



**PRESS RELEASE**

**Frasers Hospitality Trust Third Quarter Distribution Income  
Rose 9.6% to \$23.0 Million**

**Boosted mainly by the addition of Novotel Melbourne on Collins and better performance of Australia, Japan and Malaysia portfolios**

**Singapore, 27 July 2017** – Frasers Hospitality Trust (“FHT”), a stapled group comprising Frasers Hospitality Real Estate Investment Trust (“FH-REIT”) and Frasers Hospitality Business Trust (“FH-BT”), is pleased to announce that its gross revenue (“GR”) and net property income (“NPI”) for the third quarter ended 30 June 2017 (“3Q FY2017”) grew 22.6% and 8.5% year-on-year (“yoy”) to \$38.9 million and \$29.3 million respectively. Distribution income (“DI”) for the quarter increased 9.6% yoy to \$23.0 million. With the increase in the number of stapled securities in FHT (“Stapled Securities”) post-Rights Issue<sup>1</sup>, distribution per Stapled Security (“DPS”) was 1.2374 cents.

**Summary of Results**

S\$ mil	3Q FY2017	3Q FY2016	Variance	9M FY2017	9M FY2016	Variance
GR	38.9	31.7	+22.6%	117.1	90.2	+29.9%
NPI	29.3	27.0	+8.5%	88.7	75.6	+17.4%
NPI Margin	75.3%	85.2%	-9.9 ppt	75.7%	83.8%	-8.1 ppt
DI	23.0	21.0	+9.6%	69.7	63.0	+10.6%
DPS (cents) – restated	1.2374	1.1444 <sup>1,2</sup>	+8.1%	3.7695	4.0396 <sup>1,2</sup>	-6.7%
No. of Stapled Securities entitled to distribution (mil) – restated	1,855.1	1,830.6 <sup>1</sup>	+1.3%	1,855.1	1,830.6 <sup>1</sup>	+1.3%
DPS (cents) – as reported	1.2374	1.5126	-18.2%	3.7695	4.5632	-17.4%
No. of Stapled Securities entitled to distribution (mil) – as reported	1,855.1	1,385.0	+33.9%	1,855.1	1,385.0	+33.9%

In 3Q FY2017, FHT’s GR, NPI and DI were boosted by the addition of Novotel Melbourne on Collins. All portfolios, except Singapore, also reported better performance. NPI margin for the quarter was lower yoy, averaged down by the lower NPI margin of Novotel Melbourne on Collins. As the Melbourne hotel is not master leased, its NPI margin is computed after taking into account the hotel’s operating costs,

<sup>1</sup> FHT issued 441,549,281 Rights Stapled Securities at S\$0.603 per Stapled Security on 14 October 2016 (the “Rights Issue”).

<sup>2</sup> DPS and the number of Stapled Securities entitled to distribution have been restated to reflect the effect of bonus element in relation to the Rights Issue.

which in the other properties would have been borne by the master lessees.

As a result of the increase in the number of Stapled Securities to 1,855.1 million following the Rights Issue, DPS (as reported) declined 18.2% compared to a year ago.

Ms Eu Chin Fen, Chief Executive Officer of the Managers said, “Our operating performance in the third quarter continued to be resilient, underpinned by the additional contribution from Novotel Melbourne on Collins and better performance from our Australia, UK, Japan and Malaysia portfolios. Looking ahead, we remain proactive in managing our assets and disciplined in seeking value-creating acquisitions to deliver long-term growth in both distribution and net asset value per unit to our stapled securityholders.”

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

In 3Q FY2017, the Australia portfolio recorded a significant yoy increase of 46.0% and 56.7% in gross operating revenue (“**GOR**”) and gross operating profit (“**GOP**”) respectively, boosted by the addition of Novotel Melbourne on Collins. Despite renovation works at Novotel Rockford Darling Harbour which affected the overall portfolio occupancy, the average revenue per available room (“**RevPAR**”) for the portfolio was stable yoy. As Sydney and Melbourne continued to enjoy a busy events calendar, with Sydney in particular benefitting from the opening of the International Convention Centre, RevPAR for FHT’s Sydney and Melbourne properties increased by 7.3% and 2.5% respectively yoy for the quarter.

