

Fraser's Hospitality Trust reports DPS of 1.2154 cents for the fourth quarter

Summary of Results

S\$ million	4Q FY2018	4Q FY2017	Variance	FY2018	FY2017	Variance
Gross Revenue ("GR")	38.7	41.6	-6.9%	155.9	158.7	-1.8%
Net Property Income ("NPI")	29.4	31.5	-6.7%	117.0	120.2	-2.6%
Income Available for Distribution ("DI")	23.0	23.8	-3.4%	89.4	93.5	-4.4%
Distribution Per Stapled Security, cents ("DPS")	1.2154	1.2763	-4.8%	4.7613	5.0458	-5.6%

SINGAPORE, 26 OCTOBER 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 fourth quarter ended 30 September 2018 ("4Q FY2018"), its GR and NPI were S\$38.7 million and S\$29.4 million respectively, down 6.9% and 6.7% year-on-year ("yoy"). The declines were due to overall weaker portfolio performance except for the Singapore and Germany portfolios.

The softer performance of the Australia portfolio was attributed to the more competitive trading environment in Sydney. However, Novotel Sydney Darling Square continued to perform better yoy with the return of its full room inventory compared to last year when there was renovation.

The Westin Kuala Lumpur turned in significantly lower room and food and beverage ("F&B") revenue for the quarter as corporate demand remained weak.

ANA Crowne Plaza Kobe's revenue also declined following the closure of its banquet space to replace partition walls. In addition, the hotel experienced cancellations due to the recent typhoons.

In contrast, the Singapore portfolio's performance remained stable in 4Q FY2018, on the back of increased room revenue and operating efficiencies from Fraser Suites Singapore. Maritim Hotel Dresden also reported higher room revenue, underpinned by healthy gains in revenue per available room ("RevPAR").

Notwithstanding the 6.7% decrease in NPI, DI declined by 3.4% yoy due to a writeback of tax provision. Consequently, DPS was 1.2154 cents, 4.8% below last year.

For the financial year ended 30 September 2018 ("FY2018"), FHT's GR, NPI and DI declined yoy mainly due to weaker performance from the Australia, Malaysia and UK portfolios, and higher finance costs arising from increased borrowings and higher interest rates following the refinancing of bank borrowings with bonds of a longer tenure. DPS for FY2018 was 4.7613 cents, 5.6% lower yoy.

Ms Eu Chin Fen, Chief Executive Officer of the Managers¹ said, "FY2018 has been a challenging year for FHT. The performance of Novotel Sydney Darling Square was affected by renovation which was only completed in February this year while our other properties in Sydney faced a more competitive trading environment due to softer corporate demand."

"The Westin Kuala Lumpur reported poorer performance on the back of increased room supply. Significant drop in corporate demand before and after the general election further affected the hotel's performance. The weaker performance from our UK portfolio was mainly attributed to ibis Styles London Gloucester Road which has commenced renovation since August 2018."

"Notwithstanding these headwinds, we turned in a reasonable set of results on the back of better performance reported by our properties in Melbourne, Singapore and Dresden. In addition, our Japan property reported steady performance despite the impact from the recent typhoons. Going forward, we will proactively pursue opportunities to optimise our portfolio and strengthen the competitive positioning of our properties to create value for our stapled securityholders," Ms Eu added.

Review of Portfolio's Performance

In 4Q FY2018, the Australia properties reported lower gross operating revenue ("GOR") and gross operating profit ("GOP") as the trading environment in Sydney remained very competitive due to softer corporate demand. However, Novotel Sydney Darling Square performed better yoy with the return of its full room inventory compared to last year when the property was undergoing renovation. Novotel Melbourne on Collins also continued to perform well, with healthy RevPAR growth of 8.1% yoy. Overall, the portfolio RevPAR rose by 0.6% yoy on the back of increased occupancy.

