FRASERS HOSPITALITY TRUST

FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST ("FH-REIT")
(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 ("FH-BT")
(a business trust constituted on 20 June 2014 under the laws of the Republic of Singapore)
managed by
Frasers Hospitality Trust Management Pte. Ltd.

CIRCULAR DATED 9 JUNE 2015
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION



Sofitel Sydney Wentworth

Singapore Exchange Securities Trading Limited (the "SGX-ST") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your stapled securities (the "Stapled Securities") in Frasers Hospitality Trust ("FHT"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States, Canada or Japan. This Circular is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction. The New Stapled Securities (as defined herein) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States or other jurisdiction, and the New Stapled Securities may not be offered or sold within the United States absent registration or an exemption from the registration requirements of the Securities Act and applicable state or local securities laws. No public offering of securities is being made in the United States.

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.

CIRCULAR TO STAPLED SECURITYHOLDERS IN RELATION TO

- The Proposed Acquisition Of A 75-Year Leasehold Interest In Sofitel Sydney Wentworth As A Related Party Transaction;
- The Proposed Master Lease Of Sofitel Sydney Wentworth As A Related Party Transaction;
- The Proposed Issue Of Up To 150.0 Million New Stapled Securities Under The Private Placement; And
- The Proposed Issue And Placement Of New Stapled Securities To TCC Under The Private Placement And The Upsized Placement As An Interested Person Transaction.

IMPORTANT DATES AND TIMES FOR STAPLED SECURITYHOLDERS

Last date and time for lodgement of Proxy Forms	22 June 2015 at 2 p.m.
Date and time of Extraordinary General Meeting	24 June 2015 at 2 p.m.
Place of Extraordinary General Meeting	Level 2, Alexandra Point, 438 Alexandra Road Singapore 119958

Financial Adviser in relation to the Private Placement

DBS

Lead Manager and Underwriter to the Private Placement

DBS

Independent Financial Adviser to the Independent Directors and Audit, Risk and Compliance Committee of Frasers Hospitality Asset Management Pte. Ltd. and to the REIT Trustee (as defined herein)

PricewaterhouseCoopers Corporate Finance Pte Ltd



Wentworth Suite

This section is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular.

The meaning of each capitalised term is found in the Glossary of this Circular.

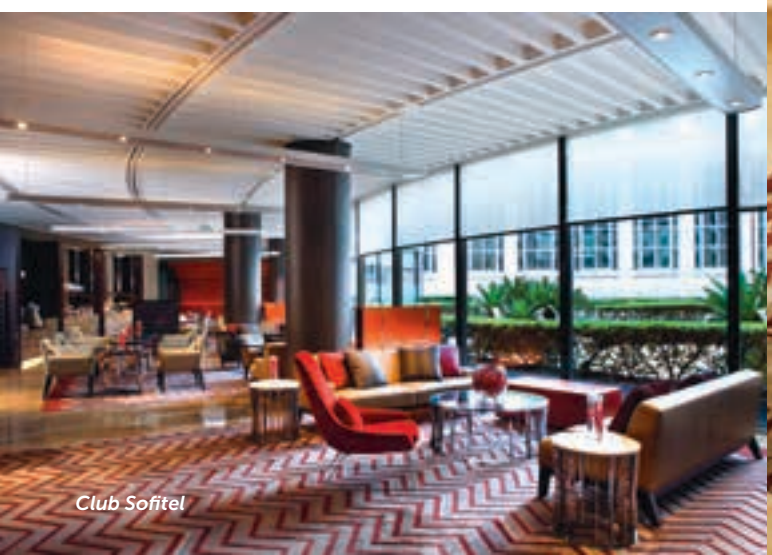
OVERVIEW OF FRASERS HOSPITALITY TRUST

FHT is a global hotel and serviced residence trust listed on the SGX-ST on 14 July 2014, comprising FH-REIT and FH-BT. FHT 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.

FHT's existing portfolio comprises 12 properties consisting of six hotels and six serviced residences (the "Existing Portfolio"). The six hotels are InterContinental Singapore (Singapore), Novotel Rockford Darling Harbour (Australia), Park International London (England), Best Western Cromwell London (England), ANA Crowne Plaza Kobe (Japan) and The Westin Kuala Lumpur (Malaysia). The six serviced residences are Fraser Suites Singapore (Singapore), Fraser Suites Sydney (Australia), Fraser Place Canary Wharf (England), Fraser Suites Queens Gate (England), Fraser Suites Glasgow (Scotland) and Fraser Suites Edinburgh (Scotland).

FRASERS CENTREPOINT LIMITED

FHT is sponsored by Frasers Centrepoint Limited ("FCL"), a full-fledged international real estate company and one of Singapore's top property companies with total assets above S$22 billion as at 31 March 2015. FCL has four core businesses focused on residential, commercial, hospitality and industrial properties spanning more than 50 cities across Asia, Australasia, Europe, and the Middle-East.



Club Sofitel



Hotel Lobby

PROPOSED ACQUISITION

Sofitel Sydney Wentworth is an iconic heritage-listed hotel 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.

Built in 1966, Sofitel Sydney Wentworth was the first international hotel in Sydney and is a familiar architectural landmark due to its distinctive horse shoe design. Sofitel Sydney Wentworth is also aesthetically significant for the huge copper canopy over the entrance, which at the time of construction, was one of the largest completely fabricated copper awnings in the world.

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.

PROPERTY SUMMARY

Location	61-101 Phillip Street, Sydney, NSW 2000, Australia
Grade	Luxury
Leasehold Tenure	75 years commencing from the date of Completion
Gross Floor Area	33,589 sqm
Rooms and Facilities	436 rooms, two F&B outlets, business centre, grand ballroom and 11 meeting rooms
Occupancy Rate(1)	88.4%
Average Daily Rate(1)	A$ 214.1
Revenue per Available Room(1)	A$ 189.3
Purchase Consideration	A$224.0 million
Independent Valuations(2)	Savills: A$222.0 million, JLL: A$226.0 million
Master Lessee	Ananke Holdings Pty Ltd, an indirect wholly-owned subsidiary of FCL
Term of Master Lease	20 years + 20 years

(1) For the forecast period beginning 1 July 2015 and ending 30 September 2015. See Appendix B of this Circular for further details on the Profit Forecast

(2) As at 11 May 2015



Garden Court Restaurant

RATIONALE FOR AND KEY BENEFITS OF THE PROPOSED ACQUISITION

STRATEGIC LOCATION WITH EXCELLENT CONNECTIVITY

- Strategically located within the "Metropolitan Centre" precinct of Sydney, in the heart of Sydney's CBD, nestled among Sydney's premium commercial office buildings home to high profile domestic and international tenants across finance, legal and government sectors.
- Walking distance to major tourist attractions, including the Royal Botanic Gardens, the Sydney Opera House, Sydney Harbour Bridge, Circular Quay, Hyde Park and Pitt Street Mall.
- Easy access to public transportation – about 200 metres from Martin Place train station and walking distance to The Circular Quay bus, rail, and ferry terminus.

FAVOURABLE PERFORMANCE OF THE SYDNEY HOSPITALITY MARKET

- Sydney was one of the strongest performing hotel markets in Australia, registering a 4.2% growth in RevPAR in 2014.
- Strong outlook for Sydney's accommodation market with robust occupancy levels 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 A$6 billion development of the 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 Proposed Acquisition is expected to be accretive to the distribution per Stapled Security of FHT for FY2015[3].

EXPERIENCED INTERNATIONAL HOTEL OPERATOR WITH A GLOBAL HOTEL NETWORK

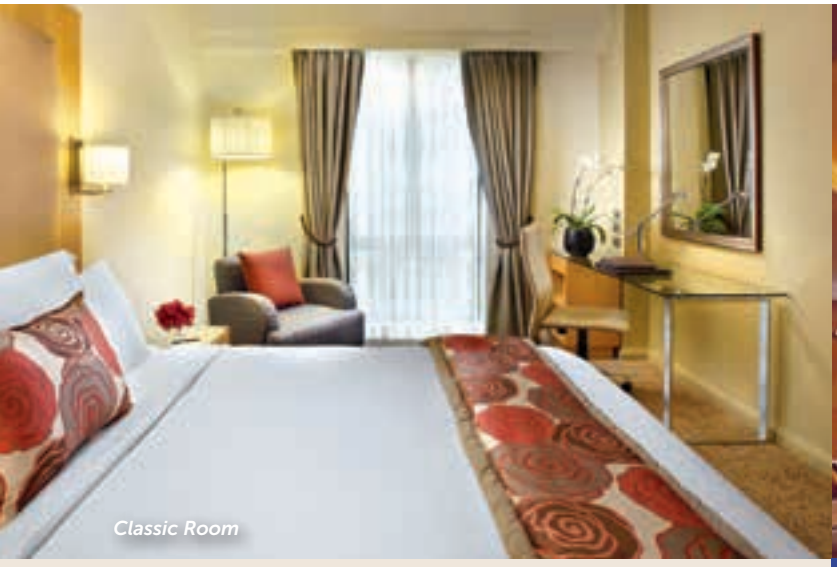
- Sofitel Sydney Wentworth will continue to be operated by the Accor Hotel Group ("Accor") under its luxury-tier brand Sofitel (5-star equivalent) and leverage on Accor's extensive global network.
- Accor is one of the world's largest hotel networks with 3,700 properties worldwide across 92 countries and the largest and fastest growing hotel group in the Asia Pacific, with 635 hotels and 121,280 rooms across 17 countries.
- With over 20 years' experience in Australia, with its substantial regional head office in Sydney, Accor runs an extensive portfolio of hotels across Australia with 199 properties. The Le Club Accor Loyalty Program has over 1.2 million members in Australia, with over 15 million worldwide.

(3) See Appendix B of this Circular for the relevant assumptions and further details on the Profit Forecast



INCREASED DIVERSIFICATION OF PORTFOLIO

- The property portfolio value of FHT will increase from S$1.66 billion to S$1.90 billion post acquisition.
- The Proposed Acquisition enhances diversification of FHT by reducing FHT's reliance on income stream on any single asset within its Existing Portfolio and allowing for a more balanced enlarged portfolio that is better spread across the regions.
- Sofitel Sydney Wentworth complements FHT's existing Sydney assets, allowing for more diversification within Sydney.



Classic Room



Wentworth Ballroom

RATIONALE AND KEY BENEFITS OF THE MASTER LEASE

- Downside protection and stability through a Fixed Rent component in the Master Lease Agreement supported by FCL's Corporate Guarantee.
- Mitigates risk on income caused by uncertainty and volatility of global economic conditions.
- Upside potential provided by Variable Rent component in the Master Lease Agreement.



Library



Sofitel Sydney Wentworth

EXISTING PORTFOLIO

SINGAPORE



INTERCONTINENTAL SINGAPORE

Type of property:
Hotel
No. of rooms: 406
Location: Sits above Bugis MRT station, located close to Central Business District and key tourist hubs

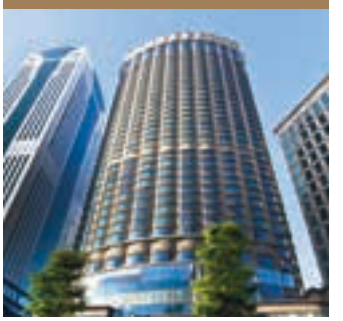
SINGAPORE



FRASER SUITES SINGAPORE

Type of property:
Serviced Residence
No. of units: 255
Location: Situated in a prime residential district and close to Singapore's prime shopping belt, Orchard Road

KUALA LUMPUR



THE WESTIN KUALA LUMPUR

Type of property:
Hotel
No. of rooms: 443
Location: Within Kuala Lumpur's Golden Triangle and with easy access to shopping malls and nightlife

KOBE



ANA CROWNE PLAZA KOBE

Type of property:
Hotel
No. of rooms: 593
Location: Directly connected to Shin-Kobe Shinkansen station and in close proximity to the centre of Kobe City

SYDNEY



FRASER SUITES SYDNEY

Type of property:
Serviced Residence
No. of units: 201
Location: Centrally located, close to Sydney Town Hall, Darling Harbour as well as the financial and retail precincts of the Central Business District

SYDNEY



NOVOTEL ROCKFORD DARLING HARBOUR

Type of property:
Hotel
No. of rooms: 230
Location: Located at the edge of the Central Business District Chinatown Precinct and opposite the Sydney Entertainment Centre

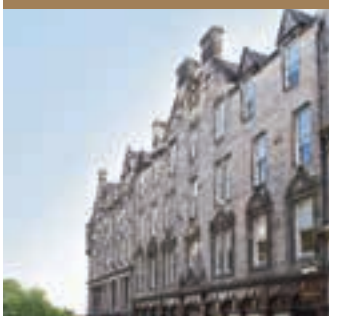
GLASGOW



FRASER SUITES GLASGOW

Type of property:
Serviced Residence
No. of units: 98
Location: Situated within the historic Merchant City, in close proximity to shopping and tourist destinations, as well as the Scottish Exhibition and Conference Centre

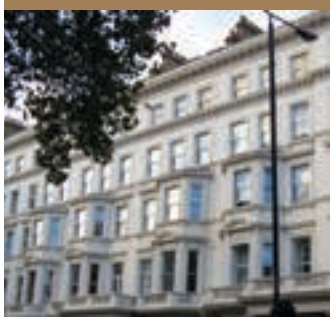
EDINBURGH



FRASER SUITES EDINBURGH

Type of property:
Serviced Residence
No. of units: 75
Location: Resides within Edinburgh's Old Town, a UNESCO World Heritage City, and within close proximity to key attractions

LONDON



FRASER SUITES QUEENS GATE, LONDON

Type of property:
Serviced Residence
No. of units: 105
Location: In the Kensington district of central London, with easy access to Harrods, Hyde Park, Knightsbridge and Royal Albert Hall, and close to the Victoria and Gloucester Road Tube station

LONDON



BEST WESTERN CROMWELL LONDON

Type of property:
Hotel
No. of rooms: 85
Location: Situated close to Gloucester Road Tube station, with easy access to shopping destinations and museums

LONDON



PARK INTERNATIONAL LONDON

Type of property:
Hotel
No. of rooms: 171
Location: Convenient access to London's West End, and close to the National History Museum

LONDON



FRASER PLACE CANARY WHARF, LONDON

Type of property:
Serviced Residence
No. of units: 108
Location: Along the River Thames in the fashionable Canary Wharf district, London's modern financial district

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CORPORATE INFORMATION

Directors of Frasers Hospitality Asset Management Pte. Ltd. (the "REIT Manager") and Frasers Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager")	:	Mr Law Song Keng (Chairman and Independent Director) Mr Choe Peng Sum (Non-executive Director) Mr Chua Phuay Hee (Independent Director) Mr Liew Choon Wei (Independent Director) Mr Lim Ee Seng (Non-executive Director) Mr Panote Sirivadhanabhakdi (Non-executive Director) Mr David Wong See Hong (Independent Director)
Registered office of the REIT Manager and the Trustee-Manager (collectively, the "Managers")	:	438 Alexandra Road #21-00, Alexandra Point Singapore 119958
Trustee of Frasers Hospitality Real Estate Investment Trust ("FH-REIT", and the trustee of FH-REIT, the "REIT Trustee")	:	The Trust Company (Asia) Limited 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
Legal Adviser to the Managers as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Managers as to Australian Law	:	Minter Ellison Lawyers Level 23 Rialto Towers 525 Collins Street Melbourne Victoria 3000 Australia
Legal Adviser to the REIT Trustee as to Singapore Law	:	Rodyk & Davidson LLP 80 Raffles Place, #33-00 UOB Plaza 1 Singapore 048624
Financial Adviser in relation to the Private Placement	:	DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
Lead Manager and Underwriter in relation to the Private Placement	:	DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser to the Lead Manager and Underwriter as to Singapore Law	:	Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321
Stapled Security Registrar and Stapled Security Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors, Audit, Risk and Compliance Committee of the REIT Manager and the REIT Trustee	:	PricewaterhouseCoopers Corporate Finance Pte Ltd 8 Cross Street #17-00, PwC Building Singapore 048424

Independent Accountants	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Independent Property Valuers	:	Savills Valuation Pty Ltd (appointed by the REIT Manager) Level 7, 50 Bridge Street, Sydney, NSW 2000, Australia Jones Lang LaSalle Advisory Services Pty Ltd (appointed by the REIT Trustee) Level 25, 420 George Street Sydney, NSW 2000, Australia

SUMMARY

Unless otherwise stated, the S$ equivalent of the A$ figures in this Circular has been arrived at based on an assumed exchange rate of A$1: S$1.0303.

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 51 to 55 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

SUMMARY OF APPROVALS SOUGHT

The Managers are seeking approval from Stapled Securityholders (as defined herein) of FHT in relation to the following resolutions:

(1) RESOLUTION 1: THE PROPOSED ACQUISITION OF A 75-YEAR LEASEHOLD INTEREST IN SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION (ORDINARY RESOLUTION)

The Managers are seeking Stapled Securityholders' approval for the proposed acquisition by FH-REIT (through FHT Sydney Trust 3[1]) of a 75-year leasehold interest (the "**Leasehold Interest**") in the property known as Sofitel Sydney Wentworth, being a hotel located at 61-101 Phillip Street, Sydney, NSW 2000, Australia (the "**Property**" or the "**Hotel**")[2]. The proposed acquisition of the Leasehold Interest (including the furniture, furnishings and equipment ("**FF&E**")) will hereinafter be known as the "**Acquisition**".

By approving Resolution 1, Stapled Securityholders are deemed to have specifically approved the Acquisition, the Investment Management Agreement and the FF&E Agreement (both as defined herein) and the entry into all agreements in connection with the Acquisition and the establishment of FHT Sydney Trust 3 and all ancillary agreements contemplated thereby or incidental thereto.

(2) RESOLUTION 2: THE PROPOSED MASTER LEASE OF SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION (ORDINARY RESOLUTION)

The Managers are seeking Stapled Securityholders' approval for the entry into a master lease agreement (the "**Master Lease Agreement**") between FH-REIT (through FHT Sydney Trust 3) and Ananke Holdings Pty Ltd (the "**Master Lessee**")[3], in relation to the lease of the Hotel for an initial term of 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 "**Master Lease**"), immediately upon the completion of the Acquisition ("**Completion**")[4]. In connection with the Master Lease, FCL will grant a corporate guarantee (as guarantor) to FHT Sydney Trust 3 to guarantee the obligations of the Master Lessee under the Master Lease (the "**Corporate Guarantee**").

By approving Resolution 2, Stapled Securityholders are deemed to have specifically approved the Master Lease and the entry into all agreements in connection with the Master Lease (including the Corporate Guarantee) and all ancillary agreements contemplated thereby or incidental thereto.

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1 FHT Sydney Trust 3 is a newly established Australian sub-trust which is wholly-owned by FHT Australia Trust, which is in turn 50.0% owned directly by the REIT Trustee and 50.0% owned by FHT Australia Pte. Ltd., a direct wholly-owned subsidiary of the REIT Trustee.

2 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 (as defined herein). References to "Property" and "Hotel" in this Circular exclude Lot 1.

3 The Master Lessee is wholly-owned by Frasers Hospitality Sydney Investments Pty Ltd, which is in turn wholly-owned by Frasers Hospitality Investments Melbourne Pte. Ltd., a direct wholly-owned subsidiary of Frasers Centrepoint Limited ("**FCL**").

4 There is currently an existing master lease in place between the Master Lessee and the vendor of the Leasehold Interest, Frasers Sydney Wentworth Trust. 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 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.

(3) RESOLUTION 3: THE PROPOSED ISSUE OF UP TO 150.0 MILLION NEW STAPLED SECURITIES UNDER THE PRIVATE PLACEMENT (ORDINARY RESOLUTION)

The Managers are seeking Stapled Securityholders' approval for the proposed issue of up to 150.0 million new Stapled Securities (the "**New Stapled Securities**") (which is equivalent to up to approximately S$122.3 million[5] or 12.5% of the 1,204,593,258 Stapled Securities in issue as at 29 May 2015, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**")) pursuant to a private placement of New Stapled Securities (the "**Private Placement**") to part finance the Acquisition[6]. The balance thereof is intended to be funded by borrowings. However, depending on market conditions, the Managers may in their discretion decide to increase the size of the private placement by up to an additional 20.0 million New Stapled Securities (the "**Upsized Placement**") to increase the proportion of equity financing employed to finance the Acquisition or for general corporate and working capital purposes (including to repay existing indebtedness). For the avoidance of doubt, any New Stapled Securities issued under the Upsized Placement, being in excess of the maximum of 150.0 million Stapled Securities to be issued under the Private Placement, will be issued pursuant to the General Mandate (as defined herein).

The Managers intend to allocate the entire net proceeds from the Private Placement for the purposes of the Acquisition. Notwithstanding their current intention, the Managers may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at their absolute discretion for other purposes, including without limitation, to repay existing indebtedness.

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 REIT Manager at the appropriate time taking into account the then prevailing market conditions.

(4) RESOLUTION 4: THE PROPOSED ISSUE AND PLACEMENT OF NEW STAPLED SECURITIES TO TCC UNDER THE PRIVATE PLACEMENT AND THE UPSIZED PLACEMENT AS AN INTERESTED PERSON TRANSACTION (ORDINARY RESOLUTION)

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 interest with FHT, the Managers are seeking Stapled Securityholders' approval for the proposed issue of New Stapled Securities to TCC (the "**TCC Placement**"), as part of the Private Placement and the Upsized Placement (if any).

TCC may 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.

In the event of an Upsized Placement, TCC may subscribe for such number of New Stapled Securities under the Upsized Placement up to its proportionate pre-placement stapled securityholding in FHT, in percentage terms.

TCC's percentage stapled securityholding in FHT will therefore not increase after the Private Placement and the Upsized Placement (if any) in any case.

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 and the Upsized Placement (if any).

Stapled Securityholders should note that:

(I) Resolution 2 (the Master Lease), Resolution 3 (the Private Placement) and Resolution 4 (the TCC Placement) are each conditional upon Resolution 1 (the Acquisition) being passed;

(II) Resolution 1 (the Acquisition), Resolution 3 (the Private Placement) and Resolution 4 (the TCC Placement) are each conditional upon Resolution 2 (the Master Lease) being passed; and

5 Based on the Illustrative Issue Price (as defined herein) of S$0.815 per Stapled Security.

6 For the avoidance of doubt, the Private Placement is inclusive of the TCC Placement (as defined herein).

(III) Resolution 1 (the Acquisition), Resolution 2 (the Master Lease) and Resolution 4 (the TCC Placement) are each conditional upon Resolution 3 (the Private Placement) being passed.

In the event that Stapled Securityholders do not approve Resolution 1 (the Acquisition), the Managers will not proceed with Resolution 2 (the Master Lease), Resolution 3 (the Private Placement) and Resolution 4 (the TCC Placement).

In the event that Stapled Securityholders do not approve Resolution 2 (the Master Lease), the Managers will not proceed with Resolution 1 (the Acquisition), Resolution 3 (the Private Placement) and Resolution 4 (the TCC Placement).

In the event that Stapled Securityholders do not approve Resolution 3 (the Private Placement), the Managers will not proceed with Resolution 1 (the Acquisition), Resolution 2 (the Master Lease) and Resolution 4 (the TCC Placement).

(1) THE PROPOSED ACQUISITION OF A 75-YEAR LEASEHOLD INTEREST IN SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION

FHT is a hospitality stapled group comprising FH-REIT and Frasers Hospitality Business Trust ("**FH-BT**"). FH-REIT is a Singapore-based real estate investment trust ("**REIT**") 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 is a Singapore-based business trust which is dormant.

FH-REIT's existing portfolio comprises 12 properties, consisting of six hotels and six serviced residences (the "**Existing Portfolio**"). The six hotels are InterContinental Singapore (Singapore), Novotel Rockford Darling Harbour (Australia), Park International London (England), Best Western Cromwell London (England), ANA Crowne Plaza Kobe (Japan) and The Westin Kuala Lumpur (Malaysia). The six serviced residences are Fraser Suites Singapore (Singapore), Fraser Suites Sydney (Australia), Fraser Place Canary Wharf (England), Fraser Suites Queens Gate (England), Fraser Suites Glasgow (Scotland) and Fraser Suites Edinburgh (Scotland).

FHT is sponsored by FCL, a full-fledged international real estate company and one of Singapore's top property companies with total assets above S$22 billion as at 31 March 2015. FCL has four core businesses focused on residential, commercial, hospitality and industrial properties spanning more than 50 cities across Asia, Australasia, Europe and the Middle-East.

The Establishment of FHT Sydney Trust 3

FH-REIT had, in connection with the listing of FHT on the SGX-ST (the "**Listing**"), 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[7]. The REIT Trustee holds 50.0% of the units issued in MIT Australia and the remaining 50.0% is held by FHT Australia Pte. Ltd., a direct wholly-owned subsidiary of the REIT Trustee. MIT Australia had in turn established two sub-trusts for the purposes of acquiring Fraser Suites Sydney and Novotel Rockford Darling Harbour, which form part of the Existing Portfolio.

FHT Sydney Trust 3 has been established on 8 May 2015 pursuant to a trust deed (the "**MIT Sub-Trust Deed**") as a new sub-trust under MIT Australia, for the purposes of acquiring the Leasehold Interest and for the same Australian tax treatment as at Listing to apply. The Trust Company (PTAL) Limited (in its capacity as trustee of FHT Sydney Trust 3) (the "**MIT Sub-trustee**") has also on 8 May 2015 entered into an investment management agreement (the "**Investment Management Agreement**") with FHT Australia Management Pty Ltd (the "**MIT Manager**"), 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.

7 If MIT Australia qualifies as a managed investment trust, the distributions made by MIT Australia will be accorded preferential Australian withholding tax rates. The applicable withholding tax rate for trust distributions of net rental income and capital gains is 15.0% and for interest income is 10.0%. Where a trust does not qualify as a managed investment trust, the distributions would be subject to Australian tax at 30.0% (where the unitholder is a non-resident company) or 45.0% (where the unitholder is a non-resident trust).

The Proposed Acquisition by FH-REIT

On 11 May 2015, FH-REIT, had through FHT Sydney Trust 3, entered into a conditional 75-year lease agreement (the "**75-year Lease Agreement**") with Frasers Sydney Wentworth Trust (being an indirect wholly-owned trust of FCL[8]) (the "**Vendor**"), to acquire a 75-year leasehold interest in the Hotel. Upon the expiry of the 75-year lease granted under the 75-year Lease Agreement, title to the Hotel will revert to the Vendor without any payment to be made by the Vendor to FHT Sydney Trust 3.

In connection with the Acquisition, FHT Sydney Trust 3 has also entered into a separate sale and purchase agreement (the "**FF&E Agreement**") with the Vendor under which it will acquire the FF&E relating to the Hotel.[9]

(See paragraph 2 of the Letter to Stapled Securityholders for further details.)

Description of Sofitel Sydney Wentworth

The following table sets out a summary of selected information on the Hotel.

Location	61-101 Phillip Street, Sydney, NSW 2000, Australia
Grade	Luxury(1)
Leasehold Tenure(2)	75 years commencing from the date of Completion
Gross Floor Area ("GFA") (sq m)	33,589
Number of Available Rooms	436
Occupancy Rate for the Forecast Period (%)(3)	88.4
Average Daily Rate ("ADR") for the Forecast Period (A$)(3)	214.1
Revenue per Available Room ("RevPAR") for the Forecast Period (A$)(3)	189.3
Independent Valuation by Savills (as at 11 May 2015) (A$'m)	222.0
Independent Valuation by JLL (as at 11 May 2015) (A$'m)	226.0
Purchase Consideration(4)	A$224.0 million / S$230.8 million
Fixed Rent (per annum) (A$'m)(8)	6.0
Variable Rent (per annum)(5)(8)	83.0% of GOP(9) less Fixed Rent plus FF&E Reserve(6)
Vendor	Frasers Sydney Wentworth Trust(7)
Master Lessee	Ananke Holdings Pty Ltd(7)
Term of Master Lease	20 years plus an option to renew for another 20 years at the Master Lessee's discretion on the same terms and conditions, save for any amendments required due to change in law and excluding any further option to renew
Net Property Income for the Forecast Period (A$'m)(3)	3.4

Notes:
(1) See under "Executive Summary - Property Description" of Savills' valuation summary in Appendix D on page D – 2.
(2) This refers to the length of leasehold interest acquired by FHT Sydney Trust 3 under the 75-year Lease Agreement. Although the tenure of the Property is on a freehold basis, the Vendor will be selling, and FHT Sydney Trust 3 will be purchasing, a 75-year leasehold interest in the Property. Divestment of a 75-year leasehold interest is a commercial decision of the Vendor and what the Vendor is willing and proposing to divest and is, accordingly, the subject matter which is being offered under the FCL ROFR (as defined herein).
(3) See Appendix B for further details on the Profit Forecast.
(4) This refers to the aggregate consideration under the 75-year Lease Agreement and the FF&E Agreement and is inclusive of the FF&E of the Hotel.
(5) If the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero.
(6) FF&E Reserve (as defined herein) not utilised and not carried forward to the following year, if any. Please refer to paragraph 3.2.3 of the Letter to Stapled Securityholders under "Master Lessee's Obligations – FF&E" for further information on the FF&E Reserve.
(7) Frasers Sydney Wentworth Trust and Ananke Holdings Pty Ltd are an indirect wholly-owned trust and subsidiary of FCL, respectively.
(8) The Fixed Rent and Variable Rent set out here are the rent payable under the Master Lease Agreement.
(9) Please refer to the "Glossary" which sets out the definitions of GOP, GOR and Operating Expenses.

8 The Vendor, Frasers Sydney Wentworth Trust is wholly-owned by Frasers Hospitality Sydney Investments Pty Ltd, which is in turn wholly-owned by Frasers Hospitality Investments Melbourne Pte. Ltd., a direct wholly-owned subsidiary of FCL.

9 As the 75-year leasehold interest in the Hotel is granted to FHT Sydney Trust 3 under a lease agreement (being the 75-year Lease Agreement), the sale of the FF&E is provided for under a separate agreement (being the FF&E Agreement).

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.

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.

Built in 1966, Sofitel Sydney Wentworth was the first international hotel in Sydney. As the oldest major hotel in Sydney, Sofitel Sydney Wentworth was Australia's biggest international hotel at the time of construction. Its distinctive horse shoe design is significant as a familiar architectural landmark in Sydney. Sofitel Sydney Wentworth is also aesthetically significant for the huge copper canopy over the entrance, which at the time of construction, was one of the largest completely fabricated copper awnings in the world.[10]

Valuation and Purchase Consideration

The aggregate purchase consideration payable to the Vendor in cash in Australian dollars under the 75-year Lease Agreement and the FF&E Agreement on Completion is A$224.0 million (approximately S$230.8 million) (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 REIT Trustee has commissioned another independent property valuer, Jones Lang LaSalle Advisory Services Pty Ltd ("**JLL**") to respectively value the Leasehold Interest. 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. 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.

