



## PROPOSED ACQUISITION AND MASTER LEASE OF SOFITEL SYDNEY WENTWORTH

### 1. INTRODUCTION

#### 1.1 The Proposed Acquisition and Master Lease

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 (the “**Trustee-Manager**”, and together with the REIT Manager, the “**Managers**”), are pleased to announce that FH-REIT (through The Trust Company (PTAL) Limited, acting as trustee of FHT Sydney Trust 3<sup>1</sup>) today entered into a conditional 75-year lease agreement (the “**75-year Lease Agreement**”) with The Trust Company (RE Services) Ltd, acting as trustee of Frasers Sydney Wentworth Trust (being an indirect wholly-owned trust of Frasers Centrepoint Limited (“**FCL**”)) (the “**Vendor**”) to acquire a 75-year leasehold interest in the property known as Sofitel Sydney Wentworth, located at 61-101 Phillip Street, Sydney, NSW 2000, Australia<sup>2</sup> (the “**Property**” or “**Hotel**”, and the 75-year leasehold interest in the Property, the “**Leasehold Interest**”).

In connection with the acquisition of the Leasehold Interest, FHT Sydney Trust 3 had also entered into the following agreements:

- (i) an investment management agreement (the “**Investment Management Agreement**”) between The Trust Company (PTAL) Limited (in its capacity as trustee of FHT Sydney Trust 3) (the “**MIT Sub-trustee**”) and FHT Australia Management Pty Ltd (the “**MIT Manager**”) had been entered into on 8 May 2015, pursuant to which the MIT Manager will provide certain services to FHT Sydney Trust 3, including the management of FHT Sydney Trust 3 for and on behalf of the MIT Sub-trustee; and
- (ii) a sale and purchase agreement (the “**FF&E Agreement**”) between FHT Sydney Trust 3 and the Vendor has today been entered into, under which FHT Sydney Trust 3 will acquire furniture, furnishings and equipment (“**FF&E**”) relating to the Property (the acquisition of the Leasehold Interest, together with the acquisition of the FF&E, shall hereinafter be known as the “**Acquisition**”).

DBS Bank Ltd. is the Sole Global Coordinator and Issue Manager for the initial public offer of stapled securities in FHT (the “**Offering**”). DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., Standard Chartered Securities (Singapore) Pte. Limited and United Overseas Bank Limited are the Joint Bookrunners and Underwriters for the Offering.

<sup>1</sup> FH-REIT had, in connection with the listing of Frasers Hospitality Trust (“**FHT**”) on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), established FHT Australia Trust, a managed investment scheme in Australia which qualified as a managed investment trust (“**MIT Australia**”) for the purposes of the Australian Taxation Administration Act 1953. FHT Sydney Trust 3 had been established on 8 May 2015 as a new sub-trust under MIT Australia for the purposes of acquiring the Property.

<sup>2</sup> The land on which the Hotel is situated is sub-divided into two stratum lots. There is a basement carpark and a retail arcade over two levels under a separate stratum lot (“**Lot 1**”) held by a third party and these are not part of the Acquisition. References to “Property” and “Hotel” in this announcement exclude Lot 1.

On completion of the Acquisition, FH-REIT will, through FHT Sydney Trust 3, enter into a master lease agreement (the “**Master Lease Agreement**”) with Ananke Holdings Pty Ltd (an indirect wholly-owned subsidiary of FCL) (the “**Master Lessee**”) in relation to the lease of the Property<sup>3</sup> (the “**Master Lease**”, and together with the Acquisition, the “**Transactions**”). In connection with the Master Lease, FH-REIT, through FHT Sydney Trust 3:

- (i) has today also entered into a corporate guarantee to be provided by FCL (as guarantor) in respect of the Master Lessee’s obligations under the Master Lease, in favour of FHT Sydney Trust 3 (the “**Corporate Guarantee**”); and
- (ii) will also enter into a land owner’s deed with, *inter alia*, the hotel operator of the Hotel, which provides for certain obligations to be complied with by FHT Sydney Trust 3 in the event of a termination of the Master Lease or a sale or assignment of its interests in the Hotel.

## 1.2 Information on the Property

The Property comprises a hotel known as Sofitel Sydney Wentworth.

Sofitel Sydney Wentworth is an iconic heritage-listed hotel which is prominently located in the heart of Sydney’s Central Business District (“**CBD**”), nestled among the city’s prominent buildings, large retail and busy commercial spaces, including the Australia Stock Exchange and Chifley Tower which are in close proximity.