The Singapore portfolio's performance remained stable, with GOR and GOP increasing yoy by 0.2% and 1.5% respectively. The higher GOR and GOP were mainly attributed to increased room revenue and operating efficiencies from Fraser Suites Singapore. The portfolio RevPAR declined by 1.3% yoy due to lower average daily rate ("ADR") recorded by InterContinental Singapore. Competition from new market entrants in the Bugis precinct continued to exert downward pressure on ADR.

GOR of the UK portfolio grew by 1.5% but GOP declined by 2.6% yoy due to higher maintenance costs incurred by some of the London properties. ibis Styles London Gloucester Road commenced renovation since August 2018 and 33 rooms were affected in this quarter. As a result, portfolio occupancy declined by 0.8 percentage point yoy. Renovations for the remaining rooms and public areas are scheduled to complete by December 2018 and March 2019 respectively. Excluding ibis Styles London Gloucester Road, the UK portfolio RevPAR would have improved by 3.8% yoy.

ANA Crowne Plaza Kobe's GOR declined by 11.0% yoy due to the closure of banquet space for replacement of partition walls. The hotel was also impacted by Typhoon Jebi and Typhoon Cimaron, and as a result, experienced cancellations during the quarter. However, productivity and efficiency gains achieved by its F&B division led to the lower yoy decline in GOP of 8.7%.

The Westin Kuala Lumpur's GOR and GOP continued to drop significantly yoy by 14.8% and 21.6% respectively as corporate demand remained weak, affecting both room and F&B revenue. TWKL's RevPAR declined by 14.3% yoy on the back of lower ADR and occupancy. However, it continues to stay competitive, maintaining its market share vis-à-vis its peers.

Portfolio Valuation

As at 30 September 2018, FHT's investment portfolio was valued at a total of S\$2.40 billion by an independent valuer, down from S\$2.44 billion a year ago. The 1.6% decline was mainly due to the weakening of most foreign currencies against the Singapore dollar, except for the Japanese yen and

¹ Frasers Hospitality Asset Management Pte. Ltd. (the REIT Manager of FH-REIT) and Frasers Hospitality Trust Management Pte. Ltd. (the Trustee-Manager of FH-BT) are collectively known as the "Managers"

Malaysian ringgit. In local currency terms, the valuations of the Australia, UK, Japan and Germany portfolios were higher yoy.

Capital Management

As at 30 September 2018, FHT's total borrowings were S\$835.0 million, with gearing at 33.6% and the weighted average maturity at 2.91 years. The proportion of fixed-rate borrowings to total borrowings was 73.3% while the effective cost of borrowing was 2.6% per annum. Interest cover remained healthy at 4.95 times and net asset value per Stapled Security was 77.70 cents.

Distribution Details

Distribution Period	1 April 2018 to 30 September 2018
DPS	2.3380 cents
Last Day of Trading on "Cum" Basis	31 October 2018
First Day of Trading on "Ex" Basis	1 November 2018
Books Closure Date	5 November 2018
Distribution Payment Date	28 December 2018

Market Outlook

Tourism Research Australia, in its 2017 tourism forecast report, has projected international visitors to Australia to increase from 8.6 million in 2016–17 to 9.2 million in 2017–18 and 9.7 million in 2018–19. For the first eight months of 2018, Australia saw a 5.8% yoy increase in international arrivals to 5.9 million, with Chinese visitors growing by 7.3%². In Sydney, a relatively large number of new rooms is anticipated to enter the hotel market over the next three years, but continued strong demand is expected to help offset the increase in supply³. In Melbourne, muted performance is likely to continue, consistent with a market that will be adding more supply. Room rate growth would be hard to achieve⁴.

Singapore Tourism Board forecasts international visitor arrivals for 2018 to be in the range of 17.6 million to 18.1 million, representing a growth of 1% to 4% yoy. For the first eight months of 2018, it reported a yoy growth of 7.5% in visitor arrivals to 12.6 million. China, Indonesia and India remained the top three source markets for tourism, accounting for 43.5% of total visitor arrivals. In the near term, hotel performance is expected to improve on the back of demand fuelled by continued growth in tourist arrivals and limited room supply growth. These should lead to improved occupancy levels, potentially allowing hotels to increase rates⁵.