(See Appendix D of this Circular for further details regarding the valuations of the Leasehold Interest.)

Estimated Total Acquisition Cost

The estimated total cost of the Acquisition (the "**Total Acquisition Cost**") is approximately A$240.8 million (approximately S$248.1 million), comprising:

(i) the Purchase Consideration of A$224.0 million (approximately S$230.8 million);

(ii) the acquisition fee (the "**Acquisition Fee**") payable to the REIT Manager for the Acquisition pursuant to the trust deed dated 12 June 2014 constituting FH-REIT (as amended) (the "**REIT Trust Deed**"), which amounts to approximately A$1.1 million (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 (inclusive of debt financing related expenses and S$12.7 million of stamp duty arising from the Acquisition) of approximately S$16.1 million.

10 See Appendix A to Savills' valuation summary which is in Appendix D of this Circular.

As the Acquisition will constitute an "interested party transaction" under Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**MAS**" and Appendix 6, 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 (the "**Acquisition Fee Stapled Securities**"), which shall not be sold within one year from the date of issuance.

(2) THE PROPOSED MASTER LEASE OF SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION

Details of the Master Lease

FH-REIT will, through FHT Sydney Trust 3, enter into the Master Lease Agreement with the Master Lessee in relation to the lease of the Hotel immediately upon the completion of the Acquisition. Pursuant to the Master Lease Agreement, the Master Lessee will lease the Hotel for an initial term of 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.[11]

In connection with the Master Lease, FCL has entered into the Corporate Guarantee in respect of the Master Lease to guarantee, *inter alia*, the payment of all rent under the Master Lease Agreement.

(See paragraph 3 of the Letter to Stapled Securityholders for further details.)

(3) THE PROPOSED ISSUE OF UP TO 150.0 MILLION NEW STAPLED SECURITIES UNDER THE PRIVATE PLACEMENT

Proposed Method of Financing the Acquisition

The REIT Manager intends to finance the Total Acquisition Cost from a combination of:

(i) the issue of up to 150.0 million New Stapled Securities (which is equivalent to approximately S$122.3 million[12] or 12.5% of the 1,204,593,258 Stapled Securities in issue as at the Latest Practicable Date) under the Private Placement; and

(ii) debt facilities of up to approximately A$117.2 million.

Depending on market conditions, the Managers may in their discretion decide to increase the size of the private placement by up to an additional 20.0 million New Stapled Securities under the Upsized Placement to increase the proportion of equity financing employed to finance the Acquisition or for general corporate and working capital purposes (including to repay existing indebtedness). For the avoidance of doubt, any New Stapled Securities issued under the Upsized Placement, being in excess of the maximum of 150.0 million Stapled Securities to be issued under the Private Placement, will be issued pursuant to the General Mandate.

The Managers intend to allocate the entire net proceeds from the Private Placement for the purposes of the Acquisition. Notwithstanding their current intention, the Managers may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at their absolute discretion for other purposes, including without limitation, to repay existing indebtedness.

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 REIT Manager at the appropriate time taking into account the then prevailing market conditions.

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11 There is currently an existing master lease in place between the Master Lessee and the vendor of the Leasehold Interest, Frasers Sydney Wentworth Trust. 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 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.

12 Based on the Illustrative Issue Price.

The Managers will announce details of the Private Placement and the Upsized Placement (if any) at the appropriate time. As the details of the Private Placement and the Upsized Placement (if any) have not been determined, the Managers have not made any application to the SGX-ST for the listing of and quotation for the New Stapled Securities.

Consequential Adjustment to Distribution Period

FHT's policy is to distribute its distributable income on a semi-annual basis to Stapled Securityholders. When the Managers decide to carry out the Private Placement and the Upsized Placement (if any), the Managers may decide to make adjustments to the distribution period which may include, among others, a cumulative distribution or an advance distribution, or such other plans to ensure fairness to holders of the Stapled Securities in issue on the day immediately prior to the date on which the New Stapled Securities are issued under the Private Placement and the Upsized Placement (if any) (the "**Existing Stapled Securities**"). Further details pertaining to any adjustments to the distribution period, if any, will be announced at the appropriate time.

(See paragraph 4 of the Letter to Stapled Securityholders for further details.)

(4) THE PROPOSED TCC PLACEMENT AS AN INTERESTED PERSON TRANSACTION

To provide a higher degree of certainty for the successful completion of the Private Placement and to enable TCC to be in a position to support and align its interests with FHT, the Managers are seeking Stapled Securityholders' approval for the proposed issue of New Stapled Securities to TCC, as part of the Private Placement and the Upsized Placement (if any).

TCC may 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.

In the event of an Upsized Placement, TCC may subscribe for such number of New Stapled Securities under the Upsized Placement up to its proportionate pre-placement stapled securityholding in FHT, in percentage terms.

TCC's percentage stapled securityholding in FHT will therefore not increase after the Private Placement and the Upsized Placement (if any) in any case.

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 and the Upsized Placement (if any).

The Managers believe that the size of TCC's stapled securityholding in FHT provides a degree of stability to FHT as an investment vehicle, and allowing New Stapled Securities to be placed to TCC would help to maintain such stability, which is to the benefit of Stapled Securityholders.

(See paragraph 5 of the Letter to Stapled Securityholders for further details.)

RATIONALE FOR AND KEY BENEFITS OF (I) THE ACQUISITION, (II) THE MASTER LEASE AND (III) THE PRIVATE PLACEMENT (INCLUDING THE TCC PLACEMENT)

The Managers believe that (i) the Acquisition, (ii) the Master Lease and (iii) the Private Placement (including the TCC Placement) will bring the following key benefits to the Stapled Securityholders:

Rationale for and Key Benefits of the Acquisition

(1) 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.

The following map shows Sofitel Sydney Wentworth's strategic location in Sydney's CBD.



This map is not drawn to scale and is for illustration purposes only.

(2) 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 for the year ended 31 December 2014[13].

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 A$6 billion development of the Barangaroo precinct[14] and redevelopment of the Sydney International Convention, Exhibition and Entertainment Precinct (SICEEP) will also have a further positive impact on the hotel market.

(3) Yield Accretive Acquisition

The Acquisition is expected to be accretive to the distribution per Stapled Security of FHT (the "**DPS**") for the period from 1 October 2014 to 30 September 2015 ("**FY2015**"). 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.

Stapled Securityholders are expected to enjoy an increase in DPS from 6.158 cents[15] to 6.163 cents for FY2015.

The illustrative number of new Stapled Securities to be issued in connection with the Acquisition is approximately 151.2 million, which is the sum of 149.8 million New Stapled Securities issued in connection with the Private Placement, and 1.4 million Acquisition Fee Stapled Securities[16]. The above assumes that (a) the Acquisition is funded through a combination of debt (of approximately A$117.2 million) and the net proceeds from the Private Placement, (b) the New Stapled Securities are issued at an illustrative issue price of S$0.815 per Stapled Security (the "**Illustrative Issue Price**") and (c) the Acquisition Fee Stapled Securities are issued at an assumed issue price of S$0.851 per Stapled Security[17]. The REIT Manager expects the Acquisition to be yield accretive to Stapled Securityholders.

(See **Appendix B** of this Circular for the relevant assumptions and further details on the Profit Forecast.)

(4) 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.

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13 Source: Savills Valuation Report – Sofitel Sydney Wentworth, 11 May 2015.

14 Source: http://www.barangaroo.com/discover-barangaroo/overview.aspx (last accessed on the Latest Practicable Date). Barangaroo Delivery Authority has not provided its consent to the inclusion of the information extracted from the website and therefore is not liable for such information. While the Managers have taken reasonable actions to ensure that the information from the website is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such website, neither the Managers nor any other party has conducted an independent review of the information contained in such website nor verified the accuracy of the contents of the relevant information.

15 This refers to the forecast DPS of the Existing Portfolio for FY2015 as extracted from the prospectus of FHT dated 30 June 2014 (the "**Prospectus**").

16 The Acquisition Fee Stapled Securities will be issued as soon as practicable after the Completion and, accordingly, will be issued after the completion of the Private Placement and Upsized Placement (if any).

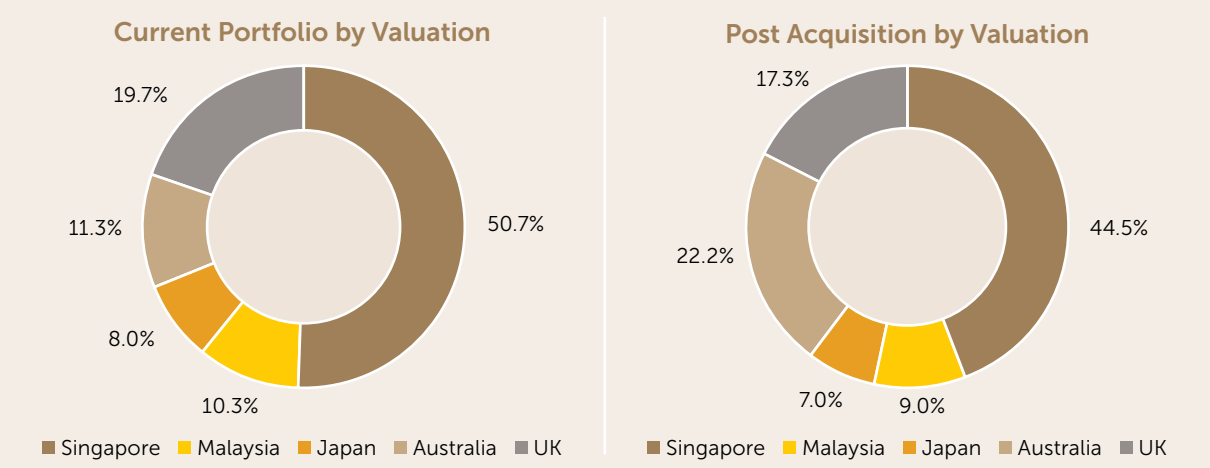
17 The assumed issue price of S$0.851 per Stapled Security for the Acquisition Fee Stapled Securities is based on FHT's volume weighted average price of S$0.867 per Stapled Security as at 29 May 2015 after adjusting for the estimated accrued distribution of S$0.016 per Stapled Security ("**Adjusted VWAP**"). The Illustrative Issue Price of S$0.815 per Stapled Security is based on an indicative discount of 4.2% to the Adjusted VWAP of S$0.851 per Stapled Security. These issue prices are for illustrative purposes only and the actual issue price of the Acquisition Fee Stapled Securities and the New Stapled Securities will be determined in accordance with, *inter alia*, the REIT Trust Deed and the Listing Manual (as defined herein).

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[18].

(5) 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 2015 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 FHT's reliance on income stream from any single asset within its Existing Portfolio and also allow for a more balanced Enlarged Portfolio (as defined herein) that is better spread across 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 22.2% 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 following diagrams set out the breakdown of FHT's portfolio by valuation before and after the Acquisition.



The Acquisition will also help to expand FHT's exposure to the Australian hospitality market and enlarge and diversify its hotel clientele.

(6) 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.

Rationale for and Key Benefits of the Master Lease

(1) 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.

18 Source: http://www.accorhotels-group.com/en.html (last accessed on the Latest Practicable Date). Accor has not provided its consent to the inclusion of the information extracted from the website and therefore is not liable for such information. While the Managers have taken reasonable actions to ensure that the information from the website is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such website, neither the Managers nor any other party has conducted an independent review of the information contained in such website nor verified the accuracy of the contents of the relevant information.

The rental payment under the Master Lease Agreement comprises a fixed rent component (the "**Fixed Rent**") and a variable rent component (the "**Variable Rent**"). 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. This mitigates the 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 the variable rent component of the rental payments pegged to GOP. In addition, FCL has granted a Corporate Guarantee in respect of the Master Lease Agreement (which includes the guarantee of payment of the Fixed Rent).

Rationale for and Key Benefits of the Private Placement (including the TCC Placement)

(1) Increased Trading Liquidity and Investor Interest

Given the current market conditions and the borrowing limit imposed by the MAS on property funds such as FH-REIT, the REIT Manager believes that the Private Placement is an efficient and beneficial method of raising funds to finance the Acquisition, and provides FHT with the flexibility to tap the equity markets for funds.

Following the Private Placement, the market capitalisation of FHT is expected to increase. With a larger market capitalisation, FHT is likely to garner a wider interest from existing and potential investors. The New Stapled Securities, when issued, will increase FHT's outstanding number of Stapled Securities listed on the SGX-ST which in turn is expected to result in improved trading liquidity, thus potentially benefiting Stapled Securityholders.

(2) Success of Private Placement and Alignment of Interests with the Existing Stapled Securityholders

The issue of new Stapled Securities to TCC will help to provide a higher degree of certainty for the successful completion of the Private Placement and to enable TCC to align its interests with that of the other Stapled Securityholders. The issue of the New Stapled Securities to TCC will also allow TCC to maintain its pre-placement level of stapled securityholding in FHT, and continue to be in a position to support FHT over the long-term.

The Managers believe that the size of TCC's stapled securityholding in FHT provides a degree of stability to FHT as an investment vehicle and allowing New Stapled Securities to be placed to TCC would help to maintain such stability, which is to the benefit of Stapled Securityholders.

(See paragraph 6 of the Letter to Stapled Securityholders for further details regarding the rationale and key benefits of the Transactions (as defined herein).)

REQUIREMENT FOR STAPLED SECURITYHOLDERS' APPROVAL

Interested Person Transactions and Interested Party Transactions (collectively, "Related Party Transactions")

As at the Latest Practicable Date, FCL and/or its subsidiaries (the "**FCL Group**") holds an aggregate direct and indirect interest in 274,343,258 Stapled Securities, which is equivalent to approximately 22.77% of the total number of Stapled Securities in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling unitholder" of FH-REIT for the purposes of both the Listing Manual of the SGX-ST (the "**Listing Manual**") and the Property Funds Appendix and a "controlling unitholder" of FH-BT for the purposes of 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 for the purposes of both the Listing Manual and the Property Funds Appendix and a "controlling shareholder" of the Trustee-Manager for the purposes of the Listing Manual.

Accordingly, the Corporate Guarantee will constitute an Interested Person Transaction[19] under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction[20] under the Property Funds Appendix.

19 "**Interested Person Transaction**" has the meaning ascribed to it in the Listing Manual.

20 "**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" of FH-REIT and FH-BT and (for the purposes of the Property Funds Appendix) an "interested party" of FH-REIT.

Therefore, the Acquisition 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.

(See paragraph 2.7 of the Letter to Stapled Securityholders for further details.)

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 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.

Therefore, the Investment Management Agreement will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual.

(See paragraph 2.7 of the Letter to Stapled Securityholders for further details.)

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.

(See paragraph 3.4 of the Letter to Stapled Securityholders for further details.)

Specific Approval from Stapled Securityholders for the TCC Placement

As at the Latest Practicable Date, TCC holds an aggregate indirect interest in 476,501,000 Stapled Securities, which is equivalent to approximately 39.56% of the total number of Stapled Securities in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling Stapled Securityholder" of FHT. Therefore, TCC (being a "controlling Stapled Securityholder" of FHT) is (for the purposes of the Listing Manual) an "interested person" of FHT. The TCC Placement will hence constitute an Interested Person Transaction under Chapter 9 of the Listing Manual.

If such number of New Stapled Securities are placed to TCC pursuant to the Private Placement and the Upsized Placement in order for TCC to maintain its proportionate pre-placement stapled securityholding in percentage terms, there is a possibility (depending on the actual issue price of the New Stapled Securities (the "**Issue Price**") and the number of New Stapled Securities placed under the TCC Placement) that the value of New Stapled Securities placed to TCC may exceed 5.0% of the value of FHT's latest unaudited[21] net tangible assets ("**NTA**"). In such circumstances, under Rule 906 of the Listing Manual, the Managers are required to seek approval of Stapled Securityholders for the placement of New Stapled Securities to TCC.

Pursuant to Rule 805(1) of the Listing Manual, the Managers are seeking the specific approval of Stapled Securityholders for the issue of the New Stapled Securities to TCC under the Private Placement.

Pursuant to Rule 812(2) of the Listing Manual, Stapled Securityholders' approval by way of Ordinary Resolution (as defined herein) is required for placement of the new Stapled Securities to TCC (under both the Private Placement and the Upsized Placement). This is because TCC is a Substantial Stapled Securityholder[22] of FHT. TCC and its associates are prohibited from voting on the resolution to permit such a placement of new Stapled Securities.

(See paragraph 5.2 of the Letter to Stapled Securityholders for further details.)

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21 FHT was only listed on the SGX-ST on 14 July 2014 and has not yet issued any audited financial statements.

22 "**Substantial Stapled Securityholder**" refers to a person with an interest in Stapled Securities constituting not less than 5.0% of the total number of Stapled Securities in issue.

INDICATIVE TIMETABLE

The timetable for the extraordinary general meeting ("**EGM**") is indicative only and is subject to change at the absolute discretion of the Managers. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

The timetable for events which are scheduled to take place after the EGM is indicative only and is subject to the absolute discretion of the Managers. If the approvals sought at the EGM are obtained, the Managers will work with the Lead Manager and Underwriter to determine the most appropriate time to launch the Private Placement.

Event		**Date and Time**
Last date and time for lodgement of Proxy Forms	:	22 June 2015 at 2.00 p.m.
Date and time of the EGM	:	24 June 2015 at 2.00 p.m.
If the approval for the Transactions is obtained at the EGM:		
Target date for completion of the Acquisition	:	To be determined (but is expected to be no later than November 2015)
Target date for entry into of the Master Lease Agreement[23]	:	Contemporaneous with the completion of the Acquisition

23 There is currently an existing master lease in place between the Master Lessee and the vendor of the Leasehold Interest, Frasers Sydney Wentworth Trust. 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 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.

LETTER TO STAPLED SECURITYHOLDERS

FRASERS HOSPITALITY TRUST

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)

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

Directors of the REIT Manager

Mr Law Song Keng (Chairman and Independent Director)
Mr Choe Peng Sum (Non-executive Director)
Mr Chua Phuay Hee (Independent Director)
Mr Liew Choon Wei (Independent Director)
Mr Lim Ee Seng (Non-executive Director)
Mr Panote Sirivadhanabhakdi (Non-executive Director)
Mr David Wong See Hong (Independent Director)

Registered Office

438 Alexandra Road
#21-00, Alexandra Point
Singapore 119958

Directors of the Trustee-Manager

Mr Law Song Keng (Chairman and Independent Director)
Mr Choe Peng Sum (Non-executive Director)
Mr Chua Phuay Hee (Independent Director)
Mr Liew Choon Wei (Independent Director)
Mr Lim Ee Seng (Non-executive Director)
Mr Panote Sirivadhanabhakdi (Non-executive Director)
Mr David Wong See Hong (Independent Director)

9 June 2015

To: Stapled Securityholders of Frasers Hospitality Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Managers are convening the EGM to seek Stapled Securityholders' approval in relation to the following resolutions:

(1) Resolution 1: The proposed acquisition of a 75-year leasehold interest in Sofitel Sydney Wentworth as a Related Party Transaction (Ordinary Resolution)

(2) Resolution 2: The proposed Master Lease of Sofitel Sydney Wentworth as a Related Party Transaction (Ordinary Resolution)

(3) Resolution 3: The proposed issue of up to 150.0 million New Stapled Securities under the Private Placement (Ordinary Resolution)

(4) Resolution 4: The proposed issue and placement of New Stapled Securities to TCC under the Private Placement and the Upsized Placement as an Interested Person Transaction (Ordinary Resolution)

By approving Resolution 1, Stapled Securityholders are deemed to have specifically approved the Acquisition, the Investment Management Agreement and the FF&E Agreement and the entry into all agreements in connection with the Acquisition and the establishment of FHT Sydney Trust 3 and all ancillary agreements contemplated thereby or incidental thereto.

By approving Resolution 2, Stapled Securityholders are deemed to have specifically approved the Master Lease and the entry into all agreements in connection with the Master Lease (including the Corporate Guarantee) and all ancillary agreements contemplated thereby or incidental thereto.

Stapled Securityholders should note that:

(I) Resolution 2 (the Master Lease), Resolution 3 (the Private Placement) and Resolution 4 (the TCC Placement) are each conditional upon Resolution 1 (the Acquisition) being passed;

(II) Resolution 1 (the Acquisition), Resolution 3 (the Private Placement) and Resolution 4 (the TCC Placement) are each conditional upon Resolution 2 (the Master Lease) being passed; and

(III) Resolution 1 (the Acquisition), Resolution 2 (the Master Lease) and Resolution 4 (the TCC Placement) are each conditional upon Resolution 3 (the Private Placement) being passed.

In the event that Stapled Securityholders do not approve Resolution 1 (the Acquisition), the Managers will not proceed with Resolution 2 (the Master Lease), Resolution 3 (the Private Placement) and Resolution 4 (the TCC Placement).

In the event that Stapled Securityholders do not approve Resolution 2 (the Master Lease), the Managers will not proceed with Resolution 1 (the Acquisition), Resolution 3 (the Private Placement) and Resolution 4 (the TCC Placement).

In the event that Stapled Securityholders do not approve Resolution 3 (the Private Placement), the Managers will not proceed with Resolution 1 (the Acquisition), Resolution 2 (the Master Lease) and Resolution 4 (the TCC Placement).

2. RESOLUTION 1: THE PROPOSED ACQUISITION OF A 75-YEAR LEASEHOLD INTEREST IN SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION

2.1 Introduction

On 11 May 2015, FH-REIT, had through FHT Sydney Trust 3, entered into the 75-year Lease Agreement with the Vendor to acquire the Leasehold Interest[24]. In connection with the Acquisition, FHT Sydney Trust 3 had also entered into the FF&E Agreement with the Vendor to acquire the FF&E in respect of the Hotel for a purchase consideration at the net book value of such FF&E[25]. Upon the expiry of FHT Sydney Trust 3's 75-year lease granted under the 75-year Lease Agreement, title to the Hotel will revert to the Vendor without any payment to be made by the Vendor to FHT Sydney Trust 3.

FH-REIT had, in connection with the Listing, established MIT Australia[26]. The REIT Trustee holds 50.0% of the units issued in MIT Australia and the remaining 50.0% is held by FHT Australia Pte. Ltd., a direct wholly-owned subsidiary of the REIT Trustee. MIT Australia had in turn established two sub-trusts for the purposes of acquiring Fraser Suites Sydney and Novotel Rockford Darling Harbour, which form part of the Existing Portfolio.

FHT Sydney Trust 3 has been established on 8 May 2015 pursuant to the MIT Sub-Trust Deed, as a new sub-trust under MIT Australia, for the purposes of acquiring the Leasehold Interest and for the same Australian tax treatment as at Listing to apply. The MIT Sub-trustee has also on 8 May 2015 entered into the Investment Management Agreement with the MIT Manager, 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.

The instrument of lease pertaining to the Leasehold Interest will be registered with the relevant land authority in the New South Wales after the completion of the Acquisition and the interests of FHT will be protected by a caveat (which has already been lodged) pending completion of the registration.

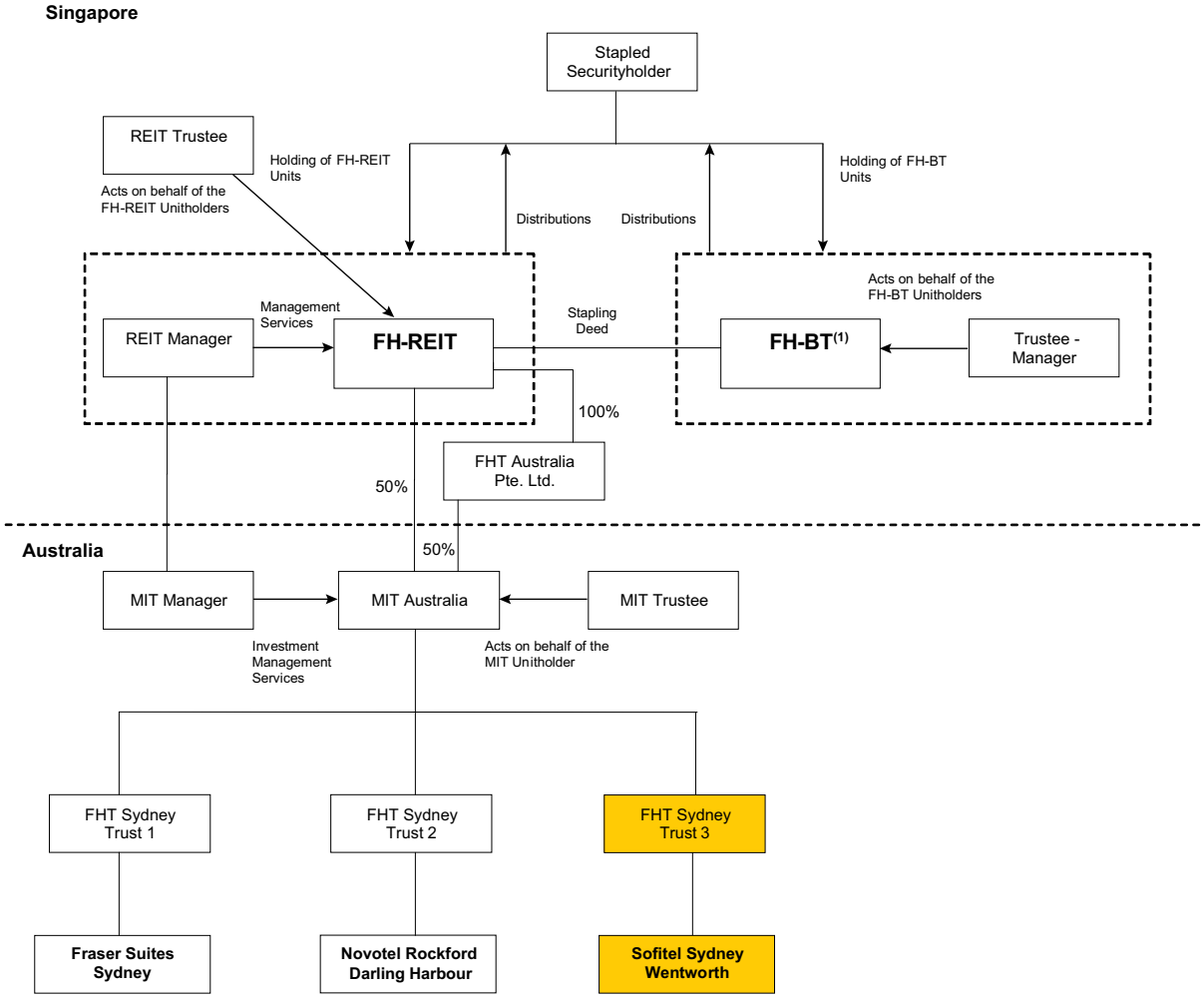
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24 The land on which the Hotel is situated is sub-divided into two stratum lots. There is a basement carpark and a retail arcade over two levels under Lot 1 held by a third party and these are not part of the Acquisition.

25 As the 75-year leasehold interest in the Hotel is granted to FHT Sydney Trust 3 under a lease agreement (being the 75-year Lease Agreement), the sale of the FF&E is provided for under a separate agreement (being the FF&E Agreement).

26 If MIT Australia qualifies as a managed investment trust, the distributions made by MIT Australia will be accorded preferential Australian withholding tax rates. The applicable withholding tax rate for trust distributions of net rental income and capital gains is 15.0% and for interest income is 10.0%. Where a trust does not qualify as a managed investment trust, the distributions would be subject to Australian tax at 30.0% (where the unitholder is a non-resident company) or 45.0% (where the unitholder is a non-resident trust).

The following diagram sets out the proposed holding structure of the Leasehold Interest post-Acquisition.



Note:
(1) FH-BT is dormant as at the date of this Circular.

2.2 Description of the Sofitel Sydney Wentworth

Sofitel Sydney Wentworth is an iconic heritage-listed hotel which is prominently located in the heart of Sydney's 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.

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.

Built in 1966, Sofitel Sydney Wentworth was the first international hotel in Sydney. As the oldest major hotel in Sydney, Sofitel Sydney Wentworth was Australia's biggest international hotel at the time of construction. Its distinctive horse shoe design is significant as a familiar architectural landmark in Sydney. Sofitel Sydney Wentworth is also aesthetically significant for the huge copper canopy over the entrance, which at the time of construction, was one of the largest completely fabricated copper awnings in the world.[27]

Selected information on the Property is set out in the table below:

Location	61-101 Phillip Street, Sydney, NSW 2000, Australia
Grade	Luxury(1)
Leasehold Tenure(2)	75 years commencing from the date of Completion
GFA (sq m)	33,589
Number of Available Rooms	436
Occupancy Rate for the Forecast Period (%)(3)	88.4
ADR for the Forecast Period (A$)(3)	214.1
RevPAR for the Forecast Period (A$)(3)	189.3
Independent Valuation by Savills (as at 11 May 2015) (A$'m)	222.0
Independent Valuation by JLL (as at 11 May 2015) (A$'m)	226.0
Purchase Consideration(4)	A$224.0 million / S$230.8 million
Fixed Rent (per annum) (A$'m)(8)	6.0
Variable Rent (per annum)(5)(8)	83.0% of GOP(9) less Fixed Rent plus FF&E Reserve(6)
Vendor	Frasers Sydney Wentworth Trust(7)
Master Lessee	Ananke Holdings Pty Ltd(7)
Term of Master Lease	20 years plus an option to renew for another 20 years at the Master Lessee's discretion on the same terms and conditions, save for any amendments required due to change in law and excluding any further option to renew
Net Property Income for the Forecast Period (A$'m)(3)	3.4

Notes:
(1) See under "Executive Summary - Property Description" of Savills' valuation summary in Appendix D on page D – 2.
(2) This refers to the length of leasehold interest acquired by FH-REIT under the 75-year Lease Agreement. Although the tenure of the Property is on a freehold basis, the Vendor will be selling, and FH-REIT will be purchasing, a 75-year leasehold interest in the Property. Divestment of a 75-year leasehold interest is a commercial decision of the Vendor and what the Vendor is willing and proposing to divest and is, accordingly, the subject matter which is being offered under the FCL ROFR.
(3) See Appendix B for further details on the Profit Forecast.
(4) This refers to the aggregate consideration under the 75-year Lease Agreement and the FF&E Agreement and is inclusive of the FF&E of the Hotel.
(5) If the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero.
(6) FF&E Reserve not utilised and not carried forward to the following year, if any. Please refer to paragraph 3.2.3 below under "Master Lessee's Obligations – FF&E" for further information on the FF&E Reserve.
(7) Frasers Sydney Wentworth Trust and Ananke Holdings Pty Ltd are an indirect wholly-owned trust and subsidiary of FCL, respectively.
(8) The Fixed Rent and Variable Rent set out here are the rent payable under the Master Lease Agreement.
(9) Please refer to the "Glossary" which sets out the definitions of GOP, GOR and Operating Expenses.

