

Fraser's Hospitality Trust reports DPS of 1.1226 cents for the third quarter

Summary of Results

S\$ million	3Q FY2018	3Q FY2017	Variance	9M FY2018	9M FY2017	Variance
Gross Revenue ("GR")	38.2	38.9	-1.8%	117.2	117.1	-
Net Property Income ("NPI")	28.5	29.3	-2.8%	87.7	88.7	-1.2%
Income Available for Distribution ("DI")	21.1	23.0	-8.1%	66.4	69.7	-4.7%
Distribution Per Stapled Security, cents ("DPS")	1.1226	1.2374	-9.3%	3.5459	3.7695	-5.9%

SINGAPORE, 26 JULY 2018

Fraser's Hospitality Trust ("FHT"), a stapled group comprising Fraser's Hospitality Real Estate Investment Trust ("FH-REIT") and Fraser's Hospitality Business Trust ("FH-BT"), today announced that for the third quarter ended 30 June 2018 ("3Q FY2018"), its GR and NPI were S\$38.2 million and S\$28.5 million respectively, down 1.8% and 2.8% year-on-year ("yoy"). The declines were mainly due to weaker performance from its Australia and Malaysia properties.

The soft performance of the Australia portfolio was attributed to the more competitive trading environment in Sydney. However, Novotel Sydney Darling Square performed better yoy with the return of its full room inventory compared to last year when the number of available rooms was affected by renovation.

The Westin Kuala Lumpur reported lower room and food and beverage revenue due to significant reduction in business and government activities leading up to and after the general election in Malaysia. Softer demand from the Middle East also contributed to the hotel's lower revenue.

In contrast, the Singapore portfolio recorded stable performance on the back of increased operating efficiencies at both properties, and stronger food and beverage revenue at the InterContinental Singapore. The UK properties performed better yoy due to higher room rates and occupancies arising from increased leisure demand.

DI decreased by 8.1% yoy to S\$21.1 million on the back of lower NPI and higher finance costs. As a result, DPS was 1.1226 cents, 9.3% lower yoy.

Ms Eu Chin Fen, Chief Executive Officer of the Managers¹ said, "We turned in weaker performance this quarter primarily due to the significant decline in revenue at The Westin Kuala Lumpur and a more competitive trading environment in Sydney. Our hotel in Kuala Lumpur was much affected by significant pullbacks in business and government spending prior to and after the Malaysia general election which saw the unexpected election results adding uncertainty to businesses and major projects."

¹ Fraser's Hospitality Asset Management Pte. Ltd. (the manager of FH-REIT) and Fraser's Hospitality Trust Management Pte. Ltd. (the trustee-manager of FH-BT) are collectively known as the "Managers"

“Amidst the challenges in these markets, we will continue to work very closely with the respective property operators to strengthen our competitiveness and drive revenue growth. We remain focused on pursuing acquisition opportunities to support earnings growth and create value for our stapled securityholders,” Ms Eu added.

Review of Portfolio’s Performance

In 3Q FY2018, the Australia properties reported lower gross operating revenue (“GOR”) and gross operating profit (“GOP”) as the trading environment in Sydney has been more competitive due to softer corporate demand. However, Novotel Sydney Darling Square performed better yoy as it benefited from having its full room inventory compared to last year when there was renovation. Novotel Melbourne on Collins continued to perform well in this quarter, with strong revenue per available room (“RevPAR”) growth of 11.6% yoy. The portfolio RevPAR rose only by 2.0% yoy on the back of higher occupancy.

The Singapore portfolio recorded stable performance, with GOP increasing 4.2% yoy despite a drop in GOR of 1.5%. The higher GOP was attributed to increased operating efficiencies at both properties and stronger food and beverage revenue at the InterContinental Singapore. The portfolio RevPAR declined 3.8% yoy as Fraser Suites Singapore pursued a volume strategy by lowering its average daily rates (“ADR”).

GOR and GOP of the UK portfolio grew yoy by 3.1% and 4.0% respectively due to ADR and occupancy gains arising from increased leisure demand.

ANA Crowne Plaza Kobe’s GOR declined 4.9% yoy due to softer banquet performance. However, the decline in its GOP was lower at 3.2% due to productivity and efficiency gains achieved by its food and beverage division.

The Westin Kuala Lumpur’s GOR and GOP declined yoy by 13.5% and 35.7% respectively as a result of consequential pullbacks in business and government spending leading up to and after the Malaysia general election which saw the unexpected election results. While the hotel maintained its market share vis-à-vis its peers, its revenue was affected by weak market demand, with corporate and government spending stalled on the back of uncertainty surrounding businesses and projects. Demand from the Middle East has also weakened for the quarter.

Capital Management with High Proportion of Fixed-Rate Borrowings

As at 30 June 2018, FHT’s total borrowings were S\$854.8 million, with gearing at 34.0% and the weighted average maturity at 2.43 years. The proportion of fixed-rate borrowings to total borrowings was 87.8% while the effective cost of borrowing was 2.6% per annum. Interest cover remained healthy at 5.1 times and net asset value per Stapled Security was 77.52 cents.

Market Outlook

Tourism Australia reported a yoy increase in international arrivals of 6.1% for the first five months of 2018, with Chinese visitors growing by 10.5%. A relatively large number of new rooms is anticipated to enter the Sydney market over the next three years but continued strong demand is expected to offset the supply increase. Stable occupancy and anticipated increases in ADR are likely to continue to support RevPAR growth in the city². The Melbourne hotel market, on the other hand, is expected to stay muted. Room rate

² Source: JLL – Asia Pacific Property Digest, Q1 2018

growth has been hard to come by and with a glut of new supply in 2018 and 2019, this is anticipated to remain the case for some time³.