Sofitel Sydney Wentworth is also within walking distance to major tourist attractions in Sydney such as the Royal Botanic Gardens, the Sydney Opera House, Sydney Harbour Bridge, Circular Quay, Hyde Park and Pitt Street Mall. Sofitel Sydney Wentworth features 436 guest rooms and suites together with a lobby bar, restaurant, club lounge and substantial conference facilities, including one of the largest pillarless ballrooms in Sydney.

## 1.3 Interested Person Transactions and Interested Party Transactions

As at the date of this announcement, FCL and/or its subsidiaries (“**FCL Group**”) hold an aggregate direct and indirect interest in 274,343,258 stapled securities in FHT (“**Stapled Securities**”), which is equivalent to approximately 22.77% of the total number of Stapled Securities in issue as at the date of this announcement, and is therefore regarded as a “controlling unitholder” of FH-REIT under both the Listing Manual of the SGX-ST (the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”) and a “controlling unitholder” of Frasers Hospitality Business Trust (“**FH-BT**”) under the Listing Manual. In addition, as the Managers are wholly-owned subsidiaries of FCL, the FCL Group is therefore regarded as a “controlling shareholder” of the REIT Manager under both the Listing Manual and the Property Funds Appendix and a “controlling shareholder” of the Trustee-Manager under the Listing Manual.

Accordingly, the Corporate Guarantee will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under the Property Funds Appendix<sup>4</sup>.

<sup>3</sup> There is currently an existing master lease in place between the Master Lessee and the Vendor. Prior to completion of the Acquisition, the existing master lease will be terminated and the Master Lessee will be the master lessee in respect of the Hotel under the new Master Lease Agreement entered into today between the Master Lessee and the Vendor. Once the Acquisition is completed, FHT Sydney Trust 3 will automatically become the lessor under the Master Lease Agreement by operation of law.

<sup>4</sup> “**Interested Party Transaction**” has the meaning ascribed to it in the Property Funds Appendix.

As the Vendor is an indirect wholly-owned trust of FCL, for the purposes of Chapter 9 of the Listing Manual and paragraph 5 of the Property Funds Appendix, the Vendor (being a subsidiary of a “controlling unitholder” of FH-REIT and FH-BT and a subsidiary of a “controlling shareholder” of the Managers) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of FH-REIT. Therefore, the Acquisition will constitute Interested Person Transactions under Chapter 9 of the Listing Manual, as well as Interested Party Transactions under the Property Funds Appendix.

As the MIT Manager is an indirect wholly-owned subsidiary of FCL, for the purposes of Chapter 9 of the Listing Manual, the MIT Manager (being a subsidiary of a “controlling unitholder” of FH-REIT and FH-BT and subsidiary of a “controlling shareholder” of the Managers) is (for the purposes of the Listing Manual) an “interested person”. Therefore, the Investment Management Agreement will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual.

As the Master Lessee is also an indirect wholly-owned subsidiary of FCL, for the purposes of Chapter 9 of the Listing Manual and paragraph 5 of the Property Funds Appendix, the Master Lessee (being a subsidiary of a “controlling unitholder” of FH-REIT and FH-BT and a subsidiary of a “controlling shareholder” of the Managers) is (for the purposes of the Listing Manual) an “interested person” of FH-REIT and FH-BT and (for the purposes of the Property Funds Appendix) an “interested party” of FH-REIT.

Therefore, the Master Lease will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under the Property Funds Appendix.

A circular (the “**Circular**”) is expected to be issued to stapled securityholders of FHT (“**Stapled Securityholders**”) in due course, together with a notice of an extraordinary general meeting of Stapled Securityholders, for the purpose of seeking Stapled Securityholders’ approval for, inter alia, the Transactions.

## **2. DETAILS OF THE ACQUISITION**

### **2.1 Purchase Consideration and Valuation**

The aggregate purchase consideration payable to the Vendor in cash in Australian dollars under the 75-year Lease Agreement and the FF&E Agreement is A\$224.0 million (approximately S\$235.7 million<sup>5</sup>) (the “**Purchase Consideration**”). The Purchase Consideration was negotiated on a willing-buyer and willing-seller basis and based on the two independent valuations described below.