2.3 Valuation and Purchase Consideration for the Hotel

The aggregate Purchase Consideration payable to the Vendor in cash in Australian dollars under the 75-year Lease Agreement and the FF&E Agreement on Completion is A$224.0 million (approximately S$230.8 million). 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 and the REIT Trustee has commissioned another independent property valuer, JLL, to respectively value the Leasehold Interest.

27 See Appendix A to Savills' valuation summary which is in Appendix D of this Circular.

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. The valuation by Savills had been carried out using 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. The valuation by JLL had been carried out using the discounted cash flow analysis and the capitalisation approach.

(See Appendix D of this Circular for further details regarding the valuations of the Leasehold Interest.)

2.4 Estimated Total Acquisition Cost

The estimated Total Acquisition Cost is approximately A$240.8 million (approximately S$248.1 million), comprising:

(i) the Purchase Consideration of A$224.0 million (approximately S$230.8 million);

(ii) the Acquisition Fee, which amounts to approximately A$1.1 million (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 (inclusive of debt financing related expenses and S$12.7 million of stamp duty arising from the Acquisition) of approximately S$16.1 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.

(See details on the proposed method of financing the Acquisition in paragraph 4.1 below.)

2.5 Certain Principal Terms of the 75-year Lease Agreement and the FF&E Agreement

The terms and conditions of the 75-year Lease Agreement and the FF&E 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 of the Leasehold Interest;

(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 75-year Lease Agreement;

(iv) FHT having obtained financing to its satisfaction; and

(v) FHT being satisfied with the due diligence conducted on the Hotel.

Certain limited representations and warranties are made by the Vendor relating to the Property. Under the 75-year Lease Agreement, no liability shall arise in respect of any claim for breach of warranties unless the amount of the claim (together with the aggregate amount of any other or previous claim or claims) shall exceed a total sum of A$100,000, and claims for breach of warranties must be made within 15 months after the date of commencement of the lease. The maximum aggregate liability of the Vendor in respect of the claims shall not exceed the purchase consideration for the Leasehold Interest under the 75-year Lease Agreement, being the amount of A$224.0 million less the purchase price of the FF&E under the FF&E Agreement[28]. If, prior to the commencing date of the lease, it is found that there is a material breach of warranty by the Vendor, FHT Sydney Trust 3 shall be entitled to rescind the lease, without prejudice to its other rights including the right to claim damages.

28 The purchase price for the FF&E under the FF&E Agreement is the net book value based on the Vendor's management accounts as at the day preceding Completion.

Under the FF&E Agreement, 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. The maximum aggregate liability of the Vendor in respect of all claims under the FF&E Agreement shall not exceed the purchase price for the FF&E (being the net book value based on the Vendor's management accounts as at the day preceding Completion).

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

2.6 Certain Principal Terms of the Investment Management Agreement

2.6.1 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.

2.6.2 In consideration for the MIT Manager providing services under the Investment Management Agreement in connection with FHT Sydney Trust 3, the MIT Manager will be entitled to[29]:

(i) a base fee of 0.3% per annum of the total value of FHT Sydney Trust 3's trust property;

(ii) a performance fee of 5.5% per annum of FHT Sydney Trust 3's earnings before interest, taxes, depreciation and amortisation;

(iii) an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases of:

(a) the acquisition price of any real estate purchased by FHT Sydney Trust 3 whether directly or indirectly through one or more special purpose vehicles, plus any other payments in addition to the acquisition price made by FHT Sydney Trust 3 or a special purpose vehicle to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of FHT Sydney Trust 3's interest);

(b) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by FHT Sydney Trust 3 whether directly or indirectly through one or more special purpose vehicles, plus any other payments made by FHT Sydney Trust 3 or a special purpose vehicle to the vendor in connection with the purchase of such equity interests (prorated, if applicable, to the proportion of FHT Sydney Trust 3's interest); or

(c) the acquisition price of any investment purchased by FHT Sydney Trust 3, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate;

(iv) a divestment fee of 0.5% of:

(a) the sale price of any real estate sold or divested by FHT Sydney Trust 3 whether directly or indirectly through one or more special purpose vehicles, plus any other payments in addition to the sale price received by FHT Sydney Trust 3 or a special purpose vehicle from the purchaser in connection with the sale or divestment of the property (pro-rated, if applicable, to the proportion of FHT Sydney Trust 3's interest);

29 The fee structure and formula under the investment management agreements for all the three sub-trusts and MIT Australia (being the head Australian trust) are the same.

(b) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FHT Sydney Trust 3, whether directly or indirectly through one or more special purpose vehicles, plus any other payments received by FHT Sydney Trust 3 or its special purpose vehicles from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the FHT Sydney Trust 3's interest); or

(c) the sale price of any investment sold or divested by FHT Sydney Trust 3, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

(v) a development management fee of 3.0% of the total project costs incurred in a development project. Where the estimated total project costs is greater than S$200.0 million, the MIT Sub-trustee and the REIT Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the development management fee may be directed to be reduced.

Except for the development management fee which may only be paid in cash, the fees are payable to the MIT Manager in the form of cash and/or Stapled Securities.

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 MIT Australia) pursuant to the investment management agreement for MIT Australia.

For the avoidance of doubt, any fees paid to the MIT Manager under the Investment Management Agreement for FHT Sydney Trust 3 or the investment management agreement in respect of MIT Australia will correspondingly reduce the final amount of the relevant fees to be received by the REIT Manager under the REIT Trust Deed.

2.7 Related Party Transaction

Under Chapter 9 of the Listing Manual, where the REIT Trustee proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of FH-REIT's latest audited NTA, Stapled Securityholders' approval is required in respect of the transaction.

Based on the FH-REIT Unaudited Financial Statements[30], the NTA of FH-REIT was S$1,049.2 million as at 31 March 2015. Accordingly, if the value of a transaction which is proposed to be entered into by the REIT Trustee during the current financial year ending 30 September 2015 with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during the current financial year ending 30 September 2015, equal to or greater than S$52.5 million, such a transaction would be subject to approval from Stapled Securityholders.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Stapled Securityholders' approval for an Interested Party Transaction by the REIT Trustee whose value is equal to or exceeds 5.0% of FH-REIT's latest audited net asset value ("**NAV**"). Based on the FH-REIT Unaudited Financial Statements[30], the NAV of FH-REIT was S$1,044.3 million as at 31 March 2015. Accordingly, if the value of a transaction which is proposed to be entered into by the REIT Trustee with an interested party during the current financial year ending 30 September 2015 is equal to or greater than S$52.2 million, such a transaction would also be subject to approval from Stapled Securityholders.

30 The FH-REIT Unaudited Financial Statements are used as FHT was only listed on the SGX-ST on 14 July 2014 and has not yet issued any audited financial statements.

Under the 75-year Lease Agreement and the FF&E Agreement with the Vendor, FH-REIT (through FHT Sydney Trust 3) will pay an aggregate Purchase Consideration of A$224.0 million in cash in Australian dollars, which is equivalent to an aggregate amount of approximately S$230.8 million (being 22.0% of FH-REIT's NTA as at 31 March 2015 and 22.1% of FH-REIT's NAV as at 31 March 2015, respectively). The value of the Purchase Consideration exceeds the respective thresholds under the Listing Manual and the Property Funds Appendix and would therefore be subject to Stapled Securityholders' approval.

As at the Latest Practicable Date, the FCL Group holds an aggregate direct and indirect interest in 274,343,258 Stapled Securities, which is equivalent to approximately 22.77% of the Stapled Securities in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling unitholder" of FH-REIT for the purposes of both the Listing Manual and the Property Funds Appendix and a "controlling unitholder" of FH-BT for the purposes of 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 for the purposes of the Listing Manual.

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" of FH-REIT and FH-BT and (for the purposes of the Property Funds Appendix) an "interested party" of FH-REIT.

Therefore, the Acquisition will constitute a Related Party Transaction in respect of which Stapled Securityholders' approval is required.

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" of FH-REIT and FH-BT.

Therefore, the Investment Management Agreement will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual.

2.8 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[1] (S$ million)	11.0[2]	60.8[3]	18.1%
Purchase Consideration against market capitalisation (S$ million)	230.8	1,056.2[4]	21.9%

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.

2.9 Interests of Directors and Substantial Stapled Securityholders

As at the Latest Practicable Date, the interests of the Directors in the Acquisition 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 and a director of various entities within the TCC Group (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 Latest Practicable Date:

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

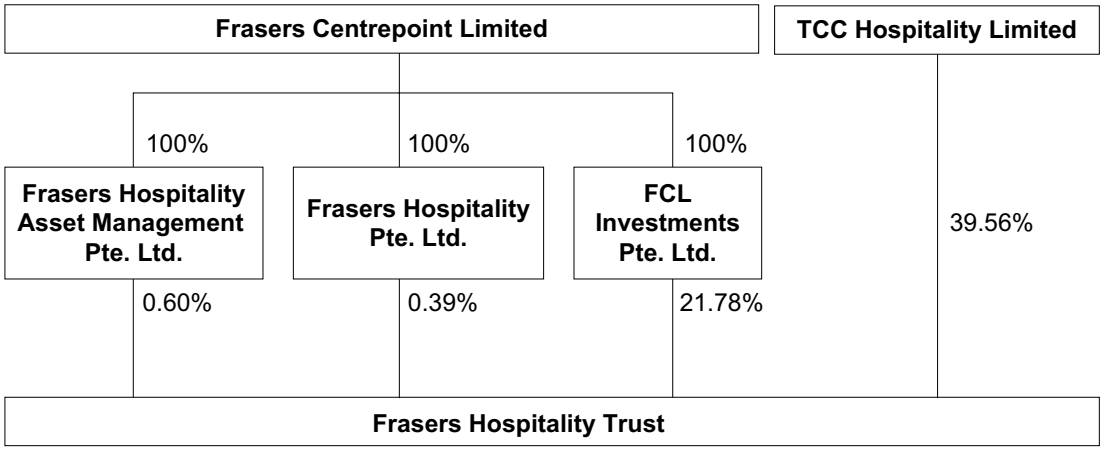
Note:
(1) Mr Panote Sirivadhanabhakdi holds 20.0% of the issued share capital of TCC Hospitality Limited and is deemed interested in TCC Hospitality Limited's direct interest in 476,501,000 Stapled Securities.

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 Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest			
Name of Substantial Stapled Securityholder	**No. of Stapled Securities held**	**%**	**No. of Stapled Securities held**	**%**	**Total No. of Stapled Securities held**	**%**
FCL Investments Pte. Ltd.	262,378,000	21.78	–	–	262,378,000	21.78
Frasers Centrepoint Limited[(1)]	–	–	274,343,258	22.77	274,343,258	22.77
TCC Hospitality Limited[(2)]	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) as at the Latest Practicable Date.
(2) TCC Hospitality Limited is a British Virgin Islands company that is owned equally by Atinant 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.

A diagrammatic illustration of the percentage stapled securityholding of the FCL Group and TCC in FHT as at the Latest Practicable Date is set out below.



Saved as disclosed above and based on information available to the Managers as at the Latest Practicable Date, none of the Directors or the Substantial Stapled Securityholders has an interest, direct or indirect, in the Acquisition.

2.10 Directors' Service Contracts

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

3. RESOLUTION 2: THE PROPOSED MASTER LEASE OF SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION

3.1 The Proposed Master Lease of the Hotel

FH-REIT will, through FHT Sydney Trust 3, enter into the Master Lease Agreement with the Master Lessee immediately upon the completion of the Acquisition[31]. Pursuant to the Master Lease Agreement, the Master Lessee will lease the Hotel for an initial term of 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.

In connection with the Master Lease, FCL has entered into the Corporate Guarantee with FHT Sydney Trust 3 in respect of the Master Lease to guarantee, *inter alia*, the payment of all rent under the Master Lease Agreement.

In connection with the Master Lease, FH-REIT will also, through FHT Sydney Trust 3, 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.

31 There is currently an existing master lease in place between the Master Lessee and the vendor of the Leasehold Interest, Frasers Sydney Wentworth Trust. 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 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.

3.2 Certain Principal Terms of the Master Lease Agreement

3.2.1 Term of the Master Lease

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.

3.2.2 Rental Payment

The Master Lessee is required to pay rent on a monthly basis, comprising:

(i) the Fixed Rent of A$6.0 million per annum; and

(ii) the Variable Rent computed based on 83% of the GOP[32] for that fiscal year less the Fixed Rent for the relevant fiscal year, plus any unutilised balance in the FF&E Reserve[33] which is not carried forward to 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 quantum of the Variable Rent will be adjusted within 90 days at the end of each fiscal year based on the audited profit and loss statement of the Hotel for such fiscal year.

If the Hotel is damaged or destroyed, the Master Lessee is not liable to pay rent for the period that the Hotel cannot be used. If part of the Hotel is still useable, the Master Lessee's liability to pay rent is adjusted such that:

(i) if the total costs for the reinstatement of the part(s) of the premises so damaged or destroyed (as estimated by a qualified and independent quantity surveyor) exceed 25.0% of the total reinstatement cost of the premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by FHT Sydney Trust 3, in respect of the period from the date such damage or destruction occurred until the date of completion of restoration and reinstatement of such part(s) of the premises, the Master Lessee will pay a reduced rent equivalent to the sum of (a) 83% of the Hotel's GOP for such period and, where applicable, any unutilised balance in the FF&E Reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement less an amount equivalent to half the Fixed Rent for such period and (b) an amount equivalent to half the Fixed Rent for such period; or

(ii) if the total costs for the reinstatement of the part(s) of the Premises so damaged or destroyed (as estimated by a qualified and independent quantity surveyor) do not exceed 25.0% of the total reinstatement cost of the premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by FHT Sydney Trust 3, in respect of the period from the date such damage or destruction occurred until the date of completion of restoration and reinstatement of such part(s) of the premises, the Master Lessee will continue to pay the rent for such period, without any abatement of the Fixed Rent amount.

3.2.3 Master Lessee's Obligations

(i) Security Deposit

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 and applicable Australian Goods and Services Tax. In addition to such security deposit, the Master Lessee shall furnish a corporate guarantee from FCL for, amongst other things, the payment of rent.

32 Please refer to the "Glossary" which sets out the definitions of GOP, GOR and Operating Expenses.

33 Please refer to paragraph 3.2.3 under "Master Lessee's Obligations – FF&E" for further information on the FF&E Reserve.

(ii) FF&E

The FF&E which is 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.

For each fiscal year, the Master Lessee is required to set aside in the FF&E Reserve an amount equivalent to three per cent. of the Hotel's gross operating revenue for such fiscal year to be utilised in accordance with an annual FF&E plan approved by the Master Lessor. Any unutilised balance in the FF&E Reserve at the end of a fiscal year must be carried forward and made available in the next fiscal year but this shall not reduce the required contribution to the FF&E Reserve in the next fiscal year. However, if the unutilised balance in the FF&E Reserve is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement, the unutilised balance shall be deemed to form part of the Variable Rent.

The total expenditure by the Master Lessee in any fiscal year shall not exceed the unutilised balance in the FF&E Reserve. Any unutilised amounts standing to the credit of the FF&E Reserve at the end of the Master Lease Agreement shall be paid in cash by the Master Lessee to the Master Lessor[34].

(iii) Annual Budget

The Master Lessee must submit to the Master Lessor for review and approval by no later than 60 days prior to the commencement of the following fiscal year, an annual budget for that fiscal year which includes, *inter alia*, a proposed capital budget for capital improvements[35]. In respect of such proposed capital budget, the Master Lessor is not obliged to undertake any expenditure for capital improvements unless (a) it is approved in writing by the Master Lessor, or (b) such capital improvements are (I) required to comply with any directive, order or requirement of any relevant government authorities or (II) required to meet safety or health requirements relating to the Property or (III) in certain cases of emergency.

(iv) Maintenance of the Hotel and the FF&E

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. The Master Lessor may in its absolute discretion fund any expenditure by the Master Lessee for the repair and replacement of the FF&E, but this shall not reduce the amount that the Master Lessee has to set aside in the FF&E Reserve for the relevant fiscal year or any subsequent fiscal year(s).

(v) Licences and Permits

All necessary licences and permits must be obtained and maintained by the Master Lessee at its cost.

34 For the avoidance of doubt, the amount to be paid under this provision shall be net of the Variable Rent.

35 Such capital improvements refer to any improvement or replacement to the plant, services infrastructure (both as defined in the Master Lease Agreement) or to the essential fabric of the Hotel being the foundations, load bearing walls, structural columns, structural floors and structural ceilings including the façade of the Hotel, but excluding any improvement or replacement to the FF&E.

(vi) Insurance

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. The Master Lessor will take out and maintain, at its cost, a property insurance insuring the Hotel, the infrastructure, plant and equipment and the contents of the Hotel, and business interruption policy for the respective rights and interests of the Master Lessor as lessor, and the Master Lessee as lessee. The Master Lessee is required to pay the insurance premium in respect of the business interruption policy attributable to the insurance coverage for the Master Lessee's interests.

(vii) Sale and Assignment

The Master Lessor may sell or assign its interest in the Property subject to the terms of the Master Lease Agreement. The Master Lessor may also sell or assign its interest in the Property at any time free and clear of the Master Lease Agreement and without the Master Lessee being liable for any claims, damages, compensations, costs and expenses for such termination provided (i) the Master Lessor gives at least six months' written notice to the Master Lessee and (ii) in any sale or assignment of the Master Lessor's interest in the Property free and clear of the Master Lease Agreement, the Master Lessor shall use reasonable endeavours to procure the purchaser's or assignee's agreement to have the sale or assignment (as the case may be) subject to (a) the terms of the Master Lease Agreement and/or (b) the operator's agreement to continue with the hospitality management agreement then in force.

To the extent that the Master Lessee suffers any direct loss (excluding indirect and consequential loss, including loss of profit, loss of revenue and/or loss of opportunity) because of the operation of the paragraph immediately above, the parties will meet in good faith to discuss how to mitigate such loss and agree on the amount (if any) to be paid by the Master Lessor to the Master Lessee in relation to such a loss. For the avoidance of doubt, FH-REIT will comply with Rules 905 and 906 of the Listing Manual for such payment to the Master Lessee (if any).

3.3 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 all 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 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 end on the earlier of (a) six months after the Master Lessee yields up vacant possession of the Property in accordance with the terms of the Master Lease Agreement, on the expiry or termination of the term (as may be extended or renewed) under the Master Lease Agreement, (b) the due and proper and complete performance of all of the obligations of the Master Lessee under the Master Lease Agreement and (c) FCL having complied with the obligations or made good any losses relating to any breach of the Master Lessee under the Master Lease Agreement, because of termination of the Master Lease Agreement.

3.4 Related Party Transaction

Under the Master Lease Agreement, the Master Lessee will pay a Fixed Rent of A$6.0 million per annum for a fixed initial term of 20 years plus an extended term of 20 years (at the option exercisable by the Master Lessee), which is equivalent to an aggregate amount of A$240.0 million (approximately S$247.3 million) (being 23.6% of FH-REIT's NTA as at 31 March 2015 and 23.7% of FH-REIT's NAV as at 31 March 2015, respectively). The Master Lessee is also required to pay a Variable Rent based on the formula as set out in the Master Lease Agreement.

The value of the Master Lease Agreement exceeds the respective thresholds under the Listing Manual and the Property Funds Appendix and would therefore be subject to Stapled Securityholders' approval.

As at the Latest Practicable Date, the FCL Group holds an aggregate indirect interest in 274,343,258 Stapled Securities, which is equivalent to approximately 22.77% of the Stapled Securities in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling unitholder" of FH-REIT for the purposes of both the Listing Manual and the Property Funds Appendix and a "controlling unitholder" of FH-BT for the purposes of 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 for the purposes of both the Listing Manual and the Property Funds Appendix and a "controlling shareholder" of the Trustee-Manager for the purposes of the Listing Manual.

Accordingly, the Corporate Guarantee will constitute a Related Party Transaction, in respect of which Stapled Securityholders' approval is required.

As the Master Lessee is 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 a Related Party Transaction, in respect of which Stapled Securityholders' approval is required.

4. RESOLUTION 3: THE PROPOSED ISSUE OF UP TO 150.0 MILLION NEW STAPLED SECURITIES UNDER THE PRIVATE PLACEMENT

4.1 Method of Financing the Acquisition and Overview of the Private Placement

The REIT Manager intends to finance the Total Acquisition Cost from a combination of:

(i) the issue of up to 150.0 million New Stapled Securities (which is equivalent to approximately S$122.3 million[36] or 12.5% of the 1,204,593,258 Stapled Securities in issue as at the Latest Practicable Date) under the Private Placement; and

(ii) debt facilities of up to approximately A$117.2 million.

The maximum of 150.0 million New Stapled Securities to be issued pursuant to the Private Placement is equivalent to 11.1% of the 1,354,593,258 Stapled Securities expected to be in issue immediately following the completion of the Private Placement.

The Managers intend to allocate the entire net proceeds from the Private Placement for the purposes of the Acquisition. Notwithstanding their current intention, the Managers may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at their absolute discretion for other purposes, including without limitation, to repay existing indebtedness.

36 Based on the Illustrative Issue Price.

The REIT Manager intends to finance the Acquisition with a combination of equity and debt financing, so as to ensure that the Acquisition will provide overall DPS accretion to Stapled Securityholders while maintaining an optimum level of gearing. 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 REIT Manager at the appropriate time taking into account the then prevailing market conditions and interest rate environment, availability of alternative funding options, the impact on FHT's capital structure, DPS and debt expiry profile and the covenants and requirements associated with each financing option.

The illustrative debt and equity funding plan adopted for the purposes of the pro forma financial impact and profit forecast contained in this Circular is based on an illustrative debt funding level of 52.3% of the Purchase Consideration. However, the actual debt and equity funding plan to be adopted by the REIT Manager will depend on, among others, prevailing market conditions, the demand for New Stapled Securities, the Issue Price and the terms and interest rates of available debt and loan facilities.

The structure and timing of the Private Placement have not been determined. If and when the Managers decide to carry out the Private Placement, the Private Placement will comprise a private placement of New Stapled Securities to institutional and other investors when the Managers deem appropriate in the circumstances and after having considered the then prevailing market conditions.

In the event that the Acquisition and the Private Placement are approved by Stapled Securityholders, but market conditions are not conducive to carry out the Private Placement or the Private Placement cannot be effected on acceptable terms, the Managers may decide to delay the Acquisition or alternatively fully finance the Acquisition by debt or a combination of debt and other forms of equity fund raising. Should the Managers part finance the Acquisition through other forms of equity fund raising other than a private placement, the Managers will rely on the General Mandate (as defined below) for the purpose of issuing new Stapled Securities.

Depending on market conditions, the Managers may also in their discretion decide to increase the size of the private placement by up to an additional 20.0 million New Stapled Securities under the Upsized Placement to increase the proportion of equity financing employed to finance the Acquisition or for general corporate and working capital purposes (including to repay existing indebtedness). For the avoidance of doubt, any New Stapled Securities issued under the Upsized Placement, being in excess of the maximum of 150.0 million new Stapled Securities to be issued under the Private Placement, will be issued pursuant to the General Mandate.

The New Stapled Securities in excess of 150.0 million new Stapled Securities under the Upsized Placement (if any) will be issued pursuant to the general mandate (the "**General Mandate**") that was deemed to have been given by the Stapled Securityholders to the Managers by subscribing for the Stapled Securities pursuant to or in connection with the initial public offering of FHT, pursuant to which the Managers may, during the period from 14 July 2014 until (i) the conclusion of the first annual general meeting of FHT or (ii) the date by which the first annual general meeting of FHT is required by law to be held, whichever is earlier, issue new Stapled Securities, whether by way of rights, bonus or otherwise and/or make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities, provided that the aggregate number of new Stapled Securities to be issued (including new Stapled Securities to be issued in pursuant of Instruments made or granted) shall not exceed 50.0% of the total number of issued Stapled Securities as at 14 July 2014 (excluding treasury units of FH-REIT and FH-BT) (the "**Base Figure**"), of which the aggregate number of new Stapled Securities to be issued other than on a pro rata basis to existing Stapled Securityholders, shall not exceed 20.0% of the Base Figure.

As at 14 July 2014, the Base Figure was 1,192,628,000 and the number of Stapled Securities that can be issued under the General Mandate for a non pro rata issuance is 238,525,600.

Taking into account the 11,965,258 Stapled Securities which have been issued in the current financial year ending 30 September 2015 under the General Mandate, the balance number of Stapled Securities that can still be issued under the General Mandate on a non pro rata basis is 226,560,342. The maximum number of New Stapled Securities to be issued pursuant to the Upsized Placement is 20.0 million.

The Managers will work with the Lead Manager and Underwriter to determine the structure of the Private Placement and the Upsized Placement (if any), the time schedule for the Private Placement and the Upsized Placement (if any) and the Issue Price, taking into account market conditions, and other factors that the Managers and the Lead Manager and Underwriter consider relevant. The structure and time schedule of the Private Placement and the Upsized Placement (if any) and the Issue Price will be determined in accordance with Chapter 8 of the Listing Manual.

The Managers will announce details of the Private Placement and the Upsized Placement (if any) at the appropriate time. As the details of the Private Placement and the Upsized Placement (if any) have not been determined, the Managers have not made any application to the SGX-ST for the listing of and quotation for the New Stapled Securities.

The Issue Price under the Private Placement and the Upsized Placement (if any) will be determined between the Managers and the Lead Manager and Underwriter closer to the date of commencement of such private placement. The actual number of New Stapled Securities to be issued pursuant to the Private Placement and the Upsized Placement (if any) will depend on the aggregate amount of proceeds to be raised from the Private Placement and the Upsized Placement (if any) and the Issue Price. The Issue Price will be subject to Rules 811(1) and 811(5) of the Listing Manual, and will not be at more than 10.0% discount to the volume weighted average price for trades done on the SGX-ST for the full market day[37] on which the placement agreement is signed or, if trading in the Stapled Securities is not available for a full market day, for the preceding market day up to the time the placement agreement is signed, excluding (where applicable) declared distributions, provided that the placees under the Private Placement and the Upsized Placement (if any) are not entitled to the declared distributions.

In the event that the Private Placement is carried out:

(i) the Private Placement will comply with Rule 803 of the Listing Manual, such that the New Stapled Securities will not be issued under the Private Placement to transfer a controlling interest without the prior approval of Stapled Securityholders in a general meeting; and

(ii) the Private Placement will also comply with Rule 812 of the Listing Manual, such that the New Stapled Securities will not be placed to any of the connected persons listed under Rule 812(1) of the Listing Manual (other than one that fulfils the criteria set out in Rule 812(3) or Rule 812(4) of the Listing Manual), save for the placement of New Stapled Securities under the TCC Placement, which is subject to the prior approval of Stapled Securityholders under Resolution 4 (the TCC Placement) at the EGM.

For the avoidance of doubt, in the event that the Upsized Placement is carried out, the Upsized Placement will also comply with Rules 803 and 812 of the Listing Manual as described in the paragraph above. In addition, the Private Placement and the Upsized Placement will not result in the transfer of a controlling interest.

The Stapled Securityholding interests of existing Stapled Securityholders may be diluted by the issue of New Stapled Securities in the event that the Managers issue New Stapled Securities under the Private Placement and the Upsized Placement (if any) and such existing Stapled Securityholders do not have the opportunity to participate in the Private Placement and the Upsized Placement.

The Managers believe that funds raised from the Private Placement will be sufficient to enable FHT to meet its obligations and continue to operate as a going concern.

37 "**market day**" means a day on which the SGX-ST is open for trading in securities.

The information contained in this paragraph 4.1 is subject to change. Once the Managers finalise the details in relation to the Private Placement and the Upsized Placement (if any), an announcement will be made in relation to such details at the appropriate time (which will include the intended use of such proceeds on a percentage allocation basis in accordance with Rule 810 of the Listing Manual).

The Private Placement and the Upsized Placement are subject to, among others, the then prevailing market conditions and agreement to the terms of and execution of the underwriting agreement to be entered into between the Managers and the Lead Manager and Underwriter in relation to the Private Placement (the "**Underwriting Agreement**").

4.2 Underwriting by the Lead Manager and Underwriter

It is anticipated that all or part of the Private Placement as well as the Upsized Placement (save for any proposed issue of New Stapled securities to TCC, as part of the Private Placement and Upsized Placement (if any)) will be underwritten by the Lead Manager and Underwriter on the terms and subject to the conditions of the Underwriting Agreement. The Underwriting Agreement will contain such representations, warranties, indemnities and terms as are customary for a transaction of this nature.

The Lead Manager and Underwriter will be paid an underwriting commission pursuant to the Underwriting Agreement.

4.3 Costs of the Private Placement

Costs and expenses in connection with the Private Placement which are to be borne by FHT comprise the following:

(i) the financial advisory fees payable to the Financial Adviser in relation to the Private Placement;

(ii) the underwriting and selling commission and related expenses payable to the Lead Manager and Underwriter in relation to the Private Placement; and

(iii) professional and other fees and expenses to be incurred by FHT in connection with the Private Placement.

The costs and expenses in connection with the Private Placement will vary according to the amount of proceeds to be raised. Based on the Illustrative Issue Price of S$0.815 and assuming that 149.8 million New Stapled Securities are issued under the Private Placement to raise gross proceeds of approximately S$122.1 million, the Managers estimate that the costs and expenses to be incurred by FHT in connection with the Private Placement will be approximately S$2.9 million.

4.4 Consequential Adjustment to Distribution Period

FHT's policy is to distribute its distributable income on a semi-annual basis to Stapled Securityholders. When the Managers decide to carry out the Private Placement and the Upsized Placement (if any), the Managers may decide to make adjustments to the distribution period which may include, among others, a cumulative distribution or an advance distribution, or such other plans to ensure fairness to holders of the Existing Stapled Securities.

Further details pertaining to any adjustments to the distribution period, if any, will be announced at the appropriate time.