According to VisitBritain, the volume of inbound tourism for 2018 is forecast to reach 40.9 million visitors, an increase of 4.4% on 2017. In the first half of 2018, the UK welcomed 17.9 million overseas visitors, down 7.0% yoy. Business visits were 8.0% below the levels seen in the first half of 2017. Going forward, ongoing Brexit and economic uncertainty, and any escalation of global trade tensions could continue to slow business travel growth in 2019. New room supply could also weigh on hotel trading performance⁶.

From January to August 2018, Japan National Tourism Organization recorded a yoy growth of 12.6% in foreign visitors. Growth in inbound tourism remains and hotel operators are likely to enjoy an improved outlook as the rate of increase in hotel supply appears to have slowed and minpaku (home-sharing accommodation) supply has greatly decreased, which should allow for better pricing power. Japan's marketing initiatives to increase tourism from outside Asia could potentially yield a positive impact on hotels in terms of diversification and profitability⁷.

² Source: www.tourism.australia.com/en/markets-and-stats/tourism-statistics/international-visitor-arrivals.html

³ Source: JLL – Asia Pacific Property Digest, Q2 2018

⁴ Source: CBRE – MarketView Australia Hotels, Q2 2018

⁵ Source: JLL – Asia Pacific Property Digest Q2 2018

⁶ Source: PwC UK Hotels Forecast 2018/2019, September 2018

⁷ Source: Savills – Spotlight: Japan Hospitality, August 2018

Tourism Malaysia aims to achieve 33.1 million tourist arrivals and RM134 billion in tourism receipts for 2018. New tourism developments, such as the 20th Century Fox World Theme Park in Genting Highlands, are expected to enhance Malaysia's leisure tourism appeal and boost visitor arrivals. However, hotel trading performance in Kuala Lumpur, particularly in the upscale and luxury segments, would continue to face pressure amid increasing competition arising from the large incoming room supply⁸.

From January to August 2018, the Federal Statistical Office of Germany recorded a 4.0% yoy increase in the number of overnight stays by domestic and foreign visitors⁹. In Dresden, the total number of domestic and foreign visitors rose 5.5% yoy for the first seven months of 2018¹⁰. Dresden, the capital city of the Free State of Saxony, continues to grow its pipeline of MICE events for 2019 including the International Symposium Additive Manufacturing, HAUS, Sachsenback, Green and Sustainable Chemistry Conference, EuroBrake, and the Annual Conference of the European Society for Biomaterials.

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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 strategy of investing globally, on a long-term basis, in income-producing real estate assets used primarily for hospitality purposes.

FHT provides investors exposure to one of the largest international hospitality portfolios by number of keys. Its geographically diversified portfolio of 15 quality assets are in prime locations across 9 key cities in Asia, Australia and Europe. With a combined appraised value of S\$2.40 billion, 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.

FHT is managed by Frasers Hospitality Asset Management Pte. Ltd., the REIT manager of FH-REIT, and Frasers Hospitality Trust Management Pte. Ltd., the trustee-manager of FH-BT (collectively known as the "Managers"). The Managers are wholly-owned subsidiaries of Frasers Property Limited which is the sponsor of FHT.

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 approximately S\$32 billion as at 30 June 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.

⁸ Source: JLL – Asia Pacific Property Digest, Q2 2018

⁹ Source: www.destatis.de

¹⁰ Source: www.dresden.de

Fraser's Property is also the sponsor of three real estate investment trusts and one stapled trust listed on the SGX-ST. Fraser's Centrepoint Trust, Fraser's Commercial Trust, and Fraser's 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 Fraser's 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.

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 their affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

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

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