The REIT Manager has commissioned an independent property valuer, Savills Valuation Pty Ltd (“**Savills**”) and The Trust Company (Asia) Limited (in its capacity as trustee of FH-REIT) (the “**REIT Trustee**”) has commissioned another independent property valuer, Jones Lang LaSalle Advisory Services Pty Ltd (“**JLL**”) to respectively value the Leasehold Interest and the FF&E.

The open market value of the Leasehold Interest (taking into account the FF&E) as at 11 May 2015 determined by Savills is A\$222.0 million, based on the discounted cash flow analysis, the capitalisation approach and the direct comparison method. The open market value of the Leasehold Interest (taking into account the FF&E) as at 11 May 2015 determined by JLL is A\$226.0 million, based on the discounted cash flow analysis and the capitalisation approach.

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<sup>5</sup> Based on an assumed exchange rate of A\$1 : S\$1.0522.

## 2.2 Estimated Total Acquisition Cost

The estimated total cost of the Acquisition (the “**Total Acquisition Cost**”) is approximately A\$241.5 million (approximately S\$254.1 million<sup>6</sup>), comprising:

- (i) the Purchase Consideration of A\$224.0 million (approximately S\$235.7 million<sup>6</sup>);
- (ii) the acquisition fee (the “**Acquisition Fee**”) payable to the REIT Manager for the Acquisition pursuant to the trust deed dated 12 June 2014 (as amended) constituting FH-REIT (the “**REIT Trust Deed**”), which amounts to approximately S\$1.2 million (being 0.5% of the Purchase Consideration); and
- (iii) the estimated professional and other fees and expenses incurred or to be incurred by FH-REIT in connection with the Acquisition and the Private Placement (as defined herein) (inclusive of approximately S\$13.0 million of stamp duty arising from the Acquisition and debt financing related expenses), of approximately S\$17.2 million.

As the Acquisition will constitute an Interested Party Transaction under paragraph 5 of the Property Funds Appendix, the Acquisition Fee payable to the REIT Manager in respect of the Acquisition will be in the form of Stapled Securities, which shall not be sold within one year from the date of issuance.

## 2.3 Certain Principal Terms of the 75-year Lease Agreement

The terms and conditions of the 75-year Lease Agreement were negotiated on an arm’s length basis. The principal terms of the 75-year Lease Agreement include, among others, the following conditions precedent:

- (i) FHT having obtained the necessary approvals from the relevant Australian regulatory authorities for the Acquisition;
- (ii) approval of the Stapled Securityholders and the approval of the shareholders of FCL;
- (iii) approval from any third party which has a contractual right to approve the entering into of the 75-year Lease Agreement; and
- (iv) FHT having obtained financing to its satisfaction.

## 2.4 Certain Principal Terms of the Master Lease Agreement

The initial term of the Master Lease is for 20 years, with an option exercisable by the Master Lessee to renew the master lease for a further term of 20 years on the same terms and conditions, save for any amendments required due to change in law and excluding any further option to renew<sup>7</sup>.

The principal terms of the Master Lease Agreement include, among others, the following:

- (i) the Master Lessee is required to pay rent on a monthly basis, which rent shall comprise:
  - (a) a fixed rent of A\$6.0 million per annum (the “**Fixed Rent**”); and

<sup>6</sup> Based on an assumed exchange rate of A\$1 : S\$1.0522.

<sup>7</sup> There is currently an existing master lease in place between the Master Lessee and the Vendor. Prior to completion of the Acquisition, the existing master lease will be terminated and the Master Lessee will be the master lessee in respect of the Hotel under the new Master Lease Agreement entered into today between the Master Lessee and the Vendor. Once the Acquisition is completed, FHT Sydney Trust 3 will automatically become the lessor under the Master Lease Agreement by operation of law.