4.5 Status of the New Stapled Securities

The New Stapled Securities will, upon issue, rank *pari passu* in all respects with the Existing Stapled Securities, including the right to any distributable income from the day the New Stapled Securities are issued, as well as all distributions thereafter.

For the avoidance of doubt, New Stapled Securities will not be entitled to participate in the distribution of any distributable income accrued by FHT prior to the date of issue of the New Stapled Securities under the Private Placement and the Upsized Placement (if any).

4.6 Requirement for Stapled Securityholders' Approval

The Managers are seeking the approval of Stapled Securityholders for the issue of New Stapled Securities pursuant to the Private Placement pursuant to Rule 805(1) of the Listing Manual.

5. RESOLUTION 4: THE PROPOSED ISSUE AND PLACEMENT OF NEW STAPLED SECURITIES TO TCC UNDER THE PRIVATE PLACEMENT AND THE UPSIZED PLACEMENT AS AN INTERESTED PERSON TRANSACTION

5.1 Proposed Subscription by TCC

As at the Latest Practicable Date, TCC holds 476,501,000 Stapled Securities, which is equivalent to approximately 39.56% of the total number of Stapled Securities in issue. To provide a higher degree of certainty for the successful completion of the Private Placement and to enable TCC to be in a position to support FHT and align its interests with the Stapled Securityholders, the Managers are seeking approval from Stapled Securityholders for the proposed issue of such number of New Stapled Securities for subscription by TCC in order to raise monies to partially finance the Total Acquisition Cost.

TCC may 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.

In the event of an Upsized Placement, TCC may subscribe for such number of New Stapled Securities under the Upsized Placement up to its proportionate pre-placement stapled securityholding in FHT, in percentage terms.

TCC's percentage stapled securityholding in FHT will therefore not increase after the Private Placement and the Upsized Placement (if any) in any case.

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 and the Upsized Placement (if any).

5.2 Specific Approval from Stapled Securityholders for the Proposed TCC Placement

Pursuant to Rule 805(1) of the Listing Manual, the Managers are seeking the specific approval of Stapled Securityholders for the issue of the New Stapled Securities to TCC as part of the Private Placement.

Under Rule 812(2) of the Listing Manual, the approval of Stapled Securityholders by way of Ordinary Resolution is required for the placement of the new Stapled Securities to TCC pursuant to the Private Placement and the Upsized Placement. This is because TCC is a Substantial Stapled Securityholder of FHT. TCC and each of its associates are prohibited from voting on the resolution to permit such a placement of the New Stapled Securities to TCC.

As TCC is a "controlling Stapled Securityholder" of FHT (for the purposes of the Listing Manual), a placement of the New Stapled Securities to TCC will constitute an Interested Person Transaction.

If such number of New Stapled Securities are placed to TCC pursuant to the Private Placement and the Upsized Placement in order for TCC to maintain its proportionate pre-placement stapled securityholding in percentage terms, there is a possibility (depending on the actual Issue Price and the number of New Stapled Securities placed under the TCC Placement) that the value of New Stapled Securities placed to TCC may exceed 5.0% of the value of FHT's latest unaudited NTA[38]. In such circumstances, under Rule 906 of the Listing Manual, the Managers are required to seek approval of Stapled Securityholders for the placement of New Stapled Securities to TCC.

Accordingly, the Managers are seeking Stapled Securityholders' approval for the proposed issue and placement of the New Stapled Securities for subscription by TCC.

38 FHT was only listed on the SGX-ST on 14 July 2014 and has not yet issued any audited financial statements.

6. RATIONALE FOR AND KEY BENEFITS OF (I) THE ACQUISITION, (II) THE MASTER LEASE AND (III) THE PRIVATE PLACEMENT (INCLUDING THE TCC PLACEMENT)

The Managers believe that (i) the Acquisition, (ii) the Master Lease and (iii) the Private Placement (including the TCC Placement) will bring the following key benefits to Stapled Securityholders:

6.1 Rationale for and Key Benefits of the Acquisition

(1) 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.

The following map shows Sofitel Sydney Wentworth's strategic location in Sydney's CBD.



This map is not drawn to scale and is for illustration purposes only.

(2) 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 for the year ended 31 December 2014[39].

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 A$6 billion development of the Barangaroo precinct[40] and redevelopment of the Sydney International Convention, Exhibition and Entertainment Precinct (SICEEP) will also have a further positive impact on the hotel market.

(3) Yield Accretive Acquisition

The Acquisition is expected to be accretive to the DPS for FY2015. 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. The actual debt and equity funding plan to be adopted will depend on, among others, prevailing market conditions, the demand for New Stapled Securities, the Issue Price and the terms and interest rates of available debt and loan facilities

Stapled Securityholders are expected to enjoy an increase in DPS from 6.158[41] cents to 6.163 cents for FY2015.

The illustrative number of new Stapled Securities to be issued in connection with the Acquisition is approximately 151.2 million, which is the sum of 149.8 million New Stapled Securities issued in connection with the Private Placement, and 1.4 million Acquisition Fee Stapled Securities[42]. The above assumes that (a) the Acquisition is funded through a combination of debt (of approximately A$117.2 million) and the net proceeds from the Private Placement, (b) the New Stapled Securities are issued at the Illustrative Issue Price, and (c) the Acquisition Fee Stapled Securities are issued at an assumed issue price of S$0.851 per Stapled Security[43]. The REIT Manager expects the Acquisition to be yield accretive to Stapled Securityholders.

To illustrate the DPS accretion arising from the Acquisition, assuming the Acquisition is funded by a combination of debt (of approximately A$117.2 million) and proceeds from the Private Placement, the table below shows the forecast DPS for FY2015 in relation to the Existing Portfolio and the Enlarged Portfolio.

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39 Source: Savills Valuation Report – Sofitel Sydney Wentworth, 11 May 2015.

40 Source: http://www.barangaroo.com/discover-barangaroo/overview.aspx (last accessed on the Latest Practicable Date). Barangaroo Delivery Authority has not provided its consent to the inclusion of the information extracted from the website and therefore is not liable for such information. While the Managers have taken reasonable actions to ensure that the information from the website is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such website, neither the Managers nor any other party has conducted an independent review of the information contained in such website nor verified the accuracy of the contents of the relevant information.

41 This refers to the forecast DPS of the Existing Portfolio for FY2015 as extracted from the Prospectus.

42 The Acquisition Fee Stapled Securities will be issued as soon as practicable after the Completion and, accordingly, will be issued after the completion of the Private Placement and Upsized Placement (if any).

43 The assumed issue price of S$0.851 per Stapled Security for the Acquisition Fee Stapled Securities is based on FHT's volume weighted average price of S$0.867 per Stapled Security as at 29 May 2015 after adjusting for the estimated accrued distribution of S$0.016 per Stapled Security. The Illustrative Issue Price of S$0.815 per Stapled Security is based on an indicative discount of 4.2% to the Adjusted VWAP of S$0.851 per Stapled Security. These issue prices are for illustrative purposes only and the actual issue price of the Acquisition Fee Stapled Securities and the New Stapled Securities will be determined in accordance with, *inter alia*, the REIT Trust Deed and the Listing Manual.

Assumed Issue Price of New Stapled Securities (S$)	No. of New Stapled Securities Issued	Forecast DPS (FY2015)		
		Existing Portfolio (Singapore cents)	Enlarged Portfolio (Singapore cents)	DPS Accretion (%)
0.800	154,034,141	6.158	6.159	0.025%
0.805	153,077,407	6.158	6.160	0.042%
0.810	152,132,485	6.158	6.162	0.059%
0.815	151,199,157	6.158	6.163	0.075%
0.820	150,277,211	6.158	6.164	0.092%
0.825	149,366,440	6.158	6.165	0.108%
0.830	148,466,642	6.158	6.166	0.124%
0.835	147,577,620	6.158	6.167	0.140%
0.840	146,699,182	6.158	6.168	0.156%
0.845	145,831,139	6.158	6.168	0.172%
0.850	144,973,309	6.158	6.169	0.187%
0.855	144,125,512	6.158	6.170	0.202%
0.860	143,287,573	6.158	6.171	0.218%
0.865	142,459,321	6.158	6.172	0.233%
0.870	141,640,589	6.158	6.173	0.247%
0.875	140,831,215	6.158	6.174	0.262%
0.880	140,031,037	6.158	6.175	0.277%
0.885	139,239,901	6.158	6.176	0.291%
0.890	138,457,655	6.158	6.177	0.291%
0.895	137,684,148	6.158	6.178	0.305%
0.900	136,919,236	6.158	6.178	0.319%

The assumed borrowing is based on a realistic illustrative net debt funding level of 52.3% of the Purchase Consideration, in light of the current market conditions. In conjunction with the other assumptions set out in this Circular, the above-assumed borrowing will increase FHT's aggregate leverage from 38.4% as at 31 March 2015 to 40.0% immediately after the Acquisition. It has been further assumed that the balance of the Total Acquisition Cost will be funded by the net proceeds from the Private Placement.

The forecast DPS must be read together with the detailed portfolio forecast consolidated statement of total return and distribution statement for the Forecast Period, the accompanying key assumptions and the sensitivity analysis set out in Appendix B of this Circular (the "**Profit Forecast**") and the report of Ernst & Young LLP, who have been appointed as the independent accountants (the "**Independent Accountants**") and have examined the Profit Forecast, set out in Appendix C of this Circular.

There is no assurance that the actual Issue Price of the New Stapled Securities will be within the assumed issue price or any of the assumed variables set out for illustration purposes above.

(4) Experienced International Hotel Operator with a Global Hotel Network

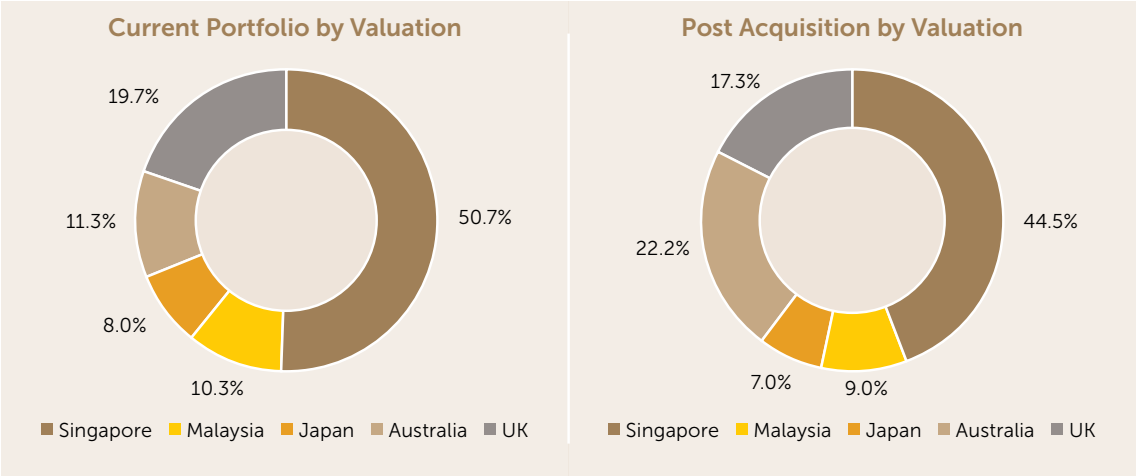
The Hotel will continue to be operated by Accor under its luxury-tier brand Sofitel. Accor manages one of the world's largest hotel networks with 3,700 properties worldwide across 92 countries. This places Accor as a world leader in travel and tourism services across all market segments from budget to 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[44].

(5) 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 2015 reflected in 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 FHT's reliance on income stream from any single asset within its Existing Portfolio and also allow for a more balanced Enlarged Portfolio that is better spread across 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 22.2% 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 following diagrams set out the breakdown of FHT's portfolio by valuation before and after the Acquisition.



The Acquisition will also help to expand FHT's exposure to the Australian hospitality market and enlarge and diversify its hotel clientele.

(6) 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.

44 Source: http://www.accorhotels-group.com/en.html (last accessed on the Latest Practicable Date). Accor has not provided its consent to the inclusion of the information extracted from the website and therefore is not liable for such information. While the Managers have taken reasonable actions to ensure that the information from the website is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such website, neither the Managers nor any other party has conducted an independent review of the information contained in such website nor verified the accuracy of the contents of the relevant information.

6.2 Rationale for and Key Benefits of the Master Lease

(1) 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 the Fixed Rent, and the Variable Rent. 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. This mitigates the 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 the variable rent component of the rental payments pegged to GOP. In addition, FCL has granted a Corporate Guarantee in respect of the Master Lease Agreement (which includes the guarantee of payment of the Fixed Rent).

6.3 Rationale for and Key Benefits of the Private Placement (including the TCC Placement)

(1) Increased Trading Liquidity and Investor Interest

Given the current market conditions and the borrowing limit imposed by the MAS on property funds such as FH-REIT, the REIT Manager believes that the Private Placement is an efficient and beneficial method of raising funds to finance the Acquisition, and provides FHT with the flexibility to tap the equity markets for funds.

Following the Private Placement, the market capitalisation of FHT is expected to increase. With a larger market capitalisation, FHT is likely to garner a wider interest from existing and potential investors. The New Stapled Securities, when issued, will increase FHT's number of Stapled Securities listed on the SGX-ST which in turn is expected to result in improved trading liquidity, thus potentially benefiting Stapled Securityholders.

(2) Success of Private Placement and Alignment of Interests with the Existing Stapled Securityholders

The issue of new Stapled Securities to TCC will help to provide a higher degree of certainty for the successful completion of the Private Placement and to enable TCC to align its interests with that of the other Stapled Securityholders. The issue of the New Stapled Securities to TCC will also allow TCC to maintain its pre-placement level of stapled securityholding in FHT, and continue to be in a position to support FHT over the long-term.

The Managers believe that the size of TCC's stapled securityholding in FHT provides a degree of stability to FHT as an investment vehicle and allowing New Stapled Securities to be placed to TCC would help to maintain such stability, which is to the benefit of Stapled Securityholders.

7. CERTAIN FINANCIAL INFORMATION RELATING TO THE PROPOSED ACQUISITION AND MASTER LEASE

The pro forma financial effects of the proposed Acquisition and Master Lease on the DPS and NAV per Stapled Security presented below are strictly for illustrative purposes and were prepared based on the FH-REIT Unaudited Financial Statements and the management accounts for the Hotel for the period from the Listing Date (as defined herein) through to 31 March 2015 (translated to S$ at the exchange rates prevailing for the same period), taking into account the Total Acquisition Cost as well as the estimated cost of the Private Placement, and certain assumptions including (but not limited to) the following:

(i) approximately 149.8 million new Stapled Securities are issued based on the Illustrative Issue Price to part finance the Acquisition;

(ii) the balance of the Total Acquisition Cost of A$117.2 million is financed by borrowings;

(iii) the Acquisition Fee payable in Stapled Securities to the REIT Manager, is paid through the issuance of approximately 1.4 million Stapled Securities at an assumed issue price of approximately S$0.851 per Stapled Security; and

(iv) 100.0% of the MIT Manager's additional management fee incurred in relation to the addition of the Property to MIT Australia's portfolio is paid in the form of Stapled Securities.[45] The number of Stapled Securities to be issued is computed based on an assumed issue price of approximately S$0.851 per Stapled Security.

7.1 Pro Forma DPS

The pro forma financial effects of the proposed Acquisition and Master Lease on the DPS for the period from 14 July 2014 (being the date of listing of FHT on the SGX-ST) (the "**Listing Date**"), as if FH-REIT had purchased the Leasehold Interest and the FF&E on the Listing Date and the Hotel had been leased out and operated by the Master Lessee through to 31 March 2015, are as follows:

	Pro Forma Effects of the Acquisition and Master Lease for the period from Listing Date to 31 March 2015	
	Before the Acquisition and Master Lease	**After the Acquisition and Master Lease**
Net Income of FH-REIT (S$'m)	60.8	71.8
Distributable Income (S$'m)	52.4	59.2
No. of Stapled Securities ('000)	1,204,593(1)	1,356,858(2)
DPS (Singapore cents)(3)	4.346	4.360

Notes:
(1) Number of Stapled Securities issued and issuable as at 31 March 2015.
(2) Based on the issued and issuable Stapled Securities as at 31 March 2015 in note (1) above and including (i) approximately 149.8 million new Stapled Securities issued under the Private Placement at the Illustrative Issue Price, (ii) 1.4 million new Stapled Securities issued as Acquisition Fee Stapled Securities to the REIT Manager at an assumed issue price of approximately S$0.851 per Stapled Security and (iii) 1.1 million new Stapled Securities issued to the MIT Manager as full payment for the MIT Manager's additional management fee incurred in relation to the addition of the Property to MIT Australia's portfolio at an assumed issue price of approximately S$0.851 per Stapled Security.
(3) This refers to the accrued DPS.

7.2 Pro Forma NAV

The pro forma financial effects of the proposed Acquisition on the NAV per Stapled Security as at 31 March 2015, as if the Acquisition had been completed on 31 March 2015, are as follows:

	Pro Forma Effects of the Acquisition as at 31 March 2015	
	Before the Acquisition	**After the Acquisition**
NAV (S$'000)	1,044,322(1)	1,155,426
No. of Stapled Securities ('000)	1,204,593(2)	1,355,738(3)
NAV per Stapled Security (Singapore cents)	86.7	85.2

Notes:
(1) Based on the FH-REIT Unaudited Financial Statements.
(2) Number of Stapled Securities issued and issuable as at 31 March 2015.
(3) Based on the issued and issuable Stapled Securities as at 31 March 2015 in note (1) above and including (i) approximately 149.8 million new Stapled Securities issued under the Private Placement at the Illustrative Issue Price and (ii) 1.4 million new Stapled Securities issued as Acquisition Fee Stapled Securities to the REIT Manager at an assumed issue price of approximately S$0.851 per Stapled Security.

45 For the avoidance of doubt, the fees paid to the MIT Manager will correspondingly reduce the final amount of the relevant fees to be received by the REIT Manager under the REIT Trust Deed.

7.3 Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of FHT as at 31 March 2015, as if FH-REIT had completed the Acquisition on 31 March 2015.

	Actual (S$'m)	As adjusted for the Acquisition (S$'m)
Short-term debt:		
Secured debt	–	–
Unsecured debt	–	–
Total short-term debt	–	–
Long-term debt:		
Secured debt	35.7	35.7
Unsecured debt	635.7	760.1
Total long-term debt	671.4	795.8
Total debt:	671.4	795.8
Stapled Securityholders' funds and reserves	1,044.3	1,158.1
Expenses relating to the Private Placement	–	(2.7)
Total Stapled Securityholders' funds	1,044.3	1,155.4
Total Capitalisation	1,715.7	1,951.2

7.4 Profit Forecast

FHT's Profit Forecast has been prepared in accordance with the accounting policies adopted by FH-REIT as stated in the Prospectus and is set out in Appendix B of this Circular. The Profit Forecast must be read together with the accompanying assumptions in Appendix B of this Circular, and the report of the Independent Accountants (who have examined the Profit Forecast) in Appendix C of this Circular.

8. EXISTING RELATED PARTY 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[46] and transactions with a value below S$100,000[47], both the REIT Trustee and the Managers have not entered into any Related Party Transaction with any of FCL or TCC or their respective subsidiaries and associates during the course of the current financial year.

9. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

9.1 The Proposed Acquisition

Under Rule 921(4)(b)(ii) of the Listing Manual, an opinion from an independent financial adviser is not required for an "interested person transaction" if the transaction involves the purchase or sale of real property where (i) the consideration for the purchase or sale is in cash, (ii) an independent professional valuation has been obtained for the purpose of the purchase of the property and (iii) the valuation of such property is disclosed in the circular to stapled securityholders.

Accordingly, as the Acquisition involves the purchase of the Property where (i) the Purchase Consideration will be payable in cash, (ii) independent valuations have been obtained from Savills and JLL for the purpose of the purchase of the Property and (iii) the valuations by Savills and JLL are disclosed in this Circular, a letter from an independent financial adviser is not strictly required, notwithstanding that the Acquisition is an "interested person transaction".

46 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.

47 Rules 905(1), 905(2) and 906 of the Listing Manual do not apply to any transaction below S$100,000.

However, for the purpose of good corporate governance and to ensure that there is an independent analysis of the Acquisition, the REIT Manager has appointed an independent financial adviser to review the transaction. The REIT Manager has appointed PricewaterhouseCoopers Corporate Finance Pte Ltd (the "**IFA**") to advise the independent directors of the REIT Manager (the "**Independent Directors**"), the audit, risk and compliance committee of the REIT Manager (the "**Audit, Risk and Compliance Committee**")[48] and the REIT Trustee in relation to the Acquisition. A copy of the letter from the IFA to the Independent Directors, the Audit, Risk and Compliance Committee and the REIT Trustee (the "**IFA Letter**"), containing its advice in full in relation to the Acquisition, is set out in Appendix A of this Circular. Stapled Securityholders are advised to read the IFA Letter in its entirety carefully.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Acquisition is based on normal commercial terms and is not prejudicial to the interests of FHT and its minority Stapled Securityholders.

The IFA is of the opinion that the Independent Directors recommend that Stapled Securityholders vote in favour of Resolution 1 (the Acquisition).

9.2 The Proposed Master Lease

The REIT Manager has appointed the IFA to advise the Independent Directors, the Audit, Risk and Compliance Committee and the REIT Trustee as to whether the entry into the Master Lease by FH-REIT (through FHT Sydney Trust 3) is based on normal commercial terms and is not prejudicial to the interests of FHT and its minority Stapled Securityholders. A copy of the IFA Letter, containing its advice in full in relation to the Master Lease, is set out in Appendix A of this Circular. Stapled Securityholders are advised to read the IFA Letter in its entirety carefully.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Master Lease is based on normal commercial terms and is not prejudicial to the interests of FHT and its minority Stapled Securityholders.

The IFA is of the opinion that the Independent Directors recommend that Stapled Securityholders vote in favour of Resolution 2 (the Master Lease).

9.3 The Proposed TCC Placement

Under Rule 921(4)(b)(i) of the Listing Manual, an opinion from an independent financial adviser is not required for Stapled Securities issued pursuant to Part IV of Chapter 8 of the Listing Manual for cash. Accordingly, as the TCC Placement involves the issue of Stapled Securities in accordance with the requirements under Part IV of Chapter 8 of the Listing Manual, a letter from an independent financial adviser is not strictly required.

However, for the purpose of good corporate governance and to ensure that there is an independent analysis of the TCC Placement, the REIT Manager has appointed the IFA to advise the Independent Directors, the Audit, Risk and Compliance Committee and the REIT Trustee as to whether the TCC Placement is based on normal commercial terms and is not prejudicial to the interests of FHT and its minority Stapled Securityholders. A copy of the IFA Letter, containing its advice in full in relation to the TCC Placement, is set out in Appendix A of this Circular. Stapled Securityholders are advised to read the IFA Letter in its entirety carefully.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the TCC Placement is based on normal commercial terms and is not prejudicial to the interests of FHT and its minority Stapled Securityholders.

The IFA is of the opinion that the Independent Directors recommend that Stapled Securityholders vote in favour of Resolution 4 (the TCC Placement).

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48 The Trustee-Manager does not have an audit committee. The MAS has granted the Trustee-Manager an exemption from compliance with section 15(1) of the Business Trusts Act, Chapter 31A of Singapore (the "**BTA**") to the extent that section 15(1) requires an audit committee to be constituted when FH-BT is dormant, subject to the conditions that (i) the exemption shall only be in effect for so long as FH-BT is dormant, and (ii) immediately upon the Trustee-Manager becoming aware that FH-BT will become active, the Trustee-Manager shall ensure that an audit committee in compliance with the requirements of the BTA and the Business Trust Regulations is constituted before FH-BT becomes active.

10. RECOMMENDATIONS

10.1 The Proposed Acquisition of a 75-year Leasehold Interest in Sofitel Sydney Wentworth as a Related Party Transaction

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix A of this Circular) and having regard to the rationale for and key benefits of the Acquisition as set out in paragraph 6.1 above, the Independent Directors and the Audit, Risk and Compliance Committee are of the opinion that the Acquisition is based on normal commercial terms and would not be prejudicial to the interests of FHT and its minority Stapled Securityholders.

Accordingly, the Independent Directors recommend that Stapled Securityholders vote at the EGM in favour of Resolution 1 (the Acquisition).

10.2 The Proposed Master Lease of Sofitel Sydney Wentworth as a Related Party Transaction

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix A of this Circular) and having regard to the rationale for and key benefits of the Master Lease set out in paragraph 6.2 above, the Independent Directors and the Audit, Risk and Compliance Committee are of the opinion that the Master Lease is based on normal commercial terms and would not be prejudicial to the interests of FHT and the minority Stapled Securityholders.

Accordingly, the Independent Directors recommend that Stapled Securityholders vote at the EGM in favour of Resolution 2 (the Master Lease).

10.3 The Proposed Private Placement

Having regard to the rationale for and key benefits of the Private Placement set out in paragraph 6.3 above, the Managers believe that the Private Placement would be beneficial to, and is in the interests of, FHT and its Stapled Securityholders.

Accordingly, the Managers recommend that Stapled Securityholders vote in favour of Resolution 3 (the Private Placement).

10.4 The Proposed Issue and Placement of New Stapled Securities to TCC under the Private Placement and the Upsized Placement as an Interested Person Transaction

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix A of this Circular) and having regard to the rationale for and key benefits of the issue and placement of the New Stapled Securities to TCC set out in paragraph 6.3 above, the Independent Directors and the Audit, Risk and Compliance Committee believe that the TCC Placement is based on normal commercial terms and would not be prejudicial to the interests of FHT and the minority Stapled Securityholders.

Accordingly, the Independent Directors recommend that Stapled Securityholders vote at the EGM in favour of Resolution 4 (the TCC Placement).

11. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 24 June 2015 at 2.00 p.m. at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 for the purpose of considering and, if thought fit, passing with or without modification, the Ordinary Resolutions in the Notice of Extraordinary General Meeting, which are set out on pages E–1 to E–3 of this Circular. The purpose of this Circular is to provide Stapled Securityholders with relevant information about the resolutions.

Approval by way of an Ordinary Resolution is required in respect of each of Resolution 1 (the Acquisition), Resolution 2 (the Master Lease), Resolution 3 (the Private Placement) and Resolution 4 (the TCC Placement).

A Depositor shall not be regarded as a Stapled Securityholder entitled to attend the EGM and to speak and vote unless he is shown to have Stapled Securities entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 48 hours before the EGM.

12. ABSTENTIONS FROM VOTING

12.1 Relationship between the FCL Group and the Managers

As at the Latest Practicable Date, the Managers are wholly-owned subsidiaries of FCL. The FCL Group holds an aggregate indirect interest in 274,343,258 Stapled Securities, comprising approximately 22.77% of the 1,204,593,258 Stapled Securities in issue as at the Latest Practicable Date.

12.2 Abstention From Voting

As at the Latest Practicable Date, the TCC Group (as defined herein), through the FCL Group, has a deemed interest in 274,343,258 Stapled Securities, which comprises approximately 22.77% of the total number of Stapled Securities in issue. TCC has a direct interest in 476,501,000 Stapled Securities, which comprises approximately 39.56% of the total number of Stapled Securities in issue.

Resolution 1: The Proposed Acquisition of a 75-year Leasehold Interest in Sofitel Sydney Wentworth as a Related Party Transaction

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested at the EGM.

Given that the Hotel will be acquired from the Vendor, which is an indirect wholly-owned subsidiary of FCL, each of the TCC Group, the FCL Group, TCC and the Managers (i) will abstain, and will procure their associates to abstain from voting at the EGM on Resolution 1 (the Acquisition) and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to Resolution 1 (the Acquisition) unless specific instructions as to voting are given.

Resolution 2: The Proposed Master Lease of Sofitel Sydney Wentworth as a Related Party Transaction

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested at the EGM.

Given that the Hotel will be leased to the Master Lessee, which is an indirect wholly-owned subsidiary of FCL, each of the TCC Group, FCL Group, TCC and the Managers (i) will abstain, and will procure their associates to abstain from voting at the EGM on Resolution 2 (the Master Lease) and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to Resolution 2 (the Master Lease) unless specific instructions as to voting are given.

Resolution 4: The Proposed Issue and Placement of New Stapled Securities to TCC under the Private Placement and the Upsized Placement as an Interested Person Transaction

Rule 812(2) of the Listing Manual prohibits the restricted placee(s) under Rule 812(1) and each of its associates (as defined in the Listing Manual), from voting on the resolution to approve the placement to the restricted placee(s).

Each of the TCC Group, FCL Group, TCC and the Managers (i) will abstain, and will procure their associates to abstain from voting at the EGM on Resolution 4 (the TCC Placement) and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to Resolution 4 (the TCC Placement) unless specific instructions as to voting are given.

13. ACTION TO BE TAKEN BY STAPLED SECURITYHOLDERS

Stapled Securityholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Stapled Securityholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Managers' registered office at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958, not later than 22 June 2015 at 2.00 p.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Stapled Securityholder will not prevent him from attending and voting in person if he so wishes.

Persons who have an interest in the approval of the Resolutions must decline to accept appointment as proxies unless the Stapled Securityholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the Resolutions.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Transactions, FHT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading, and the Directors are satisfied that the Profit Forecast has been stated after due and careful enquiry. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

15. RESPONSIBILITY STATEMENT OF THE FINANCIAL ADVISER IN RELATION TO THE PRIVATE PLACEMENT

To the best of the Financial Adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Private Placement (including the TCC Placement), FHT and its subsidiaries (in relation to the Private Placement) and the Financial Adviser is not aware of any facts the omission of which would make any statement about the Private Placement in this Circular misleading.

16. CONSENTS

Each of the IFA, the Independent Accountants and the Independent Property Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the Independent Accountants' Report on the Profit Forecast and the valuation summaries and all references thereto, in the form and context in which they are included in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Managers[49] at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958, from the date of this Circular up to and including the date falling three months after the date of this Circular:

(i) the 75-year Lease Agreement;

(ii) the Master Lease Agreement;

(iii) the Investment Management Agreement;

(iv) the FF&E Agreement;

(v) the Corporate Guarantee;

(vi) the Independent Accountants' Report on the Profit Forecast;

(vii) the IFA Letter;

(viii) the valuation summaries and the full valuation reports on the Property issued by the Independent Property Valuers;

(ix) the FH-REIT Unaudited Financial Statements; and

(x) the written consent of each of the IFA, the Independent Accountants and the Independent Property Valuers.

The REIT Trust Deed, BT Trust Deed and Stapling Deed will also be available for inspection at the registered office of the Managers, for so long as FHT is in existence.