The Singapore portfolio reported GOR growth of 0.5% in 3Q FY2017 due to higher occupancy and RevPAR recorded at both InterContinental Singapore and Fraser Suites Singapore. Revenue from food and beverage outlets at InterContinental Singapore also increased yoy due mainly to a step up in marketing efforts. However, GOP for the portfolio declined 1.6% yoy mainly attributed to the hotel’s higher operating costs. While RevPAR for Fraser Suites Singapore grew in the quarter, the property continues to pursue new accounts from the engineering, government and manufacturing industries.

GOR and GOP of the UK portfolio rose 5.2% and 0.4% respectively on the back of improved market sentiment vis-a-vis 3Q FY2016. Higher room rates and occupancy contributed to a 5.5% growth in RevPAR. While the UK portfolio performance has improved, GOP growth remains under pressure from the minimum wage increment.

GOR and GOP of ANA Crowne Plaza Kobe increased 4.7% and 18.2% respectively in 3Q FY2017 as a result of improved banquet and food and beverage revenues. However, the strength of the Japanese yen continues to affect international arrivals in the Kansai region, leading to less spill-over traffic from Osaka. The property remains focused on increasing revenue from conferences and events to improve performance.

The Kuala Lumpur market continued its recovery in the quarter, with The Westin Kuala Lumpur recording yoy RevPAR growth of 11.2%. The hotel’s GOR and GOP increased 11.1% and 38.7% respectively as stronger transient and corporate demand as well as renovation at a competing hotel led to higher occupancy while improved consumer sentiment led to an increase in food and beverage outlet revenue. Banquet revenue also increased on the back of improved demand for corporate and social events at the hotel.

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

As at 30 June 2017, FHT’s total debt was \$810.2 million, with gearing at 34.1% and the weighted average years to maturity at 1.59 years. The proportion of fixed-rate debt to total debt was 87.8% while the effective cost of debt was 2.5% per annum. Interest cover was 5.2 times and net asset value per Stapled Security was 74.92 cents.

## Outlook

Tourism Australia reported a yoy increase of 6.9% in international arrivals for January to April 2017, with Chinese visitors growing by 6.6%. Sydney's healthy performance is expected to continue, with growth fuelled by both corporate demand and a busy events calendar<sup>3</sup>. Melbourne's accommodation market has experienced a robust level of growth over the last five years, capitalising on the city's extensive events calendar. Notwithstanding this, the underlying market buoyancy is anticipated to moderate slightly as new supply pipeline continues to build<sup>4</sup>.

For the first four months of 2017, Singapore Tourism Board reported a 4.4% growth yoy in visitor arrivals, with China and Indonesia being the top source markets for travellers. Singapore continues to grow its pipeline of MICE events which include the 5th Annual Worldwide Nursing Conference 2017, BuildTech Asia 2017, CAPA Asia Aviation and Corporate Travel Summit, and Aviation Week's MRO Asia Conference and Exhibition. However, the large hotel supply pipeline, increasing regional competition and ongoing global economic uncertainty may continue to impact hotel trading performance in Singapore<sup>5</sup>.

According to Visit Britain, the UK received 15.5 million overseas visitors for January to May 2017, up 9.0% yoy. The UK remains an attractive global destination and tourism arrivals are expected to grow 4% in 2017, with London being the most visited city in the country. While more hotel rooms are due to open in London this year, the expected increase in visitors is likely to absorb the extra supply<sup>6</sup>. In view of the rising confidence in the Scottish economy and its tourism going from strength to strength, Edinburgh looks to capitalise on this positive outlook and is benefitting from significant developments including the £850 million St James development<sup>7</sup>.