- (b) a variable rent computed based on 83.0% of the gross operating profit of the hotel for the fiscal year less the Fixed Rent for the relevant fiscal year, plus any unutilised balance in the FF&E reserve which is not carried forward the following fiscal year by mutual agreement of the parties to the Master Lease Agreement and if the calculation of the variable rent yields a negative figure, the variable rent will be deemed to be zero (the “**Variable Rent**”);
- (ii) the Master Lessee will provide a security deposit, by way of cash or bank guarantee, of an amount equivalent to eight months of the monthly fixed rent payable under the Master Lease Agreement and applicable Australian Goods and Services Tax;
- (iii) in addition to such security deposit, the Master Lessee shall provide a corporate guarantee from FCL for, amongst other things, the payment of rent;
- (iv) the FF&E located in the Hotel at the commencement date of the Master Lease Agreement will be the property of FHT Sydney Trust 3 (the “**Master Lessor**”) and the FF&E acquired or replaced by the Master Lessee during the term of the Master Lease Agreement will be the property of the Master Lessee, subject to the condition that the title to the FF&E items which are owned by the Master Lessee and still in use shall, at the option of the Master Lessor, be transferred to the Master Lessor at the end of the Master Lease for A\$1.00;
- (v) the Master Lessee must, at its cost, repair and maintain the Hotel, its infrastructure, plant and equipment in good and substantial repair and in working order required for the operation of the Hotel but the Master Lessee is not responsible for works which are in the nature of capital improvements. The Master Lessee must, at its cost, repair and replace all FF&E and operating equipment required for the operations of the Hotel;
- (vi) all necessary licences and permits must be obtained and maintained by the Master Lessee at its cost; and
- (vii) the Master Lessee must, at its cost, take out and maintain public liability insurance policy, insurance relating to workers’ compensation and contract works insurance in respect of any works undertaken or carried out by the Master Lessee.

## **2.5 Certain Principal Terms of the Corporate Guarantee**

FCL will unconditionally and irrevocably guarantee to FHT Sydney Trust 3 that the Master Lessee will punctually pay the rent and all other sums payable under the Master Lease Agreement and observe and perform the covenants, terms and conditions of the Master Lease Agreement.

Upon the default of the Master Lessee, FCL will pay the rent and other sums payable under the Master Lease Agreement and/or as the case may be, perform (or procure performance of) any of the covenants, terms or conditions of the Master Lease Agreement. The obligations of FCL under the Corporate Guarantee will cease six months after the Master Lessee yields up vacant possession of the Hotel in accordance with the terms of the Master Lease Agreement, on the expiry or termination of the term.

## **2.6 Certain Principal Terms of the FF&E Agreement**

Under the FF&E Agreement entered into between the Vendor and FHT Sydney Trust 3, the Vendor will sell the FF&E in relation to the Hotel to FHT Sydney Trust 3 at the net book value of such FF&E.

Under the FF&E Agreement, certain limited representations and warranties are made by the Vendor relating to the FF&E. Claims for breach of warranties are subject to an aggregate maximum limit and the maximum aggregate liability of the Vendor shall not exceed the purchase price.

Completion of the FF&E Agreement is subject to and conditional on the completion of the acquisition of the Leasehold Interest.

## **2.7 Certain Principal Terms of the Investment Management Agreement**

Under the Investment Management Agreement entered into between the MIT Manager and the MIT Sub-trustee, the MIT Manager shall provide certain services to the MIT Sub-trustee and FHT Sydney Trust 3 under the Investment Management Agreement, and including (but not limited to) management of FHT Sydney Trust 3 for and on behalf of the MIT Sub-trustee, keeping the trust property under periodic review and conferring with the MIT Sub-trustee at agreed intervals regarding the management of FHT Sydney Trust 3.

In consideration for the MIT Manager providing the services under the Investment Management Agreement in connection with FHT Sydney Trust 3, 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 investment management agreement in respect of FHT Australia Trust.

For the avoidance of doubt, any fees paid by FHT Sydney Trust 3 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.

## **3. RATIONALE FOR AND KEY BENEFITS OF THE TRANSACTIONS**

The Managers believe that the Acquisition and the Master Lease will bring the following key benefits to the Stapled Securityholders:

### **3.1 Rationale for and Key Benefits of the Acquisition**

#### ***Strategic Location with Excellent Connectivity***

Sofitel Sydney Wentworth is strategically located within the “Metropolitan Centre” Precinct of Sydney, in the heart of Sydney’s CBD. This area features the majority of Australia’s premium commercial office buildings which are home to Sydney’s highest profile domestic and international tenants across the finance, legal and government sectors. Sofitel Sydney Wentworth is also within walking distance to major tourist attractions in Sydney, including the Royal Botanic Gardens, the Sydney Opera House, Sydney Harbour Bridge, Circular Quay, Hyde Park and Pitt Street Mall.

Sofitel Sydney Wentworth’s strategic location and close proximity to the city’s prominent buildings and major tourist attractions appeal to both business and leisure travellers alike. Sofitel Sydney Wentworth also has easy access to public transportation, with Martin Place train station located approximately 200 metres away, which provides services to Bondi Junction, Town Hall, and Central Station. The Circular Quay bus, rail, and ferry terminus, are also within walking distance from Sofitel Sydney Wentworth.