Yours faithfully

Frasers Hospitality Asset Management Pte. Ltd.
(as manager of Frasers Hospitality Real Estate Investment Trust)

Frasers Hospitality Trust Management Pte. Ltd.
(as trustee-manager of Frasers Hospitality Business Trust)

Law Song Keng
Chairman and Independent Director

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

IMPORTANT NOTICE

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

Investors have no right to request the REIT Manager or the Trustee-Manager or any of their affiliates 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.

The past performance of FHT is not necessarily indicative of the future performance of FHT.

This Circular 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events. All forecasts are based on the Illustrative Issue Price and on the REIT Manager's assumptions as explained in this Circular including, but not limited to, Appendix B of this Circular. The Stapled Securities' DPS yield will vary accordingly for investors who purchase Stapled Securities in the secondary market at a market price different from the Illustrative Issue Price used in the computing of DPS information in this Circular. The major assumptions are certain expected levels of property rental income and property expenses over the relevant period, which are considered by the REIT Manager to be appropriate and reasonable as at the date of this Circular. The forecast financial performance of FHT is not guaranteed and there is no certainty that it can be achieved. Investors should read the whole of this Circular for details of the forecasts and consider the assumptions used and make their own assessment of the future performance of FHT.

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**") of their investment in FHT under Australia's foreign investment regime 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 Circular, 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 single 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 10.7% 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$1.0303), the value of the Australian assets comprised in FH-REIT's portfolio is expected to increase to approximately 21.0% of the total asset value of FH-REIT. FH-BT is dormant as at the date of this Circular. 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 Circular 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.

If you have sold or transferred all your Stapled Securities, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States, Canada or Japan.

This Circular is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The New Stapled Securities have not been, and will not be registered under the Securities Act or the securities laws of any state of the United States, and the New Stapled Securities may not be offered or sold within the United States absent registration or an exemption from the registration requirements of the Securities Act and applicable state or local securities laws. There will be no public offer of securities in the United States.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

75-year Lease Agreement	:	The conditional 75-year lease agreement entered into between the Vendor and FHT Sydney Trust 3 in relation to the acquisition of the Leasehold Interest
Accor	:	Accor Hotel Group
Acquisition	:	The acquisition of the Leasehold Interest together with the FF&E by FHT Sydney Trust 3 from the Vendor
Acquisition Fee	:	The acquisition fee payable to the REIT Manager for the Acquisition pursuant to the REIT Trust Deed, which amounts to approximately A$1.1 million (approximately S$1.2 million) (being 0.5% of the Purchase Consideration)
Acquisition Fee Stapled Securities	:	Stapled Securities to be issued to the REIT Manager as payment of the Acquisition Fee
Adjusted VWAP	:	FHT's volume weighted average price of S$0.867 per Stapled Security as at 29 May 2015, after adjusting for the estimated accrued distribution of S$0.016 per Stapled Security
Audit, Risk and Compliance Committee	:	The audit, risk and compliance committee of the REIT Manager
AUD or A$	:	The lawful currency of Australia
Average Daily Rate or ADR	:	Total room revenue divided by the total number of paid occupied hotel rooms
BTA	:	The Business Trusts Act, Chapter 31A of Singapore
CBD	:	Central Business District
CDP	:	The Central Depository (Pte) Limited
Completion	:	The completion of the Acquisition
Completion Date	:	The date of completion of the Acquisition
Corporate Guarantee	:	The corporate guarantee granted by FCL (as guarantor) to FHT Sydney Trust 3 to guarantee the obligations of the Master Lessee under the Master Lease Agreement
Director	:	A director of the REIT Manager and the Trustee-Manager
DPS	:	Distribution per Stapled Security
EGM	:	Extraordinary general meeting
Enlarged Portfolio	:	The Existing Portfolio and the Property
Existing Portfolio	:	FH-REIT's existing portfolio comprising 12 properties, consisting of six hotels and six serviced residences
Existing Stapled Securities	:	The outstanding Stapled Securities in issue on the day immediately prior to the Issue Date
Existing Stapled Securityholders	:	Holders of Existing Stapled Securities

F&B	:	Food and beverage
FCL	:	Frasers Centrepoint Limited
FCL ROFR	:	The right of first refusal dated 23 June 2014 granted by FCL to the REIT Trustee and the Trustee-Manager
FCL Group	:	FCL and/or any of its subsidiaries
FF&E	:	Furniture, furnishings and equipment
FF&E Agreement	:	The sale and purchase agreement under which FHT Sydney Trust 3 will acquire the FF&E relating to the Hotel from the Vendor
FF&E Reserve	:	The reserve established for the purpose of funding the acquisition and replacement of FF&E under the Master Lease Agreement
FH-BT	:	Frasers Hospitality Business Trust
FH-REIT	:	Frasers Hospitality Real Estate Investment Trust
FH-REIT Unaudited Financial Statements	:	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
FHT	:	Frasers Hospitality Trust
Financial Adviser	:	DBS Bank Ltd.
Fixed Rent	:	The fixed rent component of the rental payment under the Master Lease Agreement
Forecast Period	:	The forecast period beginning 1 July 2015 and ending 30 September 2015
FY2015	:	The period from 1 October 2014 to 30 September 2015
General Mandate	:	The stapled security issue mandate deemed to have been granted to the Managers pursuant to or in connection with the initial public offering of FHT, the details of which are set out in the Prospectus
GFA	:	Gross floor area
GOP or Gross Operating Profit	:	The gross operating profit of the Property, comprising GOR less Operating Expenses
GOR	:	Gross operating revenue of the Property, which means all revenues, receipts and income of every kind derived directly or indirectly from the operations of the Property and attributable to the period under consideration, determined on an accrual basis and as defined in the Master Lease Agreement
Hotel or Property	:	The hotel known as Sofitel Sydney Wentworth which is located at 61-101 Phillip Street, Sydney, NSW 2000, Australia (excluding Lot 1)
IFA	:	PricewaterhouseCoopers Corporate Finance Pte Ltd, in its capacity as the independent financial adviser
IFA Letter	:	The letter from the IFA to the Independent Directors, the Audit, Risk and Compliance Committee and to the REIT Trustee containing its advice as set out in Appendix A of this Circular
Illustrative Issue Price	:	The illustrative issue price of S$0.815 at which the New Stapled Securities are issued

Independent Accountants	:	Ernst & Young LLP
Independent Directors	:	The independent directors of the REIT Manager and the Trustee-Manager
Independent Property Valuers	:	Savills and JLL
Interested Party Transaction	:	Has the meaning ascribed to it in the Property Funds Appendix
Interested Person Transaction	:	Has the meaning ascribed to it in the Listing Manual
Investment Management Agreement	:	The investment management agreement between the MIT Manager and the MIT Sub-trustee
Issue Date	:	The date on which the New Stapled Securities under the Private Placement and the Upsized Placement (if any) are issued
Issue Price	:	The issue price of the New Stapled Securities
JLL	:	Jones Lang LaSalle Advisory Services Pty Ltd
Latest Practicable Date	:	29 May 2015, being the latest practicable date prior to the printing of this Circular
Lead Manager and Underwriter	:	DBS Bank Ltd.
Leasehold Interest	:	The 75-year leasehold interest in the Property to be acquired by FHT Sydney Trust 3 pursuant to the 75-year Lease Agreement
Listing	:	The listing of FHT on the SGX-ST
Listing Manual	:	The Listing Manual of the SGX-ST
Lot 1	:	The separate stratum lot in which the basement carpark and the retail arcade over two levels are comprised, which is not part of the Acquisition
Managers	:	The REIT Manager and the Trustee-Manager
MAS	:	Monetary Authority of Singapore
Master Lease	:	The master lease of the Hotel to the Master Lessee under the terms and conditions of the Master Lease Agreement
Master Lease Agreement	:	The master lease agreement entered into between the Vendor and the Master Lessee in relation to the lease of the Hotel (in respect of which FHT Sydney Trust 3 will automatically become the lessor thereunder upon completion of the Acquisition by operation of law)
Master Lessee	:	Ananke Holdings Pty Ltd, an indirect wholly-owned subsidiary of FCL and the current lessee of the Hotel
Master Lessor	:	The master lessor of the Hotel, which is FHT Sydney Trust 3
MIT	:	Managed Investment Trust, which is a managed investment scheme in Australia that qualifies as a managed investment trust for purposes of the Australian Taxation Administration Act 1953
MIT Australia	:	The managed investment scheme established in Australia by the trust deed dated 20 June 2014 which is known as FHT Australia Trust with the MIT Trustee as trustee who has appointed the MIT Manager as manager

MIT Manager	:	FHT Australia Management Pty Ltd (an indirect wholly-owned subsidiary of FCL), as manager of MIT Australia or FHT Sydney Trust 3 (as applicable)
MIT Sub-Trust Deed	:	The trust deed dated 8 May 2015, pursuant to which FHT Sydney Trust 3 was established
MIT Sub-trustee	:	The Trust Company (PTAL) Limited (in its capacity as trustee of FHT Sydney Trust 3)
MIT Trustee	:	The Trust Company (Australia) Limited (in its capacity as trustee of MIT Australia)
NAV	:	Net asset value
Net Property Income	:	Gross revenue less property expenses
New Stapled Securities	:	The new Stapled Securities to be issued and placed under the Private Placement and the Upsized Placement (if any)
NFA	:	Net floor area
NTA	:	Net tangible assets
Operating Expenses	:	The entire cost and expense of maintaining, conducting and supervising the operation of the Hotel and as defined in the Master Lease Agreement
Ordinary Resolution	:	A resolution proposed and passed as such by a majority of votes being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of holders of units in FH-REIT, or as the case may be, units in FH-BT, duly convened and held
Private Placement	:	The proposed issue and placement of up to 150.0 million New Stapled Securities
Profit Forecast	:	FHT's portfolio forecast consolidated statement of total return and distribution statement for the Forecast Period, the accompanying key assumptions and the sensitivity analysis set out in Appendix B of this Circular
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Prospectus	:	The prospectus of FHT dated 30 June 2014
Purchase Consideration	:	The aggregate purchase consideration payable to the Vendor under the 75-year Lease Agreement and the FF&E Agreement, being an amount of A$224.0 million
REIT	:	Real estate investment trust
REIT Manager	:	Frasers Hospitality Asset Management Pte. Ltd., in its capacity as manager of FH-REIT
REIT Trust Deed	:	The trust deed dated 12 June 2014 constituting FH-REIT (as amended)
REIT Trustee	:	The Trust Company (Asia) Limited, in its capacity as trustee of FH-REIT
Related Party Transactions	:	Interested Person Transactions and Interested Party Transactions
RevPAR	:	Revenue per available room
Savills	:	Savills Valuation Pty Ltd

SGX-ST	:	Singapore Exchange Securities Trading Limited
Stapled Securities	:	The stapled securities in FHT
Stapled Securityholder	:	A holder of Stapled Securities
Substantial Stapled Securityholder	:	A person with an interest in Stapled Securities constituting not less than 5.0% of the total number of Stapled Securities in issue
TCC	:	TCC Hospitality Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi (being the children of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi) in equal proportions
TCC Group	:	The companies and entities in the Thai Charoen Corporation Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi
TCC Placement	:	The issue and placement of New Stapled Securities to TCC under the Private Placement and the Upsized Placement (if any)
Total Acquisition Cost	:	The total cost of the Acquisition
Transactions	:	The Acquisition, the Master Lease, the Private Placement and the TCC Placement
Trustee-Manager	:	Frasers Hospitality Trust Management Pte. Ltd., in its capacity as trustee-manager of FH-BT
Underwriting Agreement	:	The underwriting agreement to be entered into between the Managers and the Lead Manager and Underwriter in relation to the Private Placement
Upsized Placement	:	The proposed issue and placement of up to 20.0 million New Stapled Securities in excess of the maximum of 150.0 million New Stapled Securities to be issued and placed under the Private Placement
Variable Rent	:	The variable rent component of the rental payment under the Master Lease Agreement
Vendor	:	Frasers Sydney Wentworth Trust, formerly known as LaSalle 61 Phillip Sub Trust, which is an Australian trust indirectly wholly-owned by FCL that wholly owns the Hotel and in which the reversionary interest of the Hotel is retained

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a date or time of a day in this Circular shall be a reference to Singapore date and time unless otherwise stated.

APPENDIX A
INDEPENDENT FINANCIAL ADVISER'S LETTER

9 June 2015

The Independent Directors and the Audit, Risk and Compliance Committee
Frasers Hospitality Asset Management Pte. Ltd.
(in its capacity as manager of Frasers Hospitality Real Estate Investment Trust ("**FH-REIT**"), which forms part of Frasers Hospitality Trust ("**FHT**") (a hospitality stapled group) (the "**REIT Manager**")
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Independent Directors
Frasers Hospitality Trust Management Pte. Ltd.
(in its capacity as trustee-manager of Frasers Hospitality Business Trust ("**FH-BT**"), which forms part of FHT (the "**Trustee-Manager**") (together with the REIT Manager, collectively, "**Managers**")
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Ltd
(in its capacity as trustee of FH-REIT) (the "**REIT Trustee**")
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

Dear Sirs

1. **THE PROPOSED ACQUISITION OF A 75-YEAR LEASEHOLD INTEREST IN SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION;**

2. **THE PROPOSED MASTER LEASE OF SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION; AND**

3. **THE PROPOSED ISSUE AND PLACEMENT OF NEW STAPLED SECURITIES TO TCC HOSPITALITY LIMITED UNDER THE PRIVATE PLACEMENT AND THE UPSIZED PLACEMENT AS AN INTERESTED PERSON TRANSACTION**

(TOGETHER, THE "PROPOSED TRANSACTIONS")

STAPLED SECURITYHOLDERS SHOULD NOTE THAT THE RESOLUTIONS RELATING TO THE PROPOSED TRANSACTIONS ARE INTERCONDITIONAL AND SHOULD REFER TO THE CIRCULAR FOR MORE DETAILS.

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*Unless otherwise defined in this IFA Letter or the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular dated 9 June 2015 (the "**Circular**") containing the Letter to Stapled Securityholders from the REIT Manager and Trustee-Manager ("**Letter to Stapled Securityholders**").*

1 INTRODUCTION

1.1 This letter to the independent directors of the Managers (the "**Independent Directors**"), the audit, risk and compliance committee of the REIT Manager (the "**Audit, Risk and Compliance Committee**"), and the REIT Trustee by the Independent Financial Adviser ("**IFA Letter**") has been prepared for inclusion in the Circular to be issued by the Managers in connection with, *inter alia*, the proposed acquisition of a 75-year leasehold interest (the "**Leasehold Interest**") in Sofitel Sydney Wentworth (the "**Target Property**") as a related party transaction with Frasers Sydney Wentworth Trust ("**FSWT**" or the "**Vendor**"), an indirect wholly-owned trust of Frasers Centrepoint Limited ("**FCL**") (the "**Proposed Acquisition**"); the proposed entry into a new Master Lease Agreement (the "**Proposed MLA**") with Ananke Holdings Pty Ltd ("**Ananke**" or the "**Master Lessee**") an indirect wholly-owned subsidiary of FCL as a related party transaction; and the proposed placement of new stapled securities in FHT ("**New Stapled Securities**") to TCC Hospitality Limited ("**TCC**") (collectively, the "**Interested Persons**") under a private placement (the "**Private Placement**") and an upsized placement (if any) (the "**Upsized Placement**") as an interested person transaction (the "**TCC Placement**").

Frasers Hospitality Trust ("**FHT**") is a stapled group comprising FH-REIT, a Singapore-based real estate investment trust, and FH-BT, a Singapore-based business trust which is dormant.

FH-REIT had, in connection with the listing of FHT on 14 July 2014 (the "**Listing**"), established FHT Australia Trust ("**MIT Australia**"), a managed investment scheme in Australia which qualified as a managed investment trust for the purposes of the Australian Taxation Administration Act 1953. The REIT Trustee holds 50.0% of the units issued in MIT Australia and the remaining 50.0% is held by FHT Australia Pte. Ltd., a direct wholly-owned subsidiary of the Trustee. MIT Australia had in turn established two sub-trusts for the purposes of acquiring Fraser Suites Sydney and Novotel Rockford Darling Harbour, which form part of FH-REIT's existing portfolio.

A new sub-trust, FHT Sydney Trust 3 ("**FHT ST3**" or the "**Master Lessor**") had been established on 8 May 2015, as a new sub-trust under MIT Australia, for the purposes of acquiring the Leasehold Interest and for the same Australian tax treatment as at Listing to apply. The Trust Company (PTAL) Limited will act as trustee of FHT ST3 (the **"Purchaser**" or "**MIT Sub-trustee**").

This IFA Letter sets out the factors considered by PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") in relation to the Proposed Transactions, our recommendations to the Independent Directors, the Audit, Risk and Compliance Committee and the REIT Trustee and our opinion thereon, which shall form part of the Circular. The Circular and IFA Letter included therein will provide, *inter alia*, details of the Proposed Transactions and the recommendation(s) of the Independent Directors, the Audit, Risk and Compliance Committee and the REIT Trustee in relation to the Proposed Transactions, having considered PwCCF's advice in this IFA Letter.

1.2 Background

We understand that the Managers are seeking the approval of Stapled Securityholders in relation to the Proposed Transactions as follows:

(i) The Proposed Acquisition

The Proposed Acquisition of Sofitel Sydney Wentworth, which is located at 61-101 Phillip Street, Sydney, NSW 2000, Australia, at a purchase consideration of A$224.0 million ("**Purchase Consideration**") from FSWT, an indirect wholly-owned trust of FCL, through the MIT Sub-trustee.

In connection with the Proposed Acquisition, FHT ST3 has also entered into a separate sale and purchase agreement (the "**FF&E Agreement**") with the Vendor as a related party transaction under which it will acquire the plant and equipment and furniture, fittings and equipment ("**FF&E**") relating to the Target Property for a purchase consideration at the net book value of such FF&E. Upon the expiry of the 75-year lease, title to the Target Property will revert to the Vendor without any payment to be made by the Vendor to FHT ST3. We note that the Purchase Consideration of A$224.0 million is inclusive of the purchase consideration payable under the FF&E Agreement.

Further, FHT ST3 entered into an investment management agreement (the "**Investment Management Agreement**" or "**IMA**") with FHT Australia Management Pty Ltd (the "**MIT Manager**"), under which the MIT Manager is contracted to provide certain services to FHT ST3, including the management of FHT ST3 for and on behalf of the MIT Sub-trustee.

(ii) The Proposed MLA

The entry into the Proposed MLA with Ananke Holdings Pty Ltd, an indirect wholly-owned subsidiary of Frasers Centrepoint Limited, as the Master Lessee, and FHT Sydney Trust 3, as the Master Lessor, immediately upon completion of the Proposed Acquisition (the "**Master Lease**"). In connection with the Master Lease, FCL will grant a corporate guarantee (as guarantor) to FHT ST3 to guarantee the obligations of the Master Lessee under the Master Lease (the "**Corporate Guarantee**"); and

(iii) The TCC Placement

The placement of New Stapled Securities to TCC, 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, as part of the proposed issue of up to 150.0 million New Stapled Securities (which is equivalent to approximately S$122.3 million or 12.5% of the 1,204,593,258 million stapled securities in issue as at 29 May 2015, being the latest practicable date ("**Latest Practicable Date**")) based on the illustrative issue price of S$0.815 per Stapled Security (the "**Issue Price**") under the Private Placement to institutional and other investors to partially finance the Proposed Acquisition. Any New Stapled Securities issued in excess of the maximum of 150.0 million New Stapled Securities to be issued under the Private Placement will be issued pursuant to the General Mandate.

Depending on market conditions, the Managers may at their discretion decide to increase the size of the private placement by up to an additional 20.0 million New Stapled Securities under the Upsized Placement to increase the proportion of equity financing employed to finance the Acquisition or for general corporate and working capital purposes (including to repay existing indebtedness). For the avoidance of doubt, any New Stapled Securities issued under the Upsized Placement, being in excess of the maximum of 150.0 million Stapled Securities to be issued under the Private Placement, will be issued pursuant to the General Mandate.

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 and the Upsized Placement (if any).

In the event of the Upsized Placement, TCC may subscribe for such number of New Stapled Securities up to its respective proportionate pre-placement stapled securityholding in FHT in percentage terms.

TCC's percentage stapled securityholding in FHT will therefore not increase after the Private Placement and the Upsized Placement (if any) in any case.

Detailed information in relation to the TCC Placement and the Upsized Placement is set out in Sections 4 to 5 of the Circular.

We recommend Stapled Securityholders read the aforementioned sections carefully.

We understand that the Managers intend to allocate the entire net proceeds from the Private Placement for the purposes of the Proposed Acquisition. The REIT Manager intends to finance the estimated total cost of the Proposed Acquisition (excluding the Acquisition Fee payable in Stapled Securities) with (i) the New Stapled Securities and (ii) debt facilities of approximately A$117.2 million. Nevertheless, the final decision regarding the proportion of equity and debt financing to be employed for the purposes of financing the Proposed Acquisition will be made by the REIT Manager at the appropriate time taking into account the then prevailing market conditions.

As at the Latest Practicable Date, the FCL Group holds an aggregate direct and indirect interest in 274,343,258 Stapled Securities, which is equivalent to approximately 22.77% of the total number of Stapled Securities in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling unitholder" of FH-REIT for the purposes of both Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") and Paragraph 5 of the Property Funds Appendix of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**") and a "controlling unitholder" of FH-BT for the purposes of the Listing Manual. In addition, as the Managers are wholly-owned subsidiaries of FCL, FCL is therefore regarded as a "controlling shareholder" of the Managers under both the Listing Manual and the Property Funds Appendix and a "controlling shareholder" of the Trustee Manager for the purposes of 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 Paragraph 5 of the Property Funds Appendix.

As the Vendor is an indirect wholly-owned trust of FCL, for the purposes of the Listing Manual and 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" of FH-REIT and FH-BT, and (for the purposes of the Property Funds Appendix) an "interested party" of FH-REIT.

Therefore, the Proposed Acquisition and its associated FF&E Agreement 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.

Detailed information in relation to the above is set out in Paragraph 2.7 of the Letter to Stapled Securityholders.

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 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.

Therefore, the IMA will constitute an "interested person transaction" under the Chapter 9 of the Listing Manual.

Detailed information in relation to the above is set out in Paragraph 2.7 of the Letter to Stapled Securityholders.

As the Master Lessee is also an indirect wholly-owned subsidiary of FCL, for the purposes 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", 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 the Chapter 9 of the Listing Manual, as well as an "interested party transaction" under Paragraph 5 of the Property Funds Appendix.

Detailed information in relation to the above is set out in Paragraph 3.4 of the Letter to Stapled Securityholders.

As at the Latest Practicable Date, TCC holds an aggregate indirect interest in 476,501,000 Stapled Securities, which is equivalent to approximately 39.56% of the total number of Stapled Securities in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling Stapled Securityholder" of FHT. Therefore, TCC (being a "controlling Stapled Securityholder" of FHT) is (for the purposes of the Listing Manual) an "interested person". The TCC Placement will hence constitute an Interested Person Transaction under Chapter 9 of the Listing Manual.

If such number of New Stapled Securities are placed to TCC pursuant to the Private Placement and the Upsized Placement in order for TCC to maintain its proportionate pre-placement stapled securityholding in percentage terms, there is a possibility (depending on the actual Issue Price and the number of New Stapled Securities placed under the TCC Placement) that the value of New Stapled Securities placed to TCC may exceed 5.0% of the value of FHT's latest unaudited net tangible assets ("**NTA**"). In such circumstances, under Rule 906 of the Listing Manual, the Managers are required to seek approval of Stapled Securityholders for the placement of New Stapled Securities to TCC.

Pursuant to Rule 805(1) of the Listing Manual, the Managers are seeking the specific approval of Stapled Securityholders for the issue of the New Stapled Securities to TCC under the Private Placement.

Pursuant to Rule 812(2) of the Listing Manual, Stapled Securityholders' approval by way of Ordinary Resolution is required for placement of the New Stapled Securities to TCC under both the Private Placement and the Upsized Placement (if any). This is because TCC is a Substantial Stapled Securityholder of FHT. TCC and its associates are prohibited from voting on the resolution to permit such a placement of new Stapled Securities.

Detailed information in relation to the above is set out in Paragraph 5.2 of the Letter to Stapled Securityholders.

It is in this context that PwCCF has been appointed to advise the Independent Directors of the Managers, the Audit, Risk and Compliance Committee of the REIT Manager, and the REIT Trustee, to provide an opinion as to whether the Proposed Transactions are on normal commercial terms and not prejudicial to the interests of FHT and its minority Stapled Securityholders.

Detailed information in relation to the Proposed Transactions is set out in Sections 2 to 9 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned sections carefully.

2 TERMS OF REFERENCE

PwCCF has been appointed as the Independent Financial Adviser ("**IFA**") to advise as to whether the Proposed Transactions are on normal commercial terms and are not prejudicial to the interests of FHT and its minority Stapled Securityholders. We do not, by this IFA Letter, make any representation or warranty in relation to the merits of the Proposed Transactions.

In line with the above stated objective, we have limited our evaluation to the terms of the Proposed Transactions and have not considered the commercial risks or merits. Our terms of reference do not require us to evaluate the strategic or long-term commercial merits of the Proposed Transactions or the future financial performance or prospects of FHT. We have confined our evaluation of the Proposed Transactions to be on the bases set out herein. We have, amongst other things:

2.1 In relation to the Proposed Acquisition of Sofitel Sydney Wentworth

(i) reviewed the rationale for the Proposed Acquisition;

(ii) reviewed the valuation approaches, assumptions and appraised values of the Target Property, as adopted and appraised by Jones Lang LaSalle Advisory Services Pty Ltd. ("**JLL**") and Savills Valuation Pty Ltd ("**Savills**") (collectively the "**Independent Property Valuers**") in their valuation reports ("**Valuation Reports**");

(iii) compared the market value per key of the Target Property with comparable properties held by REITs in the region, if any;

(iv) compared the market value per key of the Target Property with those observed as a result of transactions involving comparable properties, if any;

(v) reviewed the terms of the FF&E Agreement which will be entered into as a result of the Proposed Acquisition;

(vi) reviewed the terms of the IMA which will be entered into as a result of the Proposed Acquisition;

(vii) reviewed the proforma financial effects of the Proposed Acquisition; and

(viii) considered the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practicable Date as defined in this Circular.

2.2 In relation to the entry into the Master Lease Agreement

(i) reviewed the rationale for the entry into the Proposed MLA;

(ii) compared the terms of the Proposed MLA with the publicly available financial terms of other similar agreements entered into by REITs holding comparable properties, if any;

(iii) reviewed the terms of the Corporate Guarantee; and

(iv) considered the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practicable Date as defined in this Circular.

2.3 In relation to the TCC Placement

(i) reviewed the rationale for issue of the New Stapled Securities to TCC;

(ii) considered the evaluation of the Issue Price of the New Stapled Securities to TCC;

(iii) reviewed the precedent placements by REITs to interested persons, if any; and

(iv) considered the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practicable Date as defined in this Circular.

We have held discussions with the Directors of the Managers and have examined information provided by the Managers and other publicly available information collected by us, upon which our opinion as set out on this IFA Letter is based.

We have relied upon and assumed, *inter alia*, the accuracy, adequacy and completeness of all publicly available information or information provided to or discussed with us by the Managers or otherwise reviewed by or for us. We have not independently verified such information or its accuracy, adequacy or completeness, including but not limited to the Valuation Reports and accordingly, we do not represent or warrant, expressly or impliedly, and do not accept any responsibility for the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised reasonable judgement as we deemed necessary or appropriate in assessing such information and we are not aware of any reason to doubt the reliability of the information.

In addition, we have assumed that the Proposed Transactions will be consummated in accordance with the terms set forth in the Circular without any waiver, amendment or delay of any terms or conditions and that no conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Proposed Transactions. We have further assumed, *inter alia*, that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Proposed Transactions will be obtained and that no delays, limitations, conditions or restrictions will be imposed that would have any material adverse effect on FHT or on the contemplated benefits of the Proposed Transactions.

Our opinion as set out in this IFA Letter is based upon prevailing market, economic, industry, monetary and other conditions (if applicable) and the information made available to us as of the Latest Practicable Date. We express no opinion as to the commercial merits of the Proposed Transactions.

We have not been requested to, and we do not, express any opinion on the structure of the Proposed Transactions, the type of the Purchase Consideration for the Proposed Acquisition, or any other aspects of the Proposed Transactions, or provide services other than the delivery of this IFA Letter. We were not involved in negotiations pertaining to the Proposed Transactions nor were we involved in the deliberation leading up to the decision to put forth the Proposed Transactions to the Stapled Securityholders. We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the Proposed Transactions or any other alternative transaction.

We have not made an independent evaluation of the Proposed Acquisition. We have however been furnished with the Valuation Reports for the Target Property issued by JLL and Savills. The respective valuation summaries are set out in Appendix D of the Circular.

Our terms of reference also do not require us to evaluate or comment on the rationale for, risks and/or merits of the Proposed Transactions or the future prospects and earnings potential of FHT, nor do our terms of reference require us to evaluate or comment on the merits of the statements or opinions stated in any reports relating to the transaction, including the Valuation Reports and any other reports issued by any other party. We have accordingly not made such evaluation or comment. Such evaluation or comments, if any, remain the sole responsibility of the Directors, although we may draw upon their views to the extent deemed necessary or appropriate by us in arriving at our opinion as set out in this IFA Letter. In addition, our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects, earnings potential and/or financial position of FHT.

We have relied upon the accuracy and completeness of all information given to us by the Directors and/or management of FHT and have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent and warrant, expressly or impliedly, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information subject to us having (i) made reasonable enquiries and exercised our judgement on the use of such information and (ii) have found no reason to doubt the accuracy or reliability of such information.

We have relied upon the assurances that the Circular has been approved by the Directors who collectively and individually accept full responsibility for the accuracy of the information given in the Circular (other than this IFA Letter and information extracted *in toto* from the Valuation Reports) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about FHT and its subsidiaries in the context of the Proposed Transactions and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. For the purposes of providing this IFA Letter and our evaluation of the Proposed Transactions, we have not received or relied on any financial projections or forecasts in respect of FHT, the Target Property, or any part or division of any of the foregoing.

Conditions may change significantly over a short period of time and accordingly we assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion herein. Stapled Securityholders should take note of any announcements relevant to their consideration of the Proposed Transaction which may be released by the Managers or other sources after the Latest Practicable Date.

