a violation of United States securities laws or the laws of other jurisdictions. The nil-paid rights and Rights Stapled Securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No public offering of the securities is being made in the United States.

ADDITIONAL INFORMATION – AUSTRALIA'S FOREIGN INVESTMENT REGIME

Australia's foreign investment regime was substantially re-written and amended on and from 1 December 2015.

Notifiable actions (i.e. mandatory notification)

Investors who are “foreign persons”¹ that acquire Stapled Securities are required under the FATA or the Australian Government's Foreign Investment Policy to notify and receive a prior statement of no objection (“**FIRB Clearance**”) of their investment in FHT under Australia's foreign investment regime from the Australian Treasurer through FIRB if any of the circumstances set out below apply at the time the Stapled Securities are acquired:

- (a) if either FH-REIT or FH-BT is considered to be an “Australian Land Trust” (“**ALT**”)² at the time of acquisition, all foreign persons acquiring Stapled Securities (including existing holders of Stapled Securities acquiring additional Stapled Securities) will require FIRB Clearance unless an exemption applies (see below); and
- (b) any investor that is a Foreign Government Investor³ acquiring a “**direct interest**”⁴ in FHT will require FIRB Clearance at the time of acquisition, regardless of whether FH-REIT or FH-BT is considered to be an ALT or whether FHT has gross Australian assets in excess of AUD252.0 million.

Exemptions from ALT requirements

The FATA, as recently amended, contains two relevant exemptions from the requirement to obtain FIRB Clearance that would otherwise apply if FH-REIT or FH-BT was considered to be an ALT:

1 A “**foreign person**” is now defined as:

- an individual not ordinarily resident in Australia; or
- a corporation in which an individual not ordinarily resident in Australia, a foreign corporation or a foreign government holds a substantial interest; or
- a corporation in which 2 or more persons, each of whom is an individual not ordinarily resident in Australia, a foreign corporation or a foreign government, hold an aggregate substantial interest; or
- the trustee of a trust in which an individual not ordinarily resident in Australia, a foreign corporation or a foreign government holds a substantial interest; or
- the trustee of a trust in which 2 or more persons, each of whom is an individual not ordinarily resident in Australia, a foreign corporation or a foreign government, hold an aggregate substantial interest; or
- a foreign government; or
- any other person, or any other person that meets the conditions, prescribed by the regulations.

2 Previously, this was an “Australian Urban Land Trust Estate”. An ALT is similarly defined, being a unit trust in which the value of interests in Australian land exceeds 50% of the value of the total assets of the unit trust.

3 A “**foreign government investor**” is now defined to mean:

- a foreign government or separate government entity;
- a corporation or trustee of a trust in which:
 - a foreign government or separate government entity, alone or together with one or more associates, holds a substantial interest (that is, an interest of at least 20%); or
 - foreign governments or separate government entities of more than one foreign country (or parts of more than one foreign country), together with any one or more associates, hold an aggregate substantial interest (that is, an interest of at least 40%);
- a general partner of a limited partnership in which:
 - a foreign government or separate government entity, alone or together with one or more associates, holds an interest of at least 20%; or
 - foreign governments or separate government entities of more than one foreign country (or parts of more than one foreign country), together with any one or more associates, hold an aggregate interest of 40 per cent or more; or
- a corporation, trustee or general partner of a kind described above.

4 A “**direct interest**” is now defined to mean:

- an interest of at least 10% in the entity or business, or
- an interest of at least 5% in the entity or business if the person who acquires the interest has entered a legal arrangement relating to the businesses of the person and the entity or business, or
- an interest of any percentage in the entity or business if the person who has acquired the interest is in a position to:
 - participate or influence the central management and control of the entity or business; or
 - influence, participate or determine the policy of the entity or business.

- (a) the relevant person's interest in FH-REIT or FH-BT would not be valued in excess of a specified threshold prescribed under the FATA (at the date of this announcement, the threshold prescribed under the FATA is AUD252.0 million, unless the ALT has 'sensitive' land holdings, in which case the threshold is AUD55.0 million)¹; and
- (b) the relevant person, together with associates, is acquiring an interest of less than 10% in FHT and will not be in a position to influence or participate in the central management and control of the land entity or to influence, participate in or determine the policy of the land entity.²

Significant actions (i.e. voluntary notification)

If FHT has gross Australian assets in excess of a specified threshold prescribed under the FATA (as at the date of this announcement, the threshold prescribed under the FATA is AUD252.0 million for most private foreign investors)³ at the time of acquisition, all investors (i) who are foreign persons and (ii) who are acquiring a Substantial Interest in FHT or have a Substantial Interest⁴ and increase their holding, should note that, while prior notification and FIRB Clearance are not required, the Australian Treasurer still has the power to make adverse orders under the FATA if such transaction is considered to be contrary to Australia's national interest.⁵ In such case, it may be prudent for an Investor to seek FIRB Clearance on a voluntary basis.

As at 30 June 2016, the value of the Australian assets comprised in FH-REIT's portfolio is 19.8% of the total asset value of FH-REIT. FH-BT was dormant as at 30 June 2016. Consequently, FHT is not considered to be an ALT.

As at 30 June 2016, FHT has gross Australian assets of approximately A\$410.1 million, which is above AUD252.0 million.

Any Investor acquiring Stapled Securities on the secondary market should seek their own advice on the FIRB requirements as they pertain to their specific circumstances.

1 This is a new exemption that was introduced into the FATA on and from 1 December 2015 and applies in respect of ALTs that have predominantly developed commercial real estate portfolios (i.e. less than 10% residential or vacant commercial land). Previously, there was no applicable monetary threshold. FIRB has also confirmed that it is the value of the interest being acquired, rather than the value of the underlying land that is determinative for the purposes of this exemption. The concept of 'sensitive' land is broad and includes mines and critical infrastructure (for example, an airport or port).

2 This exemption reflects the "*passive investor administrative exemption*" that was previously available, and applies where an ALT is listed on an official stock exchange (whether in Australia or not).

3 A higher threshold of AUD1,094.0 million applies to foreign persons that are enterprises from the United States, New Zealand, Chile, Japan, South Korea or the People's Republic of China.

4 A person holds a "**Substantial Interest**" in a trust if the person together with any one or more associates, holds a beneficial interest in at least 20% of the income or property of the trust. Before 1 December 2015, the threshold was 15%.

5 Previously, such an acquisition would have been captured by the mandatory notification regime; it is now captured only by the voluntary notification regime.