### ***Favourable Performance of the Sydney Hospitality Market***

The international gateway to Australia, Sydney is the country's premier business and tourist destination. In 2014, hotels in Sydney registered a RevPAR growth of 4.2% making the hotel market one of the strongest performing markets in Australia. Sofitel Sydney Wentworth registered occupancy levels of 87.6% and RevPAR of A\$193.7 in the year ended 31 December 2014<sup>8</sup>.

The outlook for Sydney's accommodation market remains promising with occupancy levels expected to remain robust and growth in ADR expected to strengthen in line with the benign supply outlook and a stable demand environment. Major infrastructure projects such as the development of the A\$6 billion Barangaroo precinct and redevelopment of Sydney International Convention, Exhibition and Entertainment Precinct (SICEEP) will also have a further positive impact on the hotel market.

### ***Yield Accretive Acquisition***

The Acquisition is expected to be accretive to the distribution per Stapled Security (the "DPS") of FHT for the financial period from 1 October 2014 to 30 September 2015. Stapled Securityholders are expected to enjoy a higher DPS as a result of the acquisition being made at a purchase consideration which is reflective of the cash flows which the Hotel is expected to generate, combined with a debt and equity financing plan to be determined by the REIT Manager. Please refer to the Circular (to be issued in due course) for further details.

### ***Experienced International Hotel Operator with a Global Hotel Network***

The Hotel will continue to be operated by the Accor Hotel Group ("**Accor**") under its luxury-tier brand Sofitel. Accor manages one of the world's largest hotel networks with 3,700 properties worldwide across 92 countries. This places Accor as a world leader in travel and tourism services across all market segments from budget to business and luxury travel. Accor is the largest and fastest growing hotel group in the Asia Pacific region, with 635 hotels and 121,280 rooms across 17 countries. Sofitel is a luxury brand (5-star equivalent), and has a global coverage of 121 hotels (30,941 rooms) across 41 countries.

With over 20 years' experience in Australia, Accor understands the market and has a substantial regional head office in Sydney to support the growing network of hotels. Accor runs an extensive portfolio of hotels across Australia with some 199 properties under the Sofitel, Pullman, MGallery, Grand Mercure Apartments, The Sebel, Novotel, Mercure, Ibis, Ibis Styles and Ibis Budget brands. The Le Club Accor Loyalty Program has over 1.2 million members in Australia, with over 15 million worldwide.

### ***Increased Diversification of Portfolio***

With the Acquisition, the property portfolio value of FHT will increase from S\$1.66 billion to S\$1.90 billion (based on the value of the Existing Portfolio as of 31 March reflected in the unaudited financial statements of FH-REIT in respect of the period from 12 June 2014 (being the date of constitution of FH-REIT pursuant to the REIT Trust Deed) to 31 March 2015 (the "**FH-REIT Unaudited Financial Statements**") and the Purchase Consideration of the Leasehold Interest and the FF&E). The Acquisition will further enhance the diversification of FHT by reducing the reliance of its income stream on any single asset within its Existing Portfolio<sup>9</sup> and also allow for a more balanced enlarged portfolio that is better spread across

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<sup>8</sup> Source: Savills Valuation Report – Sofitel Sydney Wentworth, 11 May 2015.

<sup>9</sup> "**Existing Portfolio**" refers to FH-REIT's existing portfolio comprising 12 properties consisting of six hotels and six serviced residences.

the regions. In addition, Sofitel Sydney Wentworth complements FHT's existing Sydney assets, allowing for more diversification within Sydney.

Following the Acquisition, Australian assets will comprise 22.4% by valuation of FHT's property portfolio (based on the value of the Existing Portfolio as of 31 March 2015 reflected in the FH-REIT Unaudited Financial Statements and the Purchase Consideration of the Leasehold Interest and the FF&E). The Acquisition will also help to expand FHT's exposure to the Australian hospitality market and enlarge and diversify its hotel clientele.

#### ***Consistent with the REIT Manager's Investment Strategy***

The Acquisition is in line with the REIT Manager's acquisition growth strategy to source for and pursue asset acquisition opportunities which provide attractive cash flows and yields, and which satisfy the REIT Manager's investment mandate for FH-REIT to enhance its returns to Stapled Securityholders and improve potential opportunities for future income and capital growth.