In preparing this IFA Letter, we have not had regard to the specific investment objectives, financial situations, tax positions and/or unique needs and constraints of any Stapled Securityholder. As different Stapled Securityholders would have different investment objectives, we advise the Independent Directors to recommend that any individual Stapled Securityholder who may require specific advice in relation to his stapled securityholding should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

Our opinion is addressed to and for the Independent Directors, the Audit, Risk and Compliance Committee, and the REIT Trustee, in their deliberation of whether the Proposed Transactions are based on normal commercial terms and are not prejudicial to the interests of FHT and its minority Stapled Securityholders. The statements and/or recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.

Our opinion in relation to the Proposed Transactions should be considered in the context of the entirety of this IFA Letter and the Circular.

3 PURPOSE AND SCOPE OF WORK OF THE INDEPENDENT PROPERTY VALUERS

3.1 Information on the Valuers

The following Independent Property Valuers were commissioned to assess the open market value of the Target Property:

(i) JLL were appointed by the REIT Trustee to assess the open market value of the Target Property as at 11 May 2015; and

(ii) Savills were appointed by the REIT Manager to assess the open market value of the Target Property as at 11 May 2015.

3.2 Basis of valuation

The Independent Property Valuers have used the International Valuation Standards Committee's definition of market value, which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4 DETAILS CONCERNING THE PROPOSED ACQUISITION

Details of the Proposed Acquisition are set out in Section 2 of the Letter to Stapled Securityholders. A summary of the key terms of the Proposed Acquisition, as extracted from Section 2, is set out below.

We recommend Stapled Securityholders read the aforementioned section carefully.

4.1 The Target Property

We note the following information in relation to the Target Property:

Selected Information about Sofitel Sydney Wentworth	
Location	61-101 Phillip Street, Sydney, NSW 2000, Australia
Grade	Luxury
Land area	3,393 sqm
Target interest	75-year leasehold
GFA	33,589 sqm
Number of rooms	436
GFA / room	77.0 sqm

Source: Circular and PwC analysis

4.2 Purchase Consideration for the Proposed Acquisition

The Purchase Consideration for the Proposed Acquisition was arrived at on a willing-buyer and willing-seller basis after taking into account independent valuations of the current market value of the Target Property. The Purchase Consideration is set out in the table below:

Property	**Purchase Consideration in A$ ('m)**	**MV per key in A$ ('000)**
Sofitel Sydney Wentworth	224.0	513.8

Source: Circular and PwC analysis

The Total Acquisition Cost of approximately A$240.8 million (S$248.1 million) comprises of:

(i) Purchase Consideration of A$224.0 million (approximately S$230.8 million);

(ii) The acquisition fee (the "**Acquisition Fee**") payable to the REIT Manager for the Acquisition pursuant to the trust deed dated 12 June 2014 constituting FH-REIT (the "**REIT Trust Deed**"), which amounts to approximately A$1.1 million (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 Proposed Acquisition and the Private Placement (inclusive of debt financing related expenses), of approximately S$16.1 million, out of which S$12.7 million relates to stamp duties arising from the Proposed Acquisition.

As the Proposed Acquisition will constitute an "interested party transaction" under Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the Acquisition Fee payable to the REIT Manager in respect of the Acquisition will be in the form of Stapled Securities (the "**Acquisition Fee Stapled Securities**"), which shall not be sold within one year from the date of issuance.

4.2.1 The appraised Value of the Target Property

We set out below the appraised values of the Target Property, as appraised by the Independent Property Valuers:

Valuer	Income Capitalisation (A$ 'm)	DCF (A$ 'm)	Appraised Value (A$ 'm)	MV/key (A$ 'm)
JLL	224.0	227.0	**226.0**	**518.3**
Savills	222.0	218.0	**222.0**	**509.2**

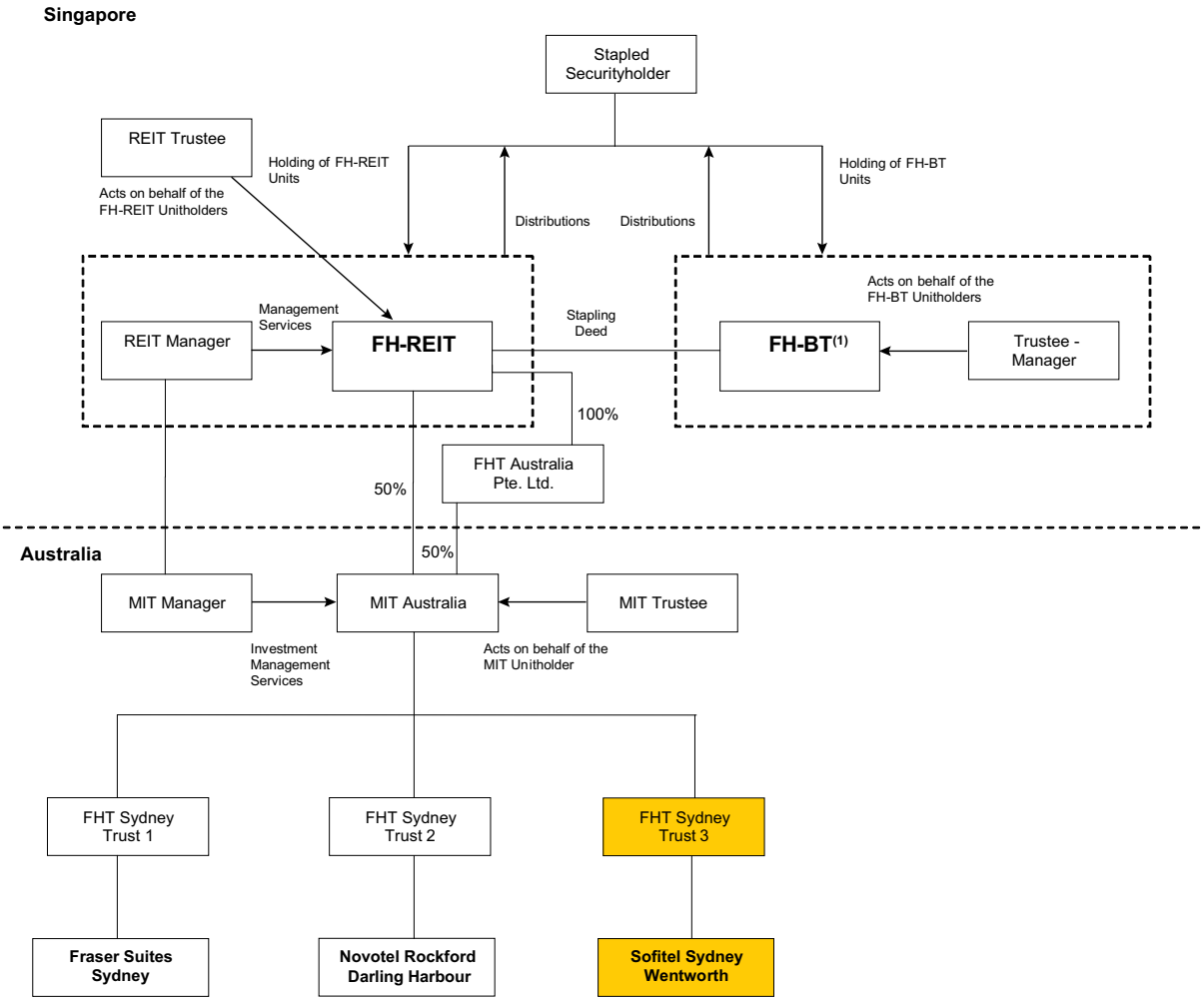
Source: JLL Valuation Report and Savills Valuation Report

4.3 Structure of the Proposed Acquisition

Detailed information on the structure of the Proposed Acquisition is set out in Section 2.1 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned section carefully.

The following diagram sets out the proposed holding structure of the Target Property post-acquisition.



Note:
(1) FH-BT is dormant as at the date of this Circular.

Source: Circular

4.4 The FF&E Agreement

In relation to the Proposed Acquisition, FHT ST3 has entered into an FF&E Agreement with the Vendor under which it will acquire the FF&E relating to the Target Property, for a purchase consideration at the net book value of such FF&E. At the end of the Master Lease, 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.

Detailed information in relation to the FF&E Agreement is set out in Section 2.5 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned section carefully.

4.5 The Investment Management Agreement

The MIT Sub-trustee has entered into an IMA with the MIT Manager pursuant to which the MIT Manager will provide certain services to FHT ST3, including the management of FHT ST3 for and on behalf of the MIT Sub-trustee.

Detailed information in relation to the IMA is set out in Section 2.6 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned section carefully.

5 EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of whether the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of FH-REIT and its minority Stapled Securityholders, we have taken into consideration the following key factors:

(i) The rationale for the Proposed Acquisition;

(ii) The valuation approaches, assumptions and appraised values of the Target Property, as appraised by the Independent Property Valuers;

(iii) The market value per key of the Target Property as compared with comparable properties held by REITs;

(iv) The market value per key of the Target Property as compared with those observed as a result of transactions involving comparable properties;

(v) The terms of the FF&E Agreement which will be entered into as a result of the Proposed Acquisition;

(vi) The terms of the IMA which will be entered into as a result of the Proposed Acquisition;

(vii) The proforma financial effects of the Proposed Acquisition; and

(viii) The prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practicable Date.

These factors are discussed in greater detail in the ensuing paragraphs.

5.1 Rationale for the Proposed Acquisition

The full text of the REIT Manager's rationale for the Proposed Acquisition is set out in Section 6.1 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned section carefully.

We highlight below some of the salient points of the REIT Manager's rationale:

(i) The Proposed Acquisition is expected to be accretive to the DPS;

(ii) The Target Property has a strategic location with excellent connectivity;

(iii) The Target Property is operated by Accor - an experienced international hotel operator with a global hotel network - under its luxury-tier brand Sofitel;

(iv) There has been favourable performance of the Sydney hospitality market;

(v) The Proposed Acquisition is consistent with the REIT Manager's investment strategy; and

(vi) The Proposed Acquisition increases the diversification of FH-REIT's portfolio.

5.2 The Valuation Approaches, Assumptions and Appraised Values Adopted and Appraised by the Independent Valuers

We set out below a brief summary of the valuation approaches adopted by each of the Independent Property Valuers:

Valuer	Income Capitalisation Method	Discounted Cash Flow ("DCF") Approach
JLL	The Income Capitalisation method converts the foreseeable earning capacity of the hotel into a current capital value by the application of a market derived/required yield. The income used is the projected net income after management fees and FF&E reserves, but before interest, depreciation, taxation and amortisation.	Under the DCF Approach, the expected future cashflows of the hotel are discounted back to present value. The DCF forecast is prepared for a five-year period. A discount rate is then applied to the first five years of projections. The cash flow in the sixth year is capitalised at an assumed capitalisation rate, and deferred at the discount rate, and incorporated to arrive at the total investment figure. In order to arrive at the discount rate, long term inflation expectations and the perceived risk of the operation relative to other properties and the achievement of the cash flow projections is taken into consideration.
Savills	The capitalisation methodology involves the application of a market yield to the current net income to the owner of the property to arrive at a capital value. The net income used is after management fees and FF&E reserve for a branded managed hotel, before interest, taxation, depreciation and amortisation. There is no allowance for acquisition or disposal costs when adopting this method.	The projected net operating profit / EBITDA stream for a projection period of ten years is derived from the net cash inflows (room revenue, F&B revenue, communication revenue and revenue from other operations) subtracting operating expenses (including property tax and insurance). A terminal capitalisation rate is applied to the year 10 net operating profit. The cash flows are then netted of costs of acquisition, legal and agents' fee, before being discounted at a required rate of return, taking into account the investment return and yield requirement.

Source: JLL Valuation Report and Savills Valuation Report

We note that in addition to the above two methods, JLL and Savills have additionally used the market comparison method as a cross check.

The approaches adopted by the Independent Valuers for the Proposed Acquisition are widely accepted methods for the purpose of valuing income producing properties.

We have set out below the capitalisation rates, discount rates and terminal yields used by the Independent Property Valuers in the income capitalisation and DCF approaches:

	Investment/Capitalisation Method	DCF Approach	
Valuer	**Capitalisation Rate (%)**	**Discount Rate (%)**	**Terminal Yield (%)**
JLL	6.50%	9.75%	6.50%
Savills	6.25%	8.75%	8.75%

Source: JLL Valuation Report and Savills Valuation Report

We have made reasonable enquiries and have exercised our professional judgment in reviewing the information contained in the respective valuation reports. In our review, we found the information contained therein to be reasonable.

The market values of the Target Property, according to the two approaches adopted by JLL and Savills, and the Appraised Value, are set out below:

Valuer	Income Capitalisation (A$ 'm)	DCF (A$ 'm)	Appraised Value (A$ 'm)	MV/key (A$ 'm)
JLL	224.0	227.0	**226.0**	**518.3**
Savills	222.0	218.0	**222.0**	**509.2**

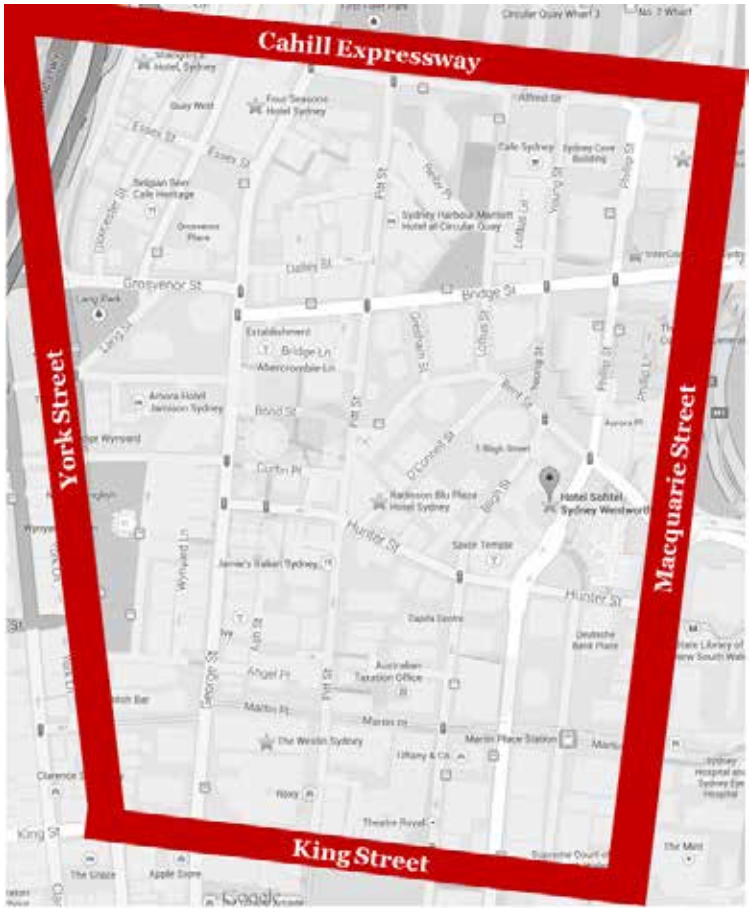
Source: JLL Valuation Report and Savills Valuation Report

As illustrated in the table above, the Purchase Consideration is between the two respective independent valuations by JLL and Savills.

5.3 The market value per key of the Target Property as compared with comparable properties held by REITs

We have additionally compared the market value per key (market value per key being a widely accepted valuation metric in the hotel industry) of the Target Property to the market value per key of comparable properties held by REITs.

In selecting comparable properties, we have compared the Target Property to luxury hotels located within the comparable location boundary ("**Comparable Location Boundary**") (enclosed by Cahill Expressway, Macquarie Street, King Street and York Street, as shown on the next page) in Sydney, Australia, which are deemed to be of a similar standard in terms of offering, being 5 Star hotels located in Sydney and within the Comparable Location Boundary.



Source: Google Maps

Set out in the table below are the comparable properties ("**Comparable Properties**") owned by REITs and considered to be similar to the Target Property.

Whilst we have made our comparisons against the following Comparable Properties as shown in the table below, we recognise that the Comparable Properties are not identical to the Target Property in terms of hotel size and design, location, operating history, future prospects and other relevant criteria.

To the best of our knowledge and belief, and after discussing with JLL and Savills, there are no properties which may be considered directly comparable to the Target Property. For the above reasons, while the Comparable Properties taken as a whole may provide a broad and indicative benchmark for assessing the Proposed Acquisition, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, the Independent Directors should note that any comparison made with respect to the Comparable Properties serves as an illustrative guide only.

Property	Location	Tenure	Owner	No of rooms	MV (A$ 'm)	Valuation Date	MV/key (A$ '000)
Sydney Harbour Marriott	30 Pitt Street	Freehold	YTL H-REIT	563	308.1	30 June 2014	547.2
Sofitel Sydney Wentworth	**61-101 Phillip Street**	**Leasehold (75 years remaining)**	**Frasers H-Trust**	**436**	**224.0**	**11 May 2015**	**513.8**

Source: Annual reports and circulars

We note that Sydney Harbour Marriott is the only property deemed to be comparable, being a REIT owned 5 Star hotel within the Comparable Location Boundary.

We note that given the lack of Comparable Properties, there is insufficient data to draw a firm conclusion. However, we note that the market value of A$513,800 per key of the Target Property is similar to, but slightly lower than, the market value per key of the Comparable Property.

5.4 The market value per key of the Target Property as compared with those observed as a result of transactions involving comparable properties

We have also extracted information in respect of comparable properties transacted in the last 24 months (the "**Comparable Transacted Properties**"), in order to compare the market value per key of the Target Property with the Transacted Properties.

Similarly to when identifying Comparable Properties, when selecting Comparable Transacted Properties, we compared the Target Property to luxury hotels located in the Comparable Location Boundary in Sydney, Australia, which are deemed to be of a similar standard in terms of offering, being 5 Star hotels located within the Comparable Location Boundary.

Whilst we have made our comparisons against the following Comparable Transacted Properties as shown in the table below, we recognise that the selected properties are not identical to the Target Property in terms of hotel size and design, location, operating history, future prospects and other relevant criteria.

To the best of our knowledge and belief, and after discussing with JLL and Savills, there are no transacted properties which may be considered directly comparable to the Target Property. For the above reasons, while the Comparable Transacted Properties taken as a whole may provide a broad and indicative benchmark for assessing the Proposed Acquisition, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, the Independent Directors should note that any comparison made with respect to the Comparable Transacted Properties serves as an illustrative guide only.

Property	Location	Tenure	Transaction Date	Price (A$ 'm)	No of Rooms	Price / Room (A$ '000)
Sheraton on the Park Sydney	161 Elizabeth Street	Freehold	20 Nov 2014	463.0	557	831.2
Sofitel Sydney Wentworth	61-101 Phillip Street	Freehold	10 May 2014	201.0	436	461.0
Four Seasons Hotel Sydney	199 George Street	Leasehold (63 years remaining)	21 Aug 2013	335.0	531	630.9
Average						**641.0**
Median						**630.9**
High						**831.2**
Low						**461.0**
Sofitel Sydney Wentworth	**61-101 Phillip Street**	**Leasehold (75 years remaining)**	**11 May 2015**	**224.0**	**436**	**513.8**

Source: News, company announcements and circulars

We note that the market value of A$513,800 per key is within range and below the average and median market value per key of the Comparable Transacted Properties.

5.5 The FF&E Agreement

Under the terms of the FF&E Agreement, the purchase consideration for the FF&E relating to the Target Property will be its net book value.

We note that in appraising the value of the Target Property, the Independent Valuers valued the property inclusive of FF&E, and the net financial impact of the FF&E Agreement is therefore nil.

At the end of the Master Lease, 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, which is deemed to be a nominal value.

We note that the FF&E agreement is on the same terms as that put in place for Novotel Rockford Hotel Sydney at the time of listing of FH-REIT.

5.6 The Investment Management Agreement

Under the terms of the IMA, the management fee payable comprises the following:

(i) A base fee of 0.3% per annum of the total value of the Target Property;

(ii) A performance fee of 5.5% per annum of MIT Australia's earnings before interest, taxes, depreciation and amortisation;

(iii) An acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases;

(iv) A divestment fee of 0.5% of sale price or underlying value of any real estate sold or divested by the MIT Australia; and

(v) A development management fee of 3.0% of the total project costs incurred in a development project.

Except for the development management fee which may only be paid in cash, the fees are payable to the MIT Manager in the form of cash and/or Stapled Securities.

We note that the fees payable to the MIT Manager under the IMA will only apply subject to there being no double-counting of the payment of fees to the MIT Manager under the IMA and payment of fees to the MIT Manager (in its capacity as manager of the MIT Australia) pursuant to the investment management agreement for MIT Australia. Additionally, any fees paid to the MIT Manager under the IMA or the investment management agreement in respect of MIT Australia will correspondingly reduce the final amount of the relevant fees to be received by the REIT Manager under the REIT Trust Deed.

We also note that the MIT Manager fee structure is identical to the fee structure put in place at the time of listing of FH-REIT and on the same financial terms, and is the same in structure and similar in financial terms to the fee structure put in place by Ascendas H-REIT in relation to the management of its Australian properties.

5.7 The proforma financial effects of the Proposed Acquisition and Proposed MLA

When looking at the financial effects of the Proposed Acquisition and Proposed MLA, we consider the unaudited financial statements of FH-REIT for the financial period from 14 July 2014 (being the date of listing of FHT on the SGX-ST) to 31 March 2015. Set out below are the pro-forma financial effects taking into account certain assumptions including (but not limited to) the following:

(i) approximately 149.8 million new Stapled Securities are issued based on the Illustrative Issue Price to part finance the Proposed Acquisition;

(ii) the balance of the Total Acquisition Cost of A$117.2 million is financed by borrowings;

(iii) the Acquisition Fee payable in Stapled Securities to the Manager is paid through the issuance of approximately 1.4 million Stapled Securities at an assumed Issue Price of approximately S$0.851; and

(iv) 100.0% of the MIT Manager's management fee incurred in relation to the Property is paid in the form of Stapled Securities. The number of Stapled Securities to be issued is computed based on an assumed issue price of approximately S$0.851 per Stapled Security.

The pro forma financial effects of the acquisition of the Target Property for FH-REIT as at 31 March 2015 as if the Proposed Acquisition and Proposed MLA were completed on 31 March 2015 and FH-REIT has held and operated the Target Property from its Listing Date of 14 July 2014 through to 31 March 2015 are as follows:

	Before Proposed Acquisition and Proposed MLA	**After Proposed Acquisition and Proposed MLA**	**% change**
DPS (Singapore cents)	4.346	4.360	0.3%
NAV per stapled security (Singapore cents)	86.7	85.2	(1.7%)

Source: Circular

We note that the Proposed Acquisition is expected to be DPS accretive.

5.8 Conclusion in relation to the Proposed Acquisition, the FF&E Agreement and the IMA

Based on the above, we consider the Proposed Acquisition (including the associated FF&E Agreement and IMA) to be on normal commercial terms and not prejudicial to the interests of FHT and its minority Stapled Securityholders.

6 DETAILS OF THE PROPOSED MLA

Immediately following the acquisition of the Target Property, FHT ST3, a wholly-owned subsidiary of FH-REIT, will enter into a new MLA with Ananke Holdings Pty Ltd, a wholly-owned subsidiary of FCL. Pursuant to the Master Lease Agreement, the Master Lessee will lease the Hotel for an initial term of 20 years with an option exercisable by the Master Lessee to renew the master lease for a further 20 years on the same terms and conditions, save for any amendments required due to a change in law and excluding any further option to renew[1]. In connection with the Master Lease, FCL has entered into the Corporate Guarantee in respect of the Master Lease to guarantee, *inter alia*, the obligations of the Master Lessee under the Master Lease Agreement.

Detailed information regarding the Proposed MLA is set out in Section 3 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned section carefully.

1 There is currently an existing master lease in place between the Master Lessee and the vendor of the Leasehold Interest, Frasers Sydney Wentworth Trust. 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 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.

7 EVALUATION OF THE PROPOSED MLA

In our evaluation of the above, we have taken into consideration the following key factors:

(i) The rationale for the entry into the Proposed MLA;

(ii) The terms of the Proposed MLA as compared to the publicly available financial terms of other similar agreements entered into by REITs listed on SGX-ST holding comparable properties;

(iii) The terms of the Corporate Guarantee; and

(iv) The prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practicable Date as defined in this Circular.

7.1 The Rationale for the Master Lease Agreement

We highlight the REIT Manager's rationale of downside protection through the MLA with expected rental growth.

The full text of the REIT Manager's rationale for the Proposed MLA is set out in Section 6.2 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned section carefully.

7.2 The Proposed MLA as compared to MLAs in place with REITs holding comparable properties

In order to determine if the Proposed MLA is on normal commercial terms, we have compared the terms of the Proposed MLA to those in place for hotels held by FH-REIT, and other Hospitality REITs listed on SGX-ST ("**Comparable MLAs**").

However, we note that the terms of each MLA will differ based on factors such as the exact type of property, the date of MLA and other relevant criteria. To the best of our knowledge and belief, and after discussing with JLL and Savills, there are no comparable MLAs which may be considered directly comparable to the Proposed MLA for the Target Property. For the above reasons, while the Comparable MLAs taken as a whole may provide a broad and indicative benchmark for assessing the Proposed MLA, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, the Independent Directors should note that any comparison made with respect to the Comparable MLAs serves as an illustrative guide only.

7.2.1 Comparable MLAs entered into by FH-REIT

Property	Country	Initial Term (yrs)	Total term with option	Renewal Option	Fixed Fees (S$ 'm)	% Fixed Fee to Market Value	Variable Fees [1]		% Variable to Total Fee	FF&E Reserve [4]
							% Rev [2]	% GOP [3]		
InterContinental Singapore [5]	Singapore	20	20 + 20	Lessee	8.0	1.8%	NA	76.0%	60.0%	4.0%
Novotel Rockford Darling Harbour	Australia	20	20 + 20	Lessee	2.6 [6]	3.7%	NA	84.0%	70.0%	3.0%
Park International London	United Kingdom	20	20 + 20	Lessee	2.6 [7]	3.3%	NA	92.0%	46.0%	3.0%
Best Western Cromwell	United Kingdom	20	20 + 20	Lessee	1.2 [8]	3.5%	NA	92.0%	42.0%	3.0%
Crowne Plaza ANA Kobe	Japan	20	20 + 20	Lessee	6.0 [9]	5.4%	NA	78.0%	49.0%	3.0%
Westin Kuala Lumpur	Malaysia	20	3 + 3 [10]	Lessee	5.5 [11]	3.3%	NA	79.0%	38.0%	4.0%
Average					4.3	3.5%	NA	83.5%	50.8%	3.3%
Median					4.1	3.4%	NA	81.5%	47.5%	3.0%
High					8.0	5.4%	NA	92.0%	70.0%	4.0%
Low					1.2	1.8%	NA	76.0%	38.0%	3.0%
Sofitel Sydney Wentworth	**Australia**	**20**	**20 + 20**	**Lessee**	**6.2** [12]	**2.6%**	NA	**83.0%**	**56.1%**	**3.0%**

Source: Company prospectuses and circulars

Notes:
(1) Total variable rent is computed as: % Rev + % GOP - Fixed Rent + FF&E Reserve not utilised and not carried forward to the following year, if any
(2) Revenue, as abbreviated by "Rev"
(3) Gross Operating Profit, as abbreviated by "GOP"
(4) Fixtures, Fittings and Equipment Reserve, as abbreviated by "FF&E Reserve"
(5) The variable rent for InterContinental Singapore shall be as set out in the table above or such lower portion as may be agreed between the parties to the MLAs
(6) Fixed fees of S$2.6m is converted at an exchange rate of A$/S$1.04
(7) Fixed fees of S$2.6m is converted at an exchange rate of GBP/S$2.02
(8) Fixed fees of S$1.2m is converted at an exchange rate of GBP/S$2.02
(9) Fixed fees of S$6.0m is converted at an exchange rate of JPY/S$0.01
(10) Under the National Land Code ("NLC") a tenancy is three years and below, while a lease can be for a term exceeding three years. A grant of lease to a foreign company (as defined under the NLC) requires State Authority consent but FH-REIT has proceeded on the basis of a tenancy as there are no issues with a tenancy under the ABS structure
(11) Fixed fees of S$5.5m is converted at an exchange rate of MYR/S$0.37
(12) Fixed fees of S$6.2m is converted at an exchange rate of A$/S$1.04

Based on our above analysis, the terms of the Proposed MLA are in line with Comparable MLAs entered into by FH-REIT in respect of:

(i) The term period being identical to Comparable MLAs with the exception of a Malaysian hotel due to regulatory restrictions;

(ii) The fixed fee component being within the range but below the average and median as a percentage of market value;

(iii) The variable fee component being within the percentage range and above the average and median of percentage of variable to total fees; and

(iv) The FF&E Reserve contribution of 3% of revenue being within range and similar to the average and median.