Singapore Tourism Board (STB) reported a yoy growth of 6.9% in visitor arrivals for the first five months of 2018. China and Indonesia were the top source markets for tourism, accounting for 35.3% of total visitor arrivals. In the near term, hotel demand is expected to remain strong due to continued arrivals growth while limited hotel supply should reduce supply-side pressure. Hotel trading performance is anticipated to pick up in 2H2018. Increased marketing efforts by STB and the positive outlook in Asia-Pacific tourism should continue to drive visitor arrivals growth⁴.

In the UK, weaker economic growth is expected to persist in 2018 as considerable uncertainty still relates to Brexit. While stronger global growth could help cushion inbound business and leisure travel to the UK, the weaker economic growth of the country is likely to depress ADR growth. The weak British pound that has made the UK more affordable for inbound tourists may also 'fizzle out'⁵.

For January to June 2018, Japan National Tourism Organization recorded 15.6% growth in foreign visitors. While growth of inbound tourism continues, high supply levels may concern hoteliers. But new regulations on minpaku (home-sharing type of accommodation) and strong demand fundamentals could mitigate the negative impact of heightened competition⁶.

Despite tourist arrivals declining 3.0% yoy to 25.9 million, tourist receipts still inched up 0.1% to RM82.2 billion last year. Tourism Malaysia targets to achieve 33.1 million tourist arrivals and RM134 billion in tourism receipts for 2018. It reported a yoy decline of 3.4% in tourist arrivals for January to April 2018. In Kuala Lumpur, hotel room rates are expected to remain stagnant in the near future, in view of the new room supply that has entered the market since last year. This would deter the existing hotels from raising their rates in order to stay competitive⁷.

For January to May 2018, the Federal Statistical Office of Germany recorded a yoy increase of 5.0% in the number of domestic and foreign overnight stays⁸. In Dresden, the total number of domestic and foreign visitors rose 8.9% yoy for January to May 2018⁹. Dresden, the capital city of the Free State of Saxony, continues to grow its pipeline of MICE events for 2018 and 2019 including Bauen Kaufen Wohnen, Florian, Borsentag Tag Dresden, HAUS, Sachsenback and Green and Sustainable Chemistry Conference.

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³ Source: CBRE – MarketView Australia Hotels, Q1 2018

⁴ Source: JLL – Asia Pacific Property Digest Q1 2018

⁵ Source: Knight Frank – Spring Market Overview, UK Hotel & Leisure Property 2018

⁶ Source: Savills – Spotlight: Japan Hospitality, February 2018

⁷ Source: The Edge Financial Daily – 25 May 2018

⁸ Source: www.destatis.de

⁹ Source: www.dresden.de

About FHT

FHT is the first global hotel and serviced residence trust listed in Singapore on 14 July 2014, comprising FH-REIT and 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 total asset value is S\$2.5 billion as at 30 June 2018. These 9 hotels and 6 serviced residences are: Novotel Melbourne on Collins, Novotel Sydney Darling Square (formerly Novotel Rockford Darling Harbour), Sofitel Sydney Wentworth, Fraser Suites Sydney, InterContinental Singapore, Fraser Suites Singapore, ibis Styles London Gloucester Road (formerly Best Western Cromwell London), Park International London, Fraser Suites Edinburgh, Fraser Suites Glasgow, Fraser Suites Queens Gate, Fraser Place Canary Wharf, ANA Crowne Plaza Kobe, The Westin Kuala Lumpur and Maritim Hotel Dresden. Collectively, they have a total of 3,914 rooms comprising 3,072 hotel rooms and 842 serviced residence units.

For more information on FHT, please visit www.frasershospitalitytrust.com

About Frasers Property Limited

Frasers Property Limited ("Frasers Property" or the "Company"), is a multi-national company that owns, develops and manages a diverse, integrated portfolio of properties. Listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and headquartered in Singapore, the Company is organised around five asset classes with total assets of S\$30 billion as at 31 March 2018.

Frasers Property's assets range from residential, retail, commercial and business parks, to logistics and industrial in Singapore, Australia, Europe, China and Southeast Asia. Its well-established hospitality business owns and / or operates serviced apartments and hotels in over 80 cities across Asia, Australia, Europe, the Middle East and Africa. The Company is unified by its commitment to deliver enriching and memorable experiences for customers and stakeholders, leveraging knowledge and capabilities from across markets and property sectors, to deliver value in its multiple asset classes.

Frasers Property is also the sponsor of three real estate investment trusts and one stapled trust listed on the SGX-ST. Frasers Centrepoint Trust, Frasers Commercial Trust, and Frasers Logistics & Industrial Trust are focused on retail properties, office and business space properties and business parks, logistics and industrial properties respectively. FHT (comprising FH-REIT and FH-BT) is a stapled trust focused on hospitality properties.

For more information on Frasers Property, please visit www.frasersproperty.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. 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, 47 hotels with 10,409 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 the Managers' current view on future events.

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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.

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

FOR MEDIA QUERIES, PLEASE CONTACT:

Fraser's Hospitality Trust

Sandy Leng
Assistant Vice President, Investor Relations
T +65 6349 0423
E sandy.leng@frasershospitality.com