### **3.2 Rationale and Key Benefits of the Master Lease**

#### ***Downside Protection through the Master Lease Agreement with Expected Rental Growth***

The Hotel will be leased to the Master Lessee pursuant to the Master Lease Agreement. The initial term of the Master Lease Agreement is 20 years, with an option exercisable by the Master Lessee to renew the master lease for a further term of 20 years on the same terms and conditions, save for any amendments required due to change in law and excluding any further option to renew. The long tenure of the Master Lease Agreement is expected to provide FH-REIT with a long-term stream of quality rental income.

The rental payment under the Master Lease Agreement comprises a fixed rent component and a variable rent component. The fixed rent provides downside protection to FH-REIT as it provides for a minimum rental payment regardless of the Master Lessee's or the Hotel's performance. In addition, FCL has guaranteed the Fixed Rent in the grant of a Corporate Guarantee in respect of the Master Lease Agreement. This mitigates any risk on income caused by the uncertainty and volatility of global economic conditions. The Variable Rent, on the other hand, provides an upside potential with rental payments pegged to gross operating profit of the Hotel.

### **4. METHOD OF FINANCING THE ACQUISITION AND FINANCIAL EFFECTS**

The Managers are considering undertaking a private placement of new Stapled Securities (the "**Private Placement**") to part finance the Acquisition. The balance thereof is intended to be funded by borrowings.

The final decision regarding the proportion of equity and debt financing to be employed for the purposes of financing the Acquisition will be made by the Managers at the appropriate time taking into account the then prevailing market conditions.

To provide a higher degree of certainty for the successful completion of the Private Placement and to enable TCC Hospitality Limited ("**TCC**") to be in a position to support and align its interests with FHT, new Stapled Securities may be issued to TCC, as part of the Private Placement for TCC to subscribe for such number of new Stapled Securities under the Private Placement up to its proportionate pre-placement stapled securityholding in FHT, in percentage terms (the "**TCC Placement**"). The new Stapled Securities placed to TCC under



the TCC Placement will be issued at the same price as the new Stapled Securities issued to other investors under the Private Placement.

Details of the financing structure will be set out in the Circular, and based on these details, the Circular will also set out the financial effects of the Acquisition, including the impact on the net asset value per Stapled Security and DPS.

## 5. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL STAPLED SECURITYHOLDERS

As at the date of this announcement, the interests of the Directors in the Transactions are as follows:

- (i) Mr Lim Ee Seng is a Non-Executive Director of the Managers, Group Chief Executive Officer of FCL and a director of other entities within the FCL Group other than the Managers;
- (ii) Mr Choe Peng Sum is a Non-Executive Director of the Managers, Chief Executive Officer of Frasers Hospitality Pte. Ltd. (an entity within the FCL Group) and a director of other entities within the FCL Group other than the Managers; and
- (iii) 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 Group<sup>10</sup> (which is the controlling shareholder of the FCL Group).

Based on the Register of Directors' Stapled Securityholdings maintained by the Managers and save as disclosed below, none of the Directors currently holds a direct or deemed interest in the Stapled Securities as at the date of this announcement:

Name of Director	Direct Interest		Deemed Interest		Total No. of Stapled Securities held	%
	No. of Stapled Securities held	%	No. of Stapled Securities held	%		
Mr Law Song Keng	400,000	0.03	-	-	400,000	0.03
Mr Chua Phuay Hee	-	-	-	-	-	-
Mr Liew Choon Wei	-	-	-	-	-	-
Mr David Wong See Hong	-	-	-	-	-	-
Mr Choe Peng Sum	400,000	0.03	-	-	400,000	0.03
Mr Lim Ee Seng	400,000	0.03	-	-	400,000	0.03
Mr Panote Sirivadhanabhakdi <sup>(1)</sup>	-	-	476,501,000	39.56	476,501,000	39.56

**Note:**

- (1) Mr Panote Sirivadhanabhakdi holds 20.0% of the issued share capital of TCC Hospitality Limited and is deemed interested in TCC Hospitality Limited's direct interest in 476,501,000 Stapled Securities.