7.2.2 Comparable MLAs entered into by SGX-ST listed Hospitality REITs

REITs	Property	Initial Term (yrs)	Total term with option	Renewal Option	Fixed Fees (S$ 'm)	% Fixed Fee to Market Value	Variable Fees (1)		% Variable to Total Fee	FF&E Reserve
							% Rev	% GOP		
CDL H-Trust	Studio M Hotel	20	20 + 20 + 20 + 10	Lessee	5.0 (2)	3.0%	30.0%	20.0%	N/Avail	N/Avail
CDL H-Trust	Orchard Hotel	20	20 + 20	Lessee	10.3	2.2%	20.0%	20.0%	36.0%	2.5%
CDL H-Trust	Grand Copthorne Waterfront Hotel	20	20 + 20	Lessee	7.2	2.0%	20.0%	20.0%	38.5%	2.5%
CDL H-Trust	M Hotel	20	20 + 20	Lessee	6.1	2.6%	20.0%	20.0%	32.2%	2.5%
CDL H-Trust	Copthorne King's Hotel	20	20 + 20	Lessee	2.8	2.3%	20.0%	20.0%	47.2%	2.5%
Far East H-REIT	Rendezvous Grand Hotel and Gallery	20	20 + 20	Lessee	6.5	2.3%	33.0%	20.0%	39.2%	N/Avail
Far East H-REIT	Albert Court Village Hotel	20	20 + 20	Lessee	3.5	2.7%	33.0%	25.0%	39.9%	2.5%
Far East H-REIT	Village Hotel Changi	20	20 + 20	Lessee	7.5	3.1%	33.0%	24.0%	41.6%	2.5%
Far East H-REIT	The Elizabeth Hotel	20	20 + 20	Lessee	5.5	2.9%	33.0%	34.0%	42.9%	2.5%
Far East H-REIT	Village Hotel Bugis	20	20 + 20	Lessee	7.0	3.0%	33.0%	29.0%	43.2%	2.5%
Far East H-REIT	Oasia Hotel	20	20 + 20	Lessee	8.0	2.4%	33.0%	28.0%	36.4%	2.5% (3)
Far East H-REIT	Orchard Parade Hotel	20	20 + 20	Lessee	10.0	2.4%	33.0%	37.0%	49.5%	2.5%
Far East H-REIT	The Quincy Hotel	20	20 + 20	Lessee	2.5	3.0%	33.0%	23.0%	45.3%	2.5%
OUE H-Trust	Mandarin Orchard	15	15 + 15	Lessee	45.0	3.7%	33.0%	27.5%	40.0% (4)	3.0%
Average					9.1	2.7%	29.1%	24.8%	40.9%	2.5%
Median					6.8	2.7%	33.0%	23.5%	40.0%	2.5%
High					45.0	3.7%	29.1%	37.0%	49.5%	3.0%
Low					2.5	2.0%	33.0%	20.0%	32.2%	2.5%
FH-REIT	**Sofitel Sydney Wentworth**	**20**	**20 + 20**	**Lessee**	**6.2 (5)**	**2.6%**	**0.0%**	**83.0%**	**56.1%**	**3.0%**

Source: Company prospectuses and circulars

Notes:
(1) Total variable rent is computed as: % Rev + % GOP - Fixed Rent + FF&E Reserve not utilised and not carried forward to the following year, if any
(2) The fixed rent component of the rent shall be revised on the tenth anniversary date of the commencement of the Master Lease (the "Rent Revision Date") to an amount equivalent to 50.0% of the average annual aggregate fixed rent and variable rent for the five fiscal years preceding the Rent Revision Date (the "Revised Fixed Rent Amount") in the event the fixed rent component prevailing at the time of the Rent Revision Date is less than the Revised Fixed Rent Amount.
(3) As Oasia is a new property, FF&E reserve will amount to 1.0% for the first 3 years and 2.5% thereafter.
(4) Based on FY2012 actual computation. The % Variable to Total Rent is expected to increase to 40.2% in FY2013E and 42.7% in FY2014E (Source: OUE H-REIT IPO Prospectus)
(5) Fixed fees of A$6.0m is converted at an exchange rate of A$/S$1.04

Based on our above analysis, we note that the structure of the Proposed MLA is different from the Comparable MLAs entered into by SGX-listed Hospitality REITs, in respect of:

(i) The variable fee component, which is based solely on GOP, whereas for Comparable MLAs, the variable component includes both a revenue based element and a GOP based element.

In addition, we note that:

(i) The term of 20 + 20 years is in line with the majority of the Comparable MLAs;

(ii) The fixed fee component as a percentage of market value is similar but slightly below the average and median as a percentage of market value;

(iii) The revenue based component of the variable fee is outside of the range, and below the minimum when compared to the Comparable MLAs;

(iv) The GOP based component of the variable fee is outside the range, and above the maximum when compared to the Comparable MLAs; and

(v) The FF&E Reserve contribution is within range and similar to the average and median.

However, we note that the Proposed MLA is for a Target Property located in Sydney, Australia, whereas the Comparable MLAs are for properties located in Singapore, and we note that market dynamics will differ in individual markets, and application of identical fee structures may be not appropriate.

We additionally note that to the best of our knowledge and belief, and after discussion with the REIT Manager, there are no Comparable MLAs for hotels located in Sydney, save for the hotel which is part of the existing FH-REIT portfolio.

7.3 The Corporate Guarantee in relation to the Proposed MLA

FCL, as ultimate owner of the Master Lessee, will provide a Corporate Guarantee to the Master Lessor with regards to the obligations of the Master Lessee under the MLA.

Detailed information in relation to Corporate Guarantee is set out in Section 3.3 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned section carefully.

Under the terms of the Corporate Guarantee, an extract reproduced *in toto* below, FCL will:

"unconditionally and irrevocably guarantee to FHT Sydney Trust 3 that the Master Lessee will punctually pay all 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 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 end on the earlier of (a) six months after the Master Lessee yields up vacant possession of the Property in accordance with the terms of the Master Lease Agreement, on the expiry or termination of the term (as may be extended or renewed) under the Master Lease Agreement, (b) the due and proper and complete performance of all of the obligations of the Master Lessee under the Master Lease Agreement and (c) FCL having complied with the obligations or made good any losses relating to any breach of the Master Lessee under the Master Lease Agreement, because of termination of the Master Lease Agreement."

We note that the Corporate Guarantee is similar to the corporate guarantee provided by FCL to FH-REIT at the time of listing of FH-REIT, and similar to that provided by Orchard Parade Holdings Limited to Far East Hospitality Trust during the latter's listing on the Main Board of SGX-ST.

7.4 Conclusion in relation to the Proposed MLA

Based on the above, when considered in totality, we consider the Proposed MLA to be on normal commercial terms and not prejudicial to the interests of FHT and its minority Stapled Securityholders.

8 DETAILS OF THE FINANCIAL TERMS OF THE PRIVATE PLACEMENT, THE UPSIZED PLACEMENT (IF ANY) AND THE TCC PLACEMENT

Detailed information concerning the Private Placement and the Upsized Placement (if any) can be obtained from Sections 4 and 5 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned section carefully.

We note that the Private Placement involves the proposed issue of up to 150.0 million New Stapled Securities in FH-REIT, which is equivalent to up to approximately S$122.3 million or 12.5% of the 1,204,593,258 Stapled Securities in issue as at 29 May 2015, being the Latest Practicable Date.

Depending on market conditions, the Managers may at their discretion decide to increase the size of the private placement by up to an additional 20.0 million New Stapled Securities under the Upsized Placement.

The Issue Price under the Private Placement and the Upsized Placement (if any) will be determined between the Managers and the Lead Manager and Underwriter closer to the date of commencement of such Private Placement and the Upsized Placement (if any). The actual number of New Stapled Securities to be issued pursuant to the Private Placement and the Upsized Placement (if any) will depend on the aggregate amount of proceeds to be raised from the Private Placement, the Upsized Placement (if any) and the Issue Price.

The Issue Price will be subject to Rules 811(1) and 811(5) of the Listing Manual, and will not be at more than 10.0% discount to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed or, if trading in the Stapled Securities is not available for a full market day, for the preceding market day up to the time the placement agreement is signed, excluding (where applicable) declared distributions provided that the placees under the Private Placement and the Upsized Placement (if any) are not entitled to the declared distributions.

9 EVALUATION OF THE TCC PLACEMENT

In our evaluation of the above, we have taken into consideration the following key factors:

(i) The rationale for issue of the New Stapled Securities to TCC;

(ii) The evaluation of the Issue Price of the New Stapled Securities to TCC;

(iii) The precedent placements by REITs to interested persons, if any; and

(iv) The prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practicable Date as defined in this Circular.

These factors are discussed in greater detail in the ensuing paragraphs.

9.1 The rationale for the Private Placement, the Upsized Placement (if any) and the TCC Placement

The full text of the REIT Manager's rationale for the Private Placement, the Upsized Placement (if any) and the TCC Placement is set out in Section 6.3 of the Letter to Stapled Securityholders.

We recommend Stapled Securityholders read the aforementioned section carefully.

We highlight below some of the salient points of the REIT Manager's rationale, where the Private Placement, the Upsized Placement (if any) and TCC Placement lead to:

(i) increased trading liquidity and investor interest; and

(ii) alignment of interests with the existing Stapled Securityholders.

9.2 The evaluation of the Issue Price of the New Stapled Securities

We note that TCC may subscribe for such number of New Stapled Securities under the Private Placement and the Upsized Placement (if any) up to its proportionate pre-placement stapled security holdings in FH-REIT, in percentage terms, and may do so at the same price as the New Stapled Securities issued to other investors under the Private Placement and the Upsized Placement (if any).

Further, we note that under Rule 811(1) and 811(5) of the Listing Manual, the Issue Price will not be issued at more than 10.0% discount to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed or, if trading in the New Stapled Securities is not available for a full market day, for the preceding market day up to the time the placement agreement is signed, excluding (where applicable) declared distributions provided that the placees under the Private Placement and the Upsized Placement (if any) are not entitled to the declared distributions.

We also note that the Interested Persons of FH-REIT and each of its associates, including the REIT Manager, are prohibited from voting on the said resolution to permit such a placement of New Stapled Securities.

9.3 Comparison of the Issue Price with precedent placements to interested persons

We have considered the details of other completed placements undertaken by REITs listed on SGX-ST wherein there was a placement of shares or units or stapled securities to an interested person. Based on our review, we note that:

(i) There were a total of six transactions in the period from 1 January 2010 to the Latest Practicable Date wherein an interested person was granted the right to subscribe to a placement;

(ii) Of those six transactions, three involved entities (Ascott Residence Trust, CapitaRetail China Trust and Frasers Centrepoint Trust) that are comparable to FH-REIT (the "**Comparable REITs**"); and

(iii) The rationale used in all of these transactions was similar, in that subscription by the interested person enhanced investors' confidence by giving a higher degree of certainty for the successful completion of the placement.

Details in relation to the Precedent Placements are set out below:

REIT	Date of announcement	Holding of interested person prior to placement (%)	Total proceeds raised (S$ 'm)	Holding of interested person after the placement (%)	Issue price (S$)	Premium / Discount to VWAP for trades done on the date of signing (%)
Ascott Residence Trust	20-Aug-10	47.7%	560.6	47.7%	1.080	(4.7)
CapitaRetail China Trust	06-May-11	41.0%	70.0	39.5%	1.170	(6.5)
Frasers Centrepoint Trust	29-May-14	41.1%	161.5	41.1%	1.835	(2.5)

Source: Company prospectuses, circulars and PwC analysis

We note the following:

(i) The rationale used in all of these transactions was similar, in that subscription by the interested persons enhanced investors' confidence by giving a higher degree of certainty for the successful completion of the placement;

(ii) The stapled security holding percentage of TCC as a controlling Stapled Securityholder is similar to those of other interested persons of the Comparable REITs who have subscribed for private placements;

(iii) The discount to the VWAP applied for Ascott Residence Trust, CapitaRetail China Trust and Frasers Centrepoint Trust were 4.7%, 6.5% and 2.5% respectively. This pricing was determined by joint lead managers and underwriters, working with the managers having regard to then then prevailing market conditions amongst other relevant factors; and

(iv) The process and pricing to be adopted in the case of the Private Placement is similar to that adopted by Comparable REITs.

9.4 Conclusion in relation to the TCC Placement

Based on the above, we consider the TCC Placement to be on normal commercial terms and not prejudicial to the interests of FH-REIT and its minority Stapled Securityholders.

10 OPINION

Having regard to our terms of reference, in arriving at our opinion, we have considered various factors deemed pertinent and to have significant bearing on our assessment of the Proposed Transactions. We have carefully considered the factors, and balanced them before reaching our opinion. Accordingly, it is important that this IFA Letter, in particular, the considerations and information we have taken into account, be read in its entirety.

Our opinion is based solely on information made available to us as at the date of this IFA Letter. The principal factors that we have taken into consideration in forming our opinion are summarised as below:

10.1 In relation to the Proposed Acquisition:

(i) The rationale for the Proposed Acquisition;

(ii) The valuation approaches and assumptions adopted by the Independent Property Valuers are widely accepted methods for the purpose of valuing income producing properties, and the Purchase Consideration is in between the two valuations as appraised by the Independent Property Valuers;

(iii) The market value of A$513,800 per key is similar to, but slightly lower than, the market value per key of the Comparable Properties;

(iv) The market value of A$513,800 per key is within range and below the average and median market value per key of the Comparable Transacted Properties;

(v) The purchase consideration payable in respect of the FF&E Agreement is included within the Purchase Consideration of A$224.0m, and the FF&E Agreement is identical to those put in place by FH-REIT at the time of listing;

(vi) The IMA fees are subject to a provision which prevents double counting, are offset against the fees paid to the REIT Manager such that they do not result in an increase in the total fees payable by FH-REIT and are identical to those entered into by FH-REIT at the time of listing;

(vii) The Proposed Acquisition is expected to be DPS accretive; and

(viii) The prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as of 29 May 2015, being the Latest Practicable Date as defined in the Circular.

10.2 In relation to the entry into a new Master Lease Agreement:

(i) The rationale for the entry into the Proposed MLA;

(ii) The terms of the Proposed MLA are in line with other similar agreements entered into by FH-REIT;

(iii) The terms of the Proposed MLA are similar to the publicly available financial terms of other similar agreements entered into by Hospitality REITs listed on SGX-ST;

(iv) The terms of the Corporate Guarantee are in line with those observed in similar situations; and

(v) The prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as of the Latest Practicable Date.

10.3 In relation to the TCC Placement:

(i) The rationale for issue of the New Stapled Securities to TCC;

(ii) The Issue Price of the New Stapled Securities to TCC is on normal commercial terms and not prejudicial to the interests of FH-REIT and its minority Stapled Securityholders;

(iii) The terms of the TCC Placement are in line with those precedent placements to interested persons by REITs listed on SGX-ST; and

(iv) The prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as of the Latest Practicable Date.

Having given due consideration to the rationale for the Proposed Transactions and taking into account our evaluation of the Proposed Transactions and subject to the qualifications set out in this IFA Letter, we are of the opinion as of the date of this IFA Letter that the Proposed Transactions are based on normal commercial terms and are not prejudicial to the interests of FHT and its minority Stapled Securityholders.

We advise the Independent Directors to recommend that Stapled Securityholders vote in favour of the Proposed Transactions to be proposed at the EGM, the notice of which is set out in the Circular. However, we wish to highlight that each Stapled Securityholder may have different investment objectives and considerations and hence should seek their own professional advice.

The foregoing recommendation is addressed to the Independent Directors, the Audit, Risk and Compliance Committee and the REIT Trustee for the purpose of their consideration of the Proposed Transactions. The recommendation made by the Independent Directors to Stapled Securityholders shall remain the responsibility of the Independent Directors. Whilst a copy of this IFA Letter may be reproduced in the Circular, none of the Managers or the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purpose other than for the Proposed Transactions and interested person transactions as described in the Circular without the prior written consent of PwCCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
for and on behalf of
PricewaterhouseCoopers Corporate Finance Pte Ltd

Ling Tok Hong
Managing Director

APPENDIX B
PROFIT FORECAST

Statements contained in this section which are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecasted. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Managers or any other person nor that these results will be achieved or are likely to be achieved.

The following table sets out FH-REIT's forecast statement of total return for the Forecast Period, which has been prepared in accordance with the accounting policies adopted by FH-REIT as stated in the Prospectus. In the preparation of the forecast statement of total return for the Forecast Period, specific non-tax deductible items which have no impact on distributable income have been excluded in the presentation of the distributable income to Stapled Securityholders. The Profit Forecast has been examined by the Independent Accountants and should be read together with their report contained in Appendix C of this Circular as well as the assumptions and sensitivity analysis set out in Section B of this Appendix.

FH-REIT'S FORECAST STATEMENT OF TOTAL RETURN

S$'000	Forecast Period (1 July 2015 to 30 September 2015) The Property
Total Gross Revenue	3,606.6
Less: Property Expenses	(144.8)
Net Property Income	**3,461.8**
Other management fee	(285.8)
Trustee's fees	(8.7)
Other trust expenses	(57.9)
Stamp duties and other acquisition costs	(14,063.5)
Finance costs (net)	(1,084.5)
Total return before tax and fair value change	**(12,038.6)**
Fair value change in investment properties	–
Total return before tax and after fair value change	**(12,038.6)**
Taxation	(302.4)
Total return after tax	**(12,341.0)**
Add: Non-tax deductible items and other adjustments (net)	14,388.0
Income available for distribution to Stapled Securityholders	**2,047.0**[1]

	Forecast Period (1 July 2015 to 30 September 2015)	
	Existing Portfolio	**Enlarged Portfolio**[1]
Income available for distribution to Stapled Securityholders (S$'000)	18,706.0	20,753.0
Number of Stapled Securities in issue at end of period ('000)	1,215,085	1,366,566

Note:
(1) The months of July to September used in the Forecast Period are seasonally weaker for Sofitel Sydney Wentworth. As such it would not be meaningful to use this figure as a basis to derive the annualised DPS.

	FY2015 (1 October 2014 to 30 September 2015)	
	Existing Portfolio[1]	**Enlarged Portfolio**[2]
Forecast Distribution per Stapled Security for FY2015 ("DPS")(Singapore cents)[3]	6.158	6.163

Notes:
(1) The forecast DPS of the Existing Portfolio for FY2015 is based on the forecast results as set out in the Prospectus.
(2) The forecast DPS of the Enlarged Portfolio for FY2015 is based on the forecast results as set out in the Prospectus and the forecast results of Sofitel Sydney Wentworth for the Forecast Period.
(3) The forecast DPS is calculated based on the Income available for distribution to Stapled Securityholders and the weighted average number of Stapled Securities in issue for the respective periods.

SECTION A: ASSUMPTIONS

The major assumptions made in preparing the Profit Forecast for the Hotel are set out below. The REIT Manager considers these assumptions to be appropriate and reasonable as at the date of this Circular.

Save as otherwise stated, the assumptions made in preparing the Profit Forecast for the Existing Portfolio are set out in the Prospectus. Unless otherwise stated, capitalised terms in this Section A shall have the same meanings as ascribed to them in the Prospectus.

1. Gross Revenue

Gross Revenue comprises gross rental income under the master lease and tenancy agreements in respect of the Enlarged Portfolio (the "**Master Lease and Tenancy Agreements**"). Gross rental income under the terms of the Master Lease and Tenancy Agreements comprises a Fixed Rent and a Variable Rent.

The breakdown of the Fixed Rent and Variable Rent component into the Existing Portfolio and the Enlarged Portfolio is as follows:

Fixed Rent	**S$'000**
Existing Portfolio	12,258
The Hotel	1,542
Enlarged Portfolio	13,800

Variable Rent	**S$'000**
Existing Portfolio	13,502
The Hotel	2,064
Enlarged Portfolio	15,566

The Fixed Rent under the terms of the Master Lease Agreement is A$6.0 million per annum. Variable Rent for the Hotel under the terms of the Master Lease Agreement is at 83.0% of the Hotel's GOP less the Fixed Rent (plus any unutilised balance in the FF&E Reserve which is not carried forward to the following fiscal year by mutual agreement of the parties). The Hotel's GOP is GOR less Operating Expenses.

The Hotel's Gross Operating Revenue

The gross operating revenue of the Hotel consists of (i) room revenue, (ii) F&B revenue and (iii) other income.

(i) *Room revenue*

The forecast revenue of the Hotel for the Forecast Period is based on the Hotel's total available rooms and Revenue per Available Room ("**RevPAR**"), which is in turn driven by the Average Daily Rate ("**ADR**") and the Occupancy Rate assumptions as follows:

ADR (A$)[(1)]	**Occupancy Rate[(1)]**	**RevPAR (A$)**
214.1	88.4%	189.3

Note:

(1) The forecast Occupancy Rate and ADR are derived after taking into account the historical and current operating performance of the Hotel. Other factors considered include the prospects of the respective market's hospitality industry, the expected demand and supply of hotel rooms, the competitive position of competing hotels, major conventions and events that are scheduled to take place.

(ii) *F&B revenue*

F&B revenue encompasses revenue from the restaurants, lounge and bar, including revenue from catering services, banqueting sale and conference room hire, room service and room mini-bar sales. For the Forecast Period, F&B revenue is expected to constitute approximately 36.0% of the gross operating revenue of the Hotel.

The forecast F&B revenue is estimated based on the historical performance of the F&B sales of the Hotel and taking into account the expected occupancy rates of the Hotel, the competitive position and location of the Hotel, as well as expected bookings for banquets, wedding dinners, corporate meetings and other corporate events.

(iii) *Other income*

Other income includes income from provision of telecommunication services, internet broadband services, laundry services and the usage of the business centre. For the Forecast Period, other income is expected to constitute approximately 1.7% of the gross operating revenue of the Hotel.

Operating Expenses of the Hotel

The operating expenses of the Hotel include (i) payroll expenses, (ii) cost of sales and (iii) other expenses.

(i) *Payroll expenses*

Payroll expenses relate to wages, salaries and the related staff benefits in connection with the hiring of full-time and temporary staff to carry out day-to-day operations at the Hotel including housekeeping services, reception services, security services, F&B, administrative, marketing, property operation and maintenance and other services.

For the Forecast Period, payroll expenses are estimated based on the Hotel's historical payroll costs and after adjusting for an expected increment in each year. In addition, consideration has been given to staffing requirements at the Hotel by taking into account the forecast performance of the Hotel (in particular, expected occupancy levels, expected banqueting demand and expected operating efficiencies).

(ii) *Cost of sales*

Cost of sales relates to direct costs incurred in the provision of F&B services, telecommunication services, and internet broadband services. Cost of sales has been forecast to vary in proportion to room revenue and F&B revenue, taking into consideration cost efficiencies.

(iii) *Other expenses*

Other hotel expenses include costs of guest supplies, repair and maintenance expenses, laundry services, cost of uniforms, reservations fees paid to travel agents, F&B costs in the guest lounge, selling and marketing expenses, and administrative and general expenses.

- The cost of guest supplies includes costs of linen laundry and room consumables.
- Repair and maintenance expenses relate to costs incurred for the upkeep of the Hotel, including the cost of materials, supplies and contracts related to the general repair and maintenance of the Hotel.
- Selling and marketing expenses relate to costs incurred in marketing, advertising and promoting the Hotel as well as commission to third parties.
- Administrative and general expenses include credit card commissions, security services, maintenance of IT systems and other general and administrative expenses.

2. Property Expenses

Property expenses for the Hotel comprise (i) property tax, (ii) insurance expenses and (iii) other property expenses.

3. REIT Manager's Management Fee

Pursuant to the REIT Trust Deed, the REIT Manager is entitled to a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-REIT's Deposited Property and a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and BT Performance Fee).

There should be no double-counting of fees. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee. For the avoidance of doubt, the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

The REIT Manager's management fee shall be reduced by other asset management related fee paid by FH-REIT and its subsidiaries (including fees payable to the MIT Manager).

The REIT Manager has been assumed to receive 100.0% of its management fees in the form of Stapled Securities for the Forecast Period. Where the management fees are payable in Stapled Securities, the REIT Manager has assumed that such Stapled Securities are issued at the assumed issue price of approximately S$0.851 per Stapled Security.

4. Other Management Fees

MIT Manager's Management Fee

Pursuant to the investment management agreements (including for FHT Sydney Trust 3), the MIT Manager is entitled to a management fee not exceeding a base fee of 0.3% per annum of the total value of the trust property and a performance fee of 5.5% of the aggregate earnings before interest, taxes, depreciation and amortisation of the trust property in the relevant financial year. In each case, the MIT Manager may accept a lower percentage as notified to the MIT Trustee or the MIT Sub-trustee.

The fees payable to the MIT Manager under the investment management agreement in respect of FHT Sydney Trust 3 will only apply subject to there being no double-counting of the payment of fees to the MIT Manager under the investment management agreement in respect of FHT Sydney Trust 3 and payment of fees to the MIT Manager pursuant to the investment management agreement for MIT Australia.

For the purposes of the Forecast Period, it is assumed that 100.0% of the MIT Manager's management fees (whether for MIT Australia, FHT Sydney Trust 3 or the other two sub-trusts) were paid in Stapled Securities and the MIT Manager's management fees were paid at the stated amounts. Where the management fees are payable in Stapled Securities, the MIT Manager has assumed that such Stapled Securities are issued at the assumed issue price of approximately S$0.851 per Stapled Security.

5. Trustees' Fees

REIT Trustee's Fees

Pursuant to the FH-REIT Trust Deed, the REIT Trustee's fees is presently charged on a scaled basis of up to 0.015% per annum of the FH-REIT Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST.

MIT Trustee's Fees and MIT Sub-trustee's Fees

Pursuant to the trust deed for MIT Australia, the MIT Trustee is entitled to a trustee fee of A$55,000 per annum, excluding out-of-pocket expenses and GST. Pursuant to the MIT Sub-trust deed, the MIT Sub-trustee is entitled to a trustee fee of A$15,000 per annum, excluding out-of-pocket expenses and GST. There are three sub-trusts, including FHT Sydney Trust 3, and the aggregate fee payable to the MIT Trustee and the MIT Sub-trustee is A$100,000 per annum, excluding out-of-pocket expenses and GST.

6. Other Trust Expenses

Other expenses of FHT comprise recurring operating expenses such as compliance expenses, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to the holders of the Stapled Securities, investor communication costs and other miscellaneous costs.

7. Stamp Duties and Other Acquisition Costs

Stamp duties and other acquisition costs comprise one-off stamp duties paid in relation to the acquisition of the Hotel and one-off non-capitalisation costs related to the acquisition including additional listing fees, design and printing of this Circular and roadshow expenses. These stamp duties and other acquisition costs are added back to income available for distribution to Stapled Securityholders.

8. Finance Costs (Net)

Finance costs consist of interest expense and upfront debt establishment fees incurred in relation to the facility. Debt-related transaction costs are amortised over the term of the facility. The REIT Manager has assumed an all-in, effective average interest rate of 3.6% per annum (including margin and amortisation of upfront fee for the facility) for the A$ facility that will be taken up to part finance the acquisition of the Hotel.

9. Taxation

Taxation relates to Australia withholding tax.

10. Investment Properties

The aggregate value of the Investment Properties in the Existing Portfolio is S$1,660.8 million, based on the FH-REIT Unaudited Financial Statements.

The purchase consideration of the Hotel (including the FF&E) is A$224.0 million. The REIT Manager has assumed the same valuation for the Existing Portfolio and the Hotel at the end of the Forecast Period.

11. Accounting Standards

The REIT Manager has assumed that there will be no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the Profit Forecast.

12. Other Assumptions

The REIT Manager has made the following additional assumptions in preparing the Profit Forecast:

(i) other than the acquisition of the Hotel, the distributable income attributable to the Existing Portfolio remains unchanged from those as set out in the Prospectus;

(ii) there will be no material change to the respective carrying values of the properties in the Enlarged Portfolio held by FHT;

(iii) other than for the purposes mentioned in this Circular, there will be no further capital raised during the Forecast Period;

(iv) there will be no material change to the relevant tax exemptions, tax remissions, preferential tax treatments and Tax Rulings granted remain valid and applicable;

(v) there will be no material change to the circumstance upon which the Tax Rulings are granted and that the terms and conditions of the Tax Rulings are complied with;

(vi) the FH-REIT Debt Facilities are available during the periods at the same effective interest rate;

(vii) all leases are enforceable and will be performed in accordance with their terms;

(viii) there will be no pre-termination of any committed leases;

(ix) 100.0% of the distributable income will be distributed;

(x) 100.0% of the distributable income in foreign currency for the Forecast Period will be hedged; and

(xi) the foreign exchange rate applied in the preparation of Forecast Period is assumed as A$1:S$1.0303 for the Total Acquisition Cost and A$1:S$1.0282 for the Forecast Period.

SECTION B: SENSITIVITY ANALYSIS FOR THE PROPERTY

Gross Revenue

Changes in Gross Revenue will impact the net income of FH-REIT and, consequently, the distribution yield.

The effect of variations in the Gross Revenue on the distribution yield is set out below:

The Hotel	**FY2015 (Singapore cents)**
10.0% above base case	6.1889
Base case	6.1626
10.0% below base case	6.1362

Net Property Income

Changes in Net Property Income will impact the net income of FH-REIT and, consequently, the distribution yield.

The effect of variations in the Net Property Income on the distribution yield is set out below:

The Hotel	**FY2015 (Singapore cents)**
5.0% above base case	6.1752
Base case	6.1626
5.0% below base case	6.1499

Finance Costs

Changes in finance costs incurred for the Hotel will impact the net income of FH-REIT and, consequently, the distribution yield.

The effect of variations in finance costs on the distribution yield is set out below:

The Hotel	**FY2015 (Singapore cents)**
5.0% above base case	6.1592
Base case	6.1626
5.0% below base case	6.1660

Exchange Rates

Changes in the AUD/SGD exchange rate will impact the net income of FH-REIT and, consequently, the distribution yield.

The effect of variations in exchange rates on the distribution yield is set out below:

The Hotel	**FY2015 (Singapore cents)**
5.0% above base case	6.1618
Base case	6.1626
5.0% below base case	6.1633

APPENDIX C
INDEPENDENT ACCOUNTANTS' REPORT ON THE PROFIT FORECAST

9 June 2015

The Board of Directors
Frasers Hospitality Asset Management Pte. Ltd.
(as Manager of Frasers Hospitality Real Estate Investment Trust) (the "**REIT Manager**")
438 Alexandra Road #21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited
(as Trustee of Frasers Hospitality Real Estate Investment Trust) (the "**Trustee**")
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

The Board of Directors
Frasers Hospitality Trust Management Pte. Ltd.
(as Trustee-Manager of Frasers Hospitality Business Trust) (the "**Trustee-Manager**")
438 Alexandra Road #21-00 Alexandra Point
Singapore 119958

Dear Sirs,

Letter from the Independent Accountants on the Profit Forecast of Sofitel Sydney Wentworth for the Forecast Period (1 July 2015 to 30 September 2015)

This letter has been prepared for inclusion in the circular to unitholders dated 9 June 2015 (the "Circular") to be issued by Frasers Hospitality Trust ("**FHT**"), comprising Frasers Hospitality Real Estate Investment Trust ("**FH-REIT**") and Frasers Hospitality Business Trust ("**FH-BT**") in connection with the proposed acquisition of Sofitel Sydney Wentworth and the proposed issue of up to 150.0 million new units to part finance the acquisition of Sofitel Sydney Wentworth (the "**Acquisition**").

The directors of the REIT Manager (the "**Directors**") are responsible for the preparation and presentation of the FH-REIT's forecast statement of total return of Sofitel Sydney Wentworth for the Forecast period (1 July 2015 to 30 September 2015)("Profit Forecast of Sofitel Sydney Wentworth"), as set out in Appendix B of the Circular, which have been prepared on the basis of the assumptions as set out on pages B-2 to B-7 of the Circular.

We have examined the Profit Forecast of Sofitel Sydney Wentworth in accordance with Singapore Standards on Assurance Engagements (SSAE) 3400, The Examination of Prospective Financial Information, issued by the Institute of Singapore Chartered Accountants ("**ISCA**"). The Directors are responsible for the Profit Forecast of Sofitel Sydney Wentworth including the assumptions set out on pages B-2 to B-7 of the Circular on which the Profit Forecast of Sofitel Sydney Wentworth is based.