For January to June 2017, Japan National Tourism Organization recorded a 17.4% increase in foreign visitors, with the number of Korean and Chinese visitors growing 42.5% and 6.7% yoy respectively. The new Kansai Terminal 2, which is designated for low-cost carriers, has commenced operations since January 2017 and is expected to boost Osaka's incoming tourism numbers<sup>8</sup>. Osaka is likely to see a jump in new supply this year and room rates are expected to continue rising albeit at a slower pace<sup>9</sup>.

According to Tourism Malaysia, tourist arrivals for the first three months of 2017 declined marginally by 0.5% yoy to 6.6 million. Chinese tourists grew 7.5% yoy for the same period. Tourism Malaysia is targeting 31.8 million international arrivals for 2017, representing a yoy growth of over 18%. Despite the government's continued commitment to promote Kuala Lumpur as a key MICE destination, oversupply of hotel rooms remains a concern<sup>10</sup>.

The Federal Statistical Office of Germany recorded a yoy increase of 3.0% in the number of domestic and foreign overnight stays for the first four months of 2017<sup>11</sup>. In Dresden, the total number of domestic and foreign visitors rose 6.4% yoy for January to April 2017<sup>12</sup>. The capital city of the Free State of Saxony continues to grow its pipeline of MICE events including the 14th European Conference on Molecular Electronics, Cryogenics Conferences, Börsentag Dresden and HAUS.

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<sup>3</sup> Source: JLL – Asia Pacific Property Digest, Q1 2017

<sup>4</sup> Source: JLL – Hotel Destinations Asia Pacific, May 2017

<sup>5</sup> Source: JLL – Hotel Destinations Asia Pacific, May 2017

<sup>6</sup> Source: JLL – Hotel Intelligence, March 2017

<sup>7</sup> Source: JLL – Hotel Intelligence, March 2017

<sup>8</sup> Source: JLL – Hotel Destinations Asia Pacific, May 2017

<sup>9</sup> Source: Savills – Spotlight: Japan Hospitality – February 2017

<sup>10</sup> Source: JLL – Hotel Destinations Asia Pacific, May 2017

<sup>11</sup> Source: [www.destatis.de](http://www.destatis.de)

<sup>12</sup> Source: [www.dresden.de](http://www.dresden.de)

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## **About Frasers Hospitality Trust**

Fraser Hospitality Trust (“**FHT**”) is the first global hotel and serviced residence trust listed in Singapore on 14 July 2014, comprising Fraser Hospitality Real Estate Investment Trust (“**FH-REIT**”) and Fraser Hospitality Business Trust (“**FH-BT**”).

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 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 June 2017 was approximately S\$2.3 billion. 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 London, Fraser Place Canary Wharf London, 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**

Fraser Centrepoint Limited (“**FCL**”) is a full-fledged international real estate company and one of Singapore’s top property companies with total assets of S\$25 billion as at 31 March 2017. 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 Asia, Australia, Europe, and the MENA region. FCL also has an International Business unit that focuses on China, Southeast Asia, and the United Kingdom.

FCL is listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). FCL is also a sponsor and its subsidiaries are the managers of three REITs listed on the SGX-ST, Fraser Centrepoint Trust, Fraser Commercial Trust, and Fraser Logistics & Industrial Trust that are focused on retail properties, office and business space properties, logistics and industrial properties respectively, as well as one stapled trust listed on the SGX-ST, FHT (comprising FH-REIT and FH-BT) 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 2017, it owns, among others, 21 retail shopping centres with approximately 515,000 square metres of retail space, 11 commercial offices with approximately 1,000,000 square metres of office space, 46 hotels with 10,138 keys in Thailand and 6 countries worldwide.

## Important Notice

This publication 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 Frasers Hospitality Asset Management Pte. Ltd.'s (as the manager of FH-REIT) and Frasers Hospitality Trust Management Pte. Ltd.'s (as the trustee-manager of FH-BT) (collectively, 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, Perpetual (Asia) Limited (the Trustee of FH-REIT) or any of its 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.

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