<sup>10</sup> "TCC Group" refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

Based on the Register of Substantial Securityholders' Stapled Securityholdings maintained by the Managers, the Substantial Securityholders and their interests in the Stapled Securityholdings as at the date of this announcement are as follows:

Name of Substantial Stapled Securityholder	Direct Interest		Deemed Interest		Total No. of Stapled Securities held	%
	No. of Stapled Securities held	%	No. of Stapled Securities held	%		
FCL Investments Pte. Ltd.	262,378,000	21.78	-	-	262,378,000	21.78
Frasers Centrepoint Limited <sup>(1)</sup>	-	-	274,343,258	22.77	274,343,258	22.77
TCC Hospitality Limited <sup>(2)</sup>	476,501,000	39.56	-	-	476,501,000	39.56

**Notes:**

- (1) FCL is interested in the Stapled Securities held by FCL Investments Pte. Ltd., Frasers Hospitality Asset Management Pte. Ltd. and Frasers Hospitality Pte. Ltd. as FCL Investments Pte. Ltd., Frasers Hospitality Asset Management Pte. Ltd. and Frasers Hospitality Pte. Ltd. are wholly-owned subsidiaries of FCL. Each of InterBev Investment Limited, International Beverage Holdings Limited, Thai Beverage Public Company Limited, TCC Assets Limited, Siriwana Co., Ltd., Maxtop Management Corp., Risen Mark Enterprise Ltd., Golden Capital (Singapore) Limited, MM Group Limited, Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi is deemed interested in the Stapled Securities held by FCL based on their respective shareholdings (direct or indirect) in FCL as at the date of this announcement.
- (2) TCC Hospitality Limited is a British Virgin Islands company that is owned equally by Atinanj Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi in equal proportions. As each of them holds 20.0% of the issued share capital of TCC Hospitality Limited, they are each deemed interested in TCC Hospitality Limited's direct interest in the Stapled Securities.

## 6. OTHER INFORMATION

### 6.1 Director's Service Contracts

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

### 6.2 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 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 Acquisition	FHT	Relative Figure
Profits <sup>(1)</sup> (S\$ million)	11.0 <sup>(2)</sup>	60.8 <sup>(3)</sup>	18.1%
Purchase Consideration against market capitalisation (S\$ million)	235.7	1,056.2 <sup>(4)</sup>	22.3%

**Notes:**

- (1) In the case of a REIT, net property income is a close proxy to the net profits attributable to its assets.  
(2) Relates to an estimated net property income of the Property from 14 July 2014 to 31 March 2015.  
(3) Relates to FHT's actual net property income from 14 July 2014 to 31 March 2015.  
(4) Based on the weighted average price of the Stapled Securities transacted on the SGX-ST on 8 May 2015, being the market day preceding the date of signing of the 75-year Lease Agreement of S\$0.8768 per Stapled Security.

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. Accordingly, the REIT Manager is of the view that the Acquisition is in the ordinary course of FH-REIT's business as it falls within FH-REIT's investment policy and does not change its risk profile. As such, the Acquisition is not subject to Chapter 10 of the Listing Manual.

### 6.3 Audit Committee Statement

PricewaterhouseCoopers Corporate Finance Pte Ltd has been appointed as the independent financial adviser (the "IFA") to provide an opinion on whether the Acquisition, the Master Lease and the TCC Placement are on normal commercial terms and is not prejudicial to the interests of FHT and its minority Stapled Securityholders. The audit, risk and compliance committee of the REIT Manager will form its own view after reviewing the opinion of the IFA, which will be set out in the Circular.

### 6.4 Other Interested Person Transactions

Except for those transactions which have been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities during the initial public offering and listing of FHT<sup>11</sup> and transactions with a value of below S\$100,000<sup>12</sup>, both the REIT Trustee and the Managers have not entered into any interested person transactions with any of the FCL Group or TCC or its subsidiaries and its associates or any of its other interested persons during the course of the current financial year.

## 7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Managers<sup>13</sup> at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 from the date of this announcement up to and including the date falling three months after the date of the Circular:

- (i) the 75-year Lease Agreement;
- (ii) the Master Lease Agreement;

<sup>11</sup> The REIT Trustee has entered into certain ongoing Interested Person Transactions which are exempted from Rules 905 and 906 of the Listing Manual, having been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities during the initial public offering and listing of FHT, to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect FH-REIT.

<sup>12</sup> Rules 905(1), 905(2) and 906 of the Listing Manual do not apply to any transaction below S\$100,000.

<sup>13</sup> Prior appointment with the Managers (telephone number: +65 6276 4882) will be appreciated.

- (iii) the Investment Management Agreement;
- (iv) the FF&E Agreement;
- (v) the Corporate Guarantee;
- (vi) the valuation certificate and the full valuation report issued by JLL; and
- (vii) the valuation certificate and the full valuation report issued by Savills.

The REIT Trust Deed, the trust deed constituting FH-BT and the stapling deed of FHT 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 Treruagrachada

Company Secretary

11 May 2015

## 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 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.

## Foreign Investment Regime of Australia

Australia's foreign investment regime is set out in the Australian Foreign Acquisitions and Takeovers Act 1975 (the "**FATA**") and the Australian Government's Foreign Investment Policy (the "**Policy**").

Investors in Stapled Securities who are 'foreign persons' for the purposes of Australia's foreign investment regime are required under the FATA or the Policy to notify and receive a prior statement of no objection ("**FIRB Clearance**") to their investment in FHT from the Australian Treasurer, through the Foreign Investment Review Board ("**FIRB**") if any of the circumstances set out below apply at the time Stapled Securities are acquired.

- (i) if either FH-REIT or FH-BT is considered to be an AULTE 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;
- (ii) if FHT has gross Australian assets in excess of a specified threshold prescribed under FATA (as at the date of this announcement, the threshold prescribed under FATA is A\$252.0 million) 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 Interest and increase their holding, will require FIRB Clearance; or
- (iii) any investor that is a Foreign Government Investor making a 'direct investment' in FHT will require FIRB Clearance at the time of acquisition, regardless of whether FH-REIT or FH-BT is

considered to be an AULTE or whether FHT has gross Australian assets in excess of A\$252.0 million.

An explanation of key terms under Australia's foreign investment regime is set out below.

### **Australian Urban Land Trust Estate**

An "AULTE" is an "Australian urban land trust estate" under the FATA. A trust estate is an AULTE under the FATA if the value of its interests in Australian urban land (being any land in Australia that is not used for a primary production business) exceeds 50% of the total value of its assets.

### **Foreign Government Investor**

A Foreign Government Investor is:

- (i) a foreign government, their agency or related entity (for example, state-owned enterprises and sovereign wealth funds) ("**Foreign Government**");
- (ii) a corporation in which a Foreign Government has an interest (direct or indirect) of 15% or more;
- (iii) a corporation in which two or more Foreign Governments have an aggregate interest (direct or indirect) of 40% or more; or
- (iv) an entity that is otherwise controlled by a Foreign Government.

### **Direct Investment**

A "Direct Investment" is an investment by a Foreign Government Investor that provides an element of influence or control over the target, including all investments of 10% or more.

### **Substantial Interest**

The acquisition of a "Substantial Interest" is an acquisition of:

- (i) control of 15% or more of the actual or potential voting power or issued shares in a target by a single foreign person (together with associates); or
- (ii) control of 40% or more of the actual or potential voting power or issued shares in a target by more than one foreign person (together with associates).

### **AULTE Status**

Based on the FH-REIT Unaudited Financial Statements, as at 31 March 2015, the value of the Australian assets comprised in FH-REIT's portfolio is approximately 10.66% of the total asset value of FH-REIT. Following the Acquisition, based on the FH-REIT Unaudited Financial Statements and the purchase consideration of A\$224.0 million for the Acquisition (assuming an exchange rate of A\$1:S\$1.0522, the value of the Australian assets comprised in FH-REIT's portfolio is expected to increase to approximately 20.01% of the total asset value of FH-REIT. FH-BT is dormant as at the date of this announcement. Accordingly, FHT is not expected to be considered an AULTE post-Acquisition.

In August 2013, an administrative exemption for certain 'passive investments' by foreign persons (other than Foreign Government Investors) in an AULTE was announced under the previous Australian Government. Relevantly, the exemption was to apply to acquisitions of interests of less than 10% in a listed trust that was an AULTE with predominantly non-residential properties.

FHT understands that the administrative exemption remains operative as at the date of this announcement on the basis that the administrative exemption remains published on FIRB's website and no announcement has been made that it has been revoked. However, there is no definitive clarity at this point as to the continued availability or terms of any such exemption in the future.

### **Australian Asset Value**

Based on the FH-REIT Unaudited Financial Statements, as at 31 March 2015, FHT has gross Australian assets of approximately A\$176.8 million. Following the Acquisition, based on the FH-REIT Unaudited Financial Statements and the purchase consideration of A\$224.0 million for the Acquisition, the value of the gross Australian assets comprised in FH-REIT's portfolio is expected to increase to approximately A\$400.8 million, which is in excess of A\$252.0 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.