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast of Sofitel Sydney Wentworth. Further, in our opinion, the Profit Forecast of Sofitel Sydney Wentworth, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions and is presented in accordance with Statement of Recommended Accounting Practice (RAP) 7, Reporting Framework for Unit Trusts (but not all the required disclosures), issued by ISCA, which is the framework adopted by FH-REIT in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Forecast of Sofitel Sydney Wentworth since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted. For these reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast of Sofitel Sydney Wentworth.

This letter has been prepared for inclusion in the Circular of FHT to be issued in connection with the Acquisition and should not be used for any other purpose.

Yours faithfully,

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

(Partner-in-charge: Simon Yeo)

APPENDIX D
VALUATION SUMMARIES

Prepared by **Savills Valuations Pty Ltd**

Our Ref: S2HT000057 / H021



Sofitel Wentworth, 61-101 Phillip Street, Sydney, NSW

Prepared for Frasers Hospitality Asset Management Pte. Ltd. (as manager of the Frasers Hospitality Real Estate Investment Trust)

11 May 2015

savills
valuation report

savills.com.au/valuations

Savills Australia
Level 7
50 Bridge Street
Sydney NSW 2000
(02) 8215 8888

Executive Summary

Sofitel Wentworth Hotel, 61-101 Phillip Street, Sydney, NSW

Name of Responsible Entity	**Frasers Hospitality Asset Management Pte. Ltd. (as manager of the Frasers Hospitality Real Estate Investment Trust) ("FH-REIT")**					
Interest Valued	100% Long Leasehold (75 years) held by Frasers Hospitality Real Estate Investment Trust to be granted from The Trust Company (RE Services) Limited, as the trustee of Frasers Sydney Wentworth Trust over Lot 2 DP1084537 subject to an existing management agreement with Accor.					
Purpose of Valuation	Valuation for inclusion in the circular to holders of stapled securities in Frasers Hospitality Trust (a stapled group comprising FH-REIT and Frasers Hospitality Business Trust) as at 11 May 2015 and for submission to the regulatory authorities including the Singapore Exchange ("SGX"), where required.					
Property Description	Established luxury hotel with 436 rooms, bar, restaurant, leisure and conference facilities over 19 storey's, with basement back of house areas. There is basement car parking and retail arcade over two levels held under a separate title, which is excluded from this valuation.					
Title	Lot 2 Deposited Plan 1084537					
Current Gross Floor Area	N/A					
Site Area	3,393m²					
Zoning	"B8 Metropolitan Centre" under Sydney Local Environmental Plan 2012, gazetted on 14 December 2012					
Valuation Approach	Discounted Cashflow, Capitalisation and Direct Comparison					
Date of Inspection	15 April 2015					
Date of Valuation	**11 May 2015**					
Number of Rooms	436					
Brand/Manager	Sofitel, part of the Accor Group					
RevPAR 2014	$193.63 (actual)					
Total Revenue 2014	$46,841,146 (actual)					
Adj NOP 2014	$13,209,404 (actual)					
Capitalisation Rate	6.25%					
Discount Rate	8.75%					
Passing Yield	5.95% (actual 2014 NOP)					
Initial Yield	6.26% (Savills 2015 NOP)					
Savills Fair Maintainable Trade (FMT)	**Sofitel Wentworth Sydney**	**2015**	**2016**	**2017**	**2018**	**2019**
	No of Rooms	436	436	436	436	436
	Occupancy (%)	85%	85%	85%	85%	85%
	ADR ($) Post Inflation	$ 242.00	$ 250.10	$ 257.40	$ 263.84	$ 270.43
	RevPAR ($)	$ 205.70	$ 212.59	$ 218.79	$ 224.26	$ 229.87
		$000s	$000s	$000s	$000s	$000s
	Total Revenue	$49,004.6	$50,835.1	$52,516.8	$53,829.8	$55,175.5
	NOP / EBITDA	$13,899.4	$14,681.4	$15,440.3	$15,851.1	$16,247.4
	NOP / EBITDA (% of Revenue)	28.36%	28.88%	29.40%	29.45%	29.45%
Value per Unit	$509,174 per room					
Adopted Market Value (As Is – 75 year interest) 436 Rooms	**$222,000,000 (*)**					

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Executive Summary (cont.)

Sofitel Wentworth Hotel, 61-101 Phillip Street, Sydney, NSW

Major Issues / Opportunities	There are few five star hotels in the Sydney CBD that are available for sale. There have been sales, or pending sales, of the major five star hotels in Sydney in the last three years, therefore options for new high profile acquisitions are limited. There remains a significant amount of overseas interest in Australian hotels. Some of the hotel rooms are small and the property is held on a strata title. Redevelopment potential is not possible due to heritage restrictions. In addition, the bedroom configuration cannot be changed. We believe this holds back the potential for further trade growth beyond what the Sydney market may achieve. We understand that the current owner, the Trust Company (RE Services) Limited, as trustee of Frasers Sydney Wentworth Trust, will sell a 75 year long leasehold interest to Frasers Hospitality REIT. The leasehold interest will be granted to FHT Sydney Trust 3, an indirect wholly owned subsidiary of FH-REIT.
Market Commentary	Sales activity for hotels across Australian capital cities has been dominated by overseas investors. Recent sales, and offers submitted on hotels currently on the market, have demonstrated capitalisation rate compression. There is relatively limited new hotel supply in the overall Sydney market providing strong underlying fundamentals for hotel trade.
Prepared by	Adrian Archer AAPI MRICS
	Registered Valuer No. 29250
	Savills Valuations Pty Ltd

(*) This Valuation amount is exclusive of Goods and Services Tax.

To any party relying on this report we advise that this summary must be read in conjunction with the attached report of which this summary forms part. This Valuation summary should not be relied upon in isolation for finance or any other purposes.

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APPENDIX A

Description of the Asset

Locality and Surrounding Development

The subject property is located within the "Metropolitan Centre" Precinct of the Sydney CBD, and is within the Local Government Area administered by the City of Sydney Council.

The Sofitel Wentworth Hotel is located on the west side of Phillip Street and east of Bligh Street in the Sydney Central Business District (CBD), within a short walk of major office buildings, tourist attractions and transport hubs.

Martin Place train station is located approximately 200 metres to the south, which provides services to Bondi Junction, Town Hall and Central Station. Additional Public Transport facilities are located to the north within the Circular Quay Bus, Rail and Ferry terminus.

There is a significant amount of office space nearby, all of which provide good corporate demand during the week. We summarise the current office supply nearby:

- 1 Bligh St, Sydney. Premium grade office tower – 42,900 sq m
- 1 O'Connell Street, Sydney. A grade office tower – 36,280 sq m
- 8 Chifley Square, Sydney. Premium grade office tower – 19,000 sq m
- Chifley Tower, Sydney. Premium grade office tower – 40,000 sq m
- 52 Martin Place, Sydney. A grade office tower – 39,280 sq m
- Deutsche Bank Place, 126 Phillip Street, Sydney. Premium grade office tower – 42,000 sq m
- Governor Phillip Tower – 1 Farrer Place, Sydney. Premium grade office tower – 54,000 sq m
- Governor Macquarie Tower – 1 Farrer Place, Sydney. Premium grade office tower – 31,000 sq m

Other prominent buildings include the Museum of Contemporary Art, Customs House, Sydney Opera House, State Library of NSW, Art Gallery of NSW and the popular open spaces of Hyde Park and the Botanic Gardens.

Sydney is the state capital of New South Wales (NSW) on the east coast of Australia, approximately 290 kilometres north-east of the Australian capital, Canberra, and 920 kilometres south of Brisbane in Queensland. The city is well-known for its harbour, bridge, opera house, culture, nightlife, beaches and business district, and is popular with international and domestic tourists.

Road Systems and access

Vehicular access to the property is from Bligh Street to the west, which is a three lane one way (north to south) bitumen sealed laneway. The main entrance is on Phillip Street, which is a five lane two way road to include a bus lane. Phillip Street links with Elizabeth Street to the south which leads to Central Station. Bridge Street is just to the north, which links to the Cahill Expressway leading to the Sydney Harbour Bridge.

Along Phillip Street there is an undercover drive in area off the road to the reception entrance of the hotel for approximately four cars.

We are unaware of any current road widening or resumption requirements for the property; however, we have not completed searches with resuming authorities to confirm this.

Location Map



Description of the Hotel

The subject property comprises a 436-room full service five star hotel trading under the Sofitel brand as part of the Accor Group.

The property was constructed in 1966 on the site of two former buildings built in 1825 and comprises a 19 storey semi-circular brick structure with an adjoining wing. There is a car park entrance and secondary hotel entrance at street level on Bligh Street (known as level 1), while the main hotel entrance is on level 2 which is street level on Phillip Street. The main reception, foyer and bar is on level 2, with the majority of meeting rooms on level 3, administration offices on level 4 and the restaurant and club lounge on level 5. The hotel rooms are from level 6 to 17.

The hotel upper parts are in a unique horse shoe shape with a circular roof terrace on level 5. To the rear, overlooking Bligh Street, is a rectangular building which adjoins the horse shoe shape.



Front Elevation on Phillip Street



Rear Elevation on Bligh Street

Fronting Phillip Street is a large curved copper port cochere, which when built was one of the world's largest fabricated awnings. The hotel is Heritage Listed.

Hotel Accommodation

The following paragraphs provide a brief overview of the nature of accommodation provided at the hotel as at the time of our inspection.

The accommodation comprises a lobby area fronting Phillip Street, which is linked to the adjoining retail arcade via glass sliding doors. There is a set of escalators leading to the Bligh Street hotel entrance. To the front of the lobby is Soiree bar to attract passing trade. The passenger lifts are to the rear of the lobby, along with a small library lounge and customer toilets. The reception desk is central to the lobby, adjoining a second set of escalators leading up to the first floor conference facilities.

The lobby includes seating areas along the middle and three large glass drop chandeliers. The area is broken up by a number of structural pillars.



Reception Lobby



Bligh Street Entrance



View Over Roof Terrace



Lift Lobby

At first floor level (described as level 3) are the majority of the meeting rooms, including a large break out area. The ballroom can be split into three rooms and when constructed was the largest column free ballroom in the southern hemisphere.

The Garden Court restaurant is located on level 5 and overlooks the roof top courtyard. This adjoins the Club Sofitel lounge that includes a separate meeting room and private dining area. We understand these areas are popular with Government guests due to the privacy it offers.

We provide overleaf a layout of the building taken directly from floor plans provided, dated 2002. Hotel management has described where the changes to the layout have occurred and therefore our summary of accommodation adopts these changes. We have also highlighted were areas are excluded from this valuation and included under Title Lot 1. We have assumed for the purpose of our Valuation there are 436 bedrooms and meeting facilities as listed in the table overleaf:

Floor	Accommodation	Size/Covers/Capacity
Basement 1	Car Parking (Lot 1) Loading Bay Plant Staff Changing Rooms Back of House areas	
Basement 2	Car Parking (Lot 1) Storage	
Basement 3	Car Parking (Lot 1) Maintenance Office	
Level 1	Car Park Entrance (Lot 1) Car Parking (Lot 1) Hotel Entrance Lobby (Lot 1) Elixr Gymnasium (Lot 1) Hotel Lift Lobby Plant	
Level 2	Retail Arcade (Lot 1) Reception/Lobby Soiree Bar Library Hobart Room Business Centre Back of House Areas Customer Toilets	 107 covers 85m^2 (70 theatre style)
Level 3	Pre-function Area Ballroom Brisbane Room Canberra Room Main Kitchen Customer WCs Bank of House Areas	 629m² (1,100 theatre style) 227m^2 (200 theatre style) 55m^2 (50 theatre style)
Level 4	Audio Visual Control Room Back of Houses Offices Plant	
Level 5	Garden Court Restaurant Club Sofitel Wentworth Room Edwin Flack Room Adelaide Room Boardroom Kitchen Customer Toilets Exterior Terrace	120 covers 60 covers 41m^2 (35 theatre style) 57m^2 (50 theatre style) 165m^2 (780 theatre style) 57m^2 (50 theatre style)
Levels 6 -17 (no level 13)	Guest Bedrooms	436 rooms
Level 18	Plant	
Roof	Plant	
Total		**436 letting rooms**

Source: Floor Plans & Hotel Management

Bedrooms

There are a total of 436 letting rooms and below is a summary of the room types and sizes. The areas include bathrooms. The room sizes are reasonable for a hotel of this standard, albeit 154 Classic rooms are on the small side. In our experience four star standard hotel rooms can be up to 30m² and five star hotels in excess of 30m².

Room Type	Number	Size (m^2)
Classic Room	154	25
Superior Room	127	28
Luxury Room	68	28
Luxury Club Room	42	28
Junior Suites	11	42
Prestige Suite Club Sofitel	33	51
Wentworth Suite	1	100
Total / Av	**436**	**29.2**

Source: Hotel Management

The smaller Classic rooms are situated to the rear of the hotel overlooking Bligh Street, while the superior rooms and suites face Phillip Street. The rooms on levels 6, 7 and 8 include a small balcony. The majority of rooms include a shower room only and the en-suite facility is small but well presented. The larger superior rooms and suites include a shower over a bath tub.



Classic Room



Club Room



Club Bathroom



Shower Room

All bedrooms provide the following:

- Wall mounted flat screen TV (or placed on top of a cabinet)
- iPod dock
- Direct dial/speaker telephone
- Air conditioning
- Wi-Fi internet ($27.95 for 24 hours)
- Tea & Coffee
- Iron and ironing board
- Hairdryer
- Safe
- Mini bar

F&B Facilities

The hotel benefits from a ground floor lounge bar/cafe called Soiree, which is located to the front of the lobby on Phillip Street. It is divided from the main hotel lobby by a glass wall. The main restaurant, Garden Court, is hidden at level 5 away from general public view. The restaurant was extended approximately 12 months ago by 20 covers moving further into the lobby area.



Soiree Restaurant



The Library



Garden Court Restaurant



Sofitel Club Lounge

We are advised the Garden Court restaurant can get busy during breakfast time, particularly at weekends. The capacity is 130 covers, but this is not sufficient for a 436 room hotel. We understand some meeting rooms are used during peak times.

The main kitchen is located at level 3 next to the Ballroom, although there is also a secondary kitchen for the restaurant on level 5. There is a dumb waiter between the kitchens.

Meeting Rooms

The hotel has good meeting and conference facilities amounting to 8 rooms possible to be subdivided to create 13 rooms. The largest room has a maximum capacity of 1,100 theatre style, but can be divided into three rooms between 250 and 280 theatre style capacity. We understand there is a car hoist at street level up to the Ballroom on level 3.

The majority of rooms benefit from natural light and all are air conditioned. The hotel has its own AV equipment and there is an audio and visual room on level 4 above the Ballroom. We are advised the equipment has recently been updated.

The breakdown of the meeting rooms, together with the associated capacities is provided in the table at the start of this section.



Ballroom



Canberra Room

Leisure Facilities

There is a gymnasium located on level 1 (street level to Bligh Street), which is located in Lot 1 and therefore excluded from our Valuation. The hotel has a licence agreement to allow guests use of the facilities. The facilities do not include spa treatment rooms. We believe a five star hotel should be able to offer spa treatments. We understand there is a vacant retail unit in the arcade of 195m^2 in size that has potential for a day spa, but we believe a tenant has not been found and has been vacant for over 12 months.

Staff Accommodation

We are advised there is no on-site staff accommodation.

Sofitel Competitor Set

We have been provided with an STR competitor set analysis by hotel management for 2014, which compares the Sofitel Wentworth to what hotel management believe are the most comparable groups of hotels. This is also consistent with the competitor set listed in the hotel management agreement as part of the performance termination clause.

The data set allows the hotel to compare performance on a daily basis with a group of hotels similar in standard and location. The data for each individual hotel is not available, but only as a group. We provide the competitor set list below as provided by hotel management:

Competitor Set
Sydney Harbour Marriott
InterContinental Sydney
Hilton Sydney
Radisson Blu Plaza Hotel Sydney

The hotels are in close proximity to the Sofitel and regularly interchange in terms of performance on a day to day basis on room rate and occupancy.

SWOT Analysis

Strengths	■ International brand. ■ Good conference facilities. ■ Continued investment in bedrooms with new furniture recently installed. ■ Good CBD location surrounded by office towers. ■ Potential for room rate growth in line with Sydney market. ■ Trade for Q1 2015 shows an improvement on 2014 and ahead of budget. ■ Sydney hotel asset for which there is currently strong demand.
Weaknesses	■ 75 year long leasehold interest. ■ Excludes the retail arcade and car parking, which could potentially create conflicts if under separate ownership. ■ Hotel underperforming compared to competitor set in terms of RevPAR. ■ The hotel does not include a spa or swimming pool and therefore it is difficult to attract significant weekend leisure business. ■ A number of small bedrooms for a five star standard hotel in comparison to the competitors. ■ Heritage Listed building preventing alternative use and redevelopment potential.
Opportunities	■ Refurbish bedrooms in the next five years. ■ Open up level 5 restaurant onto roof terrace. ■ Rebrand from Sofitel to another luxury brand if a second new Sofitel opens in Sydney. ■ Improve room rates with a focus on corporate guests and ultimately increase net operating profit margins. ■ Increase room rates with Emirates airline crew.
Threats	■ Business fails to attract corporate businesses. ■ A second brand new Sofitel opens in Sydney, which may impact upon trade of the subject hotel. ■ Economic downturn in Australia. ■ Budgets not achieved and operational costs increasing. ■ Overseas hotel investors withdraw from Australian market.

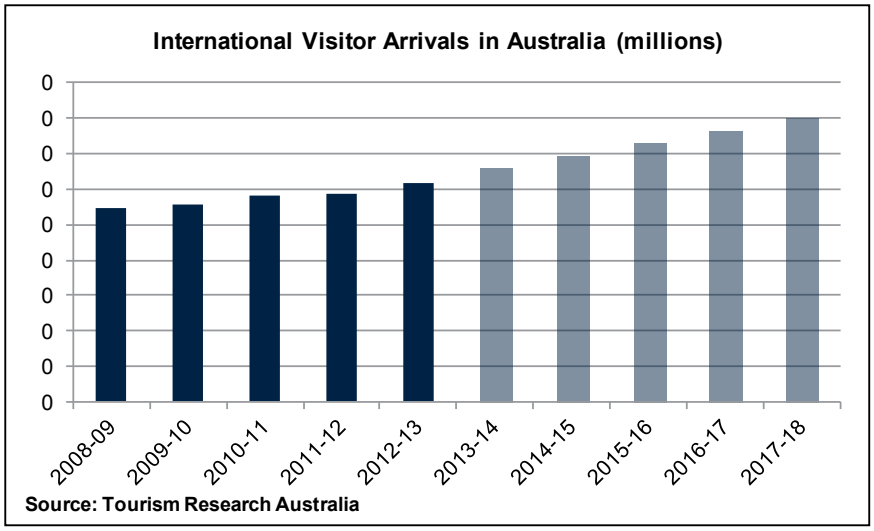
APPENDIX B

Market Commentary

Australia Tourism Statistics

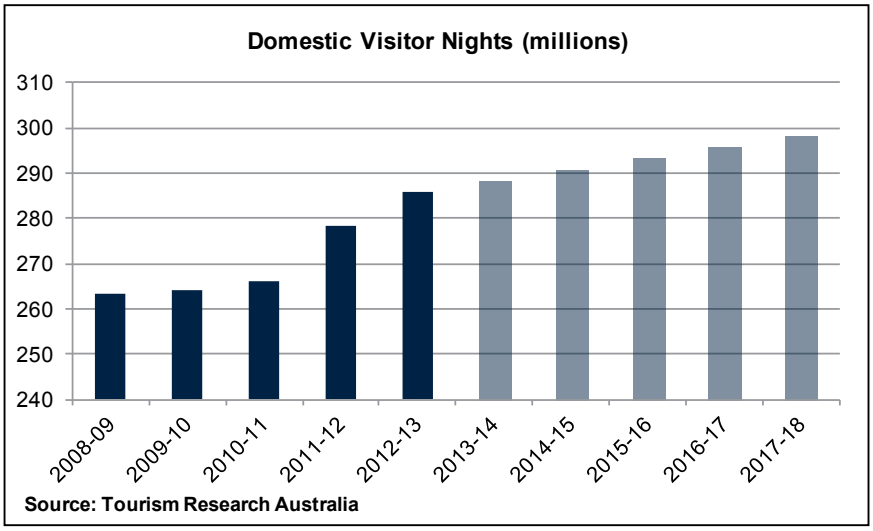
International Visitor Arrivals

The latest data available from Tourism Research Australia indicates that the outlook for international visitor arrivals to Australia remains encouraging. International visitor arrivals for the FY 2013-14 are forecast to grow by 6.8% to just under 6.6 million. This follows on from growth of 4.9% in the previous financial year. This growth continues to be largely led by the emerging Asian economies, particularly from China with visitors increasing by 18% during the FY 2012-13. This was followed by Singapore (15.2%), Hong Kong and Malaysia (both 9.6%), and India (8.4%). Indeed, Asian countries account for six out of the top 10 regions for visitor growth.



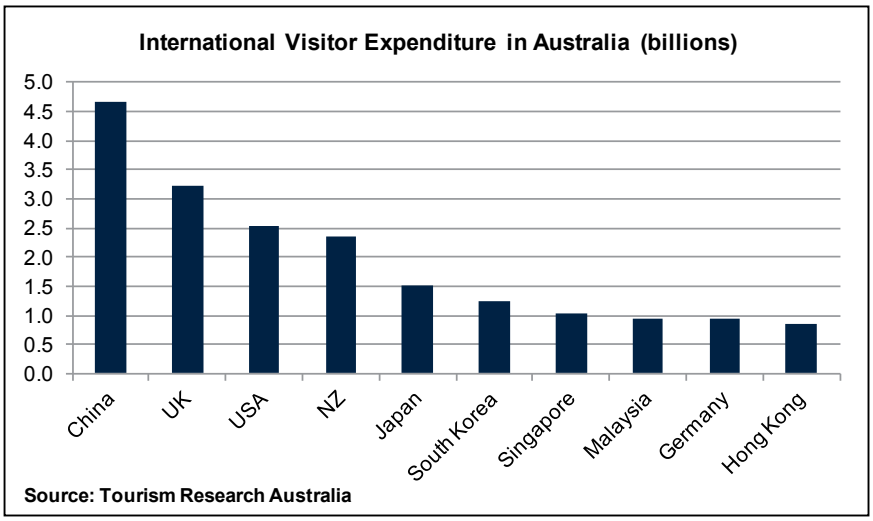
Domestic Visitors

There is a general improvement in both business conditions and business sentiment around the country, which should lead to increased demand for hotel accommodation as the result of a pick-up in business travel. That said, business travel has been more subdued amid recent cutbacks by both the private sector (particularly miners) as well as the public sector. However, with the Australian dollar expected to continue to recede further from its peak, the outlook for the sector is looking good. Business travel visitor nights grew 2.8% during the FY 2012-13 to just under 45.7 million.



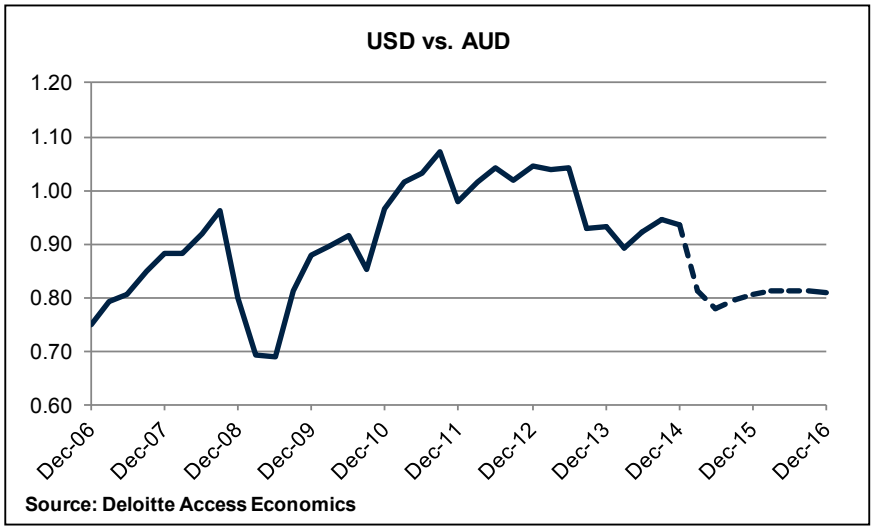
International Tourism Expenditure

Visitors from Asia had the highest expenditure of $13.5 billion, up 4.8% during the FY 2012-13 – including $4.7 billion by Chinese visitors, $1.5 billion by Japanese visitors and $1.25 billion by South Korean visitors. European visitors spent $8.49 billion (+2%) – including $3.24 billion by United Kingdom visitors and $946 million by German visitors. Visitors from New Zealand spent $2.36 billion (+1%), whilst visitors from the USA and Canada spent $3.28 billion (+5.3%).



Australian Dollar

The Australian dollar has lost further ground to the US dollar as economic conditions and sentiment stateside continued to improve. The Australian dollar has fallen 21% to $0.82 between the end of April 2013, when parity with the US dollar was last achieved, and the end of December 2014. At this level the Australian dollar is now 8.1% below the long-term average (Jul-69 to Dec-14) of $0.893.



The US currency gained versus most major counterparts as the fewest Americans in almost 15 years filed applications for unemployment benefits; a day after the Federal Reserve raised its assessment of the economy and played down low inflation.

The falling dollar continues to provide impetus for the overseas visitor market as travellers are currently receiving very favourable exchange rates. The falling dollar also creates demand from domestic travellers within Australia, as overseas travel becomes more expensive the lower the Australian dollar sinks.

Australia Hotel Trade Statistics

Savills obtains database updates from Smith Travel Research (STR), which collects nightly headline trading data from 900 hotels across Australia. There are estimated to be approximately 230,000 hotel rooms in Australia and the STR data covers over 116,000 rooms, most of which are branded, and therefore should provide a fairly accurate spread of data.

Across Australia RevPAR increased by 4.1% to $136.60 in 2014 compared to 2013, which was driven by increases in Adelaide, Cairns and the Gold Coast. Perth suffered a decline due to the mining industry scaling back but the decline appears to be slowing. Despite the previous year's well-publicised decline in trade in Brisbane, the city finished the year strongly (RevPAR up 35.2% in November due to the G20) resulting in a relatively small RevPAR increase of 2.2%. Without the spike in trade during the G20 summit in November the city may have experienced a RevPAR decline.

City	Occupancy	ADR	RevPAR	RevPAR Change on 2013
Adelaide	79.6%	$149.69	$119.17	5.7%
Brisbane	78.3%	$187.94	$147.17	2.2%
Cairns	74.3%	$127.70	$94.84	10.3%
Canberra & ACT	70.8%	$162.31	$114.93	-4.8%
Melbourne	81.7%	185.08	$151.13	4.5%
Perth	83.6%	$200.97	$167.91	-3.8%
Sydney	**83.7%**	**$200.28**	**$167.57**	**4.2%**
Gold Coast	71.2%	$167.26	$119.10	9.6%
Darwin	76.0%	$189.42	$143.88	-1.1%
Hobart	79.7%	$159.30	$126.97	5.8%

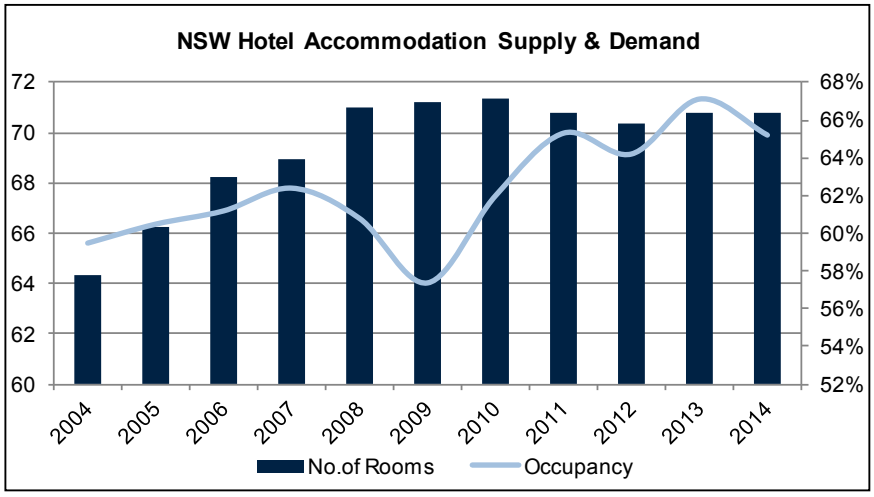
Source: STR data year to Dec 2014

The increase in demand for accommodation and limited new rooms should result in stable RevPAR growth. Now that occupancy is above 80% in many cities across Australia, operators may need to concentrate on room rate growth to continue the upward RevPAR trend.

Sydney Hotel Trade Statistics

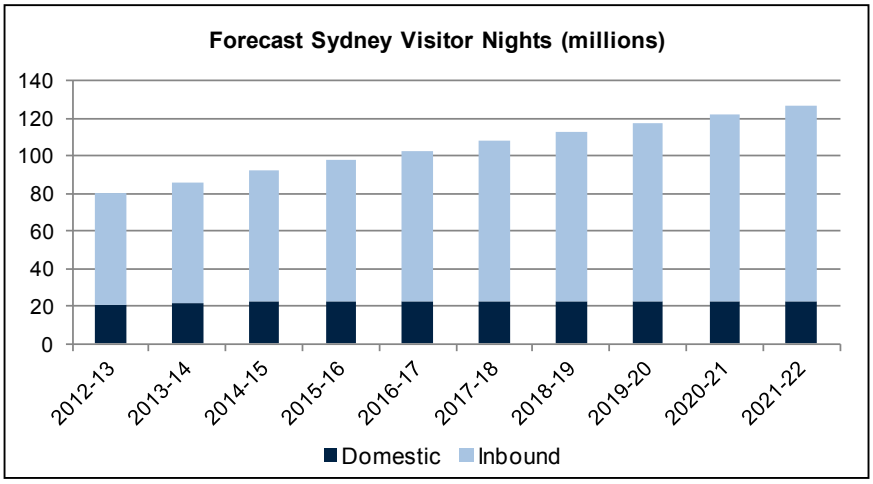
Having now provided hotel market data on a national level and for the major capital cities, we now look at Sydney.

Over the last 10 years the amount of rooms in the New South Wales Hotel market has increased by 10.1%, up from 64,321 in June 2004 to 70,800 as at June 2014. Interestingly, the amount of hotel rooms in New South Wales decreased by 1.4% between June 2010 and June 2012, representing a reduction of some 1,016 rooms. Occupancy rates in New South Wales have averaged 65% for the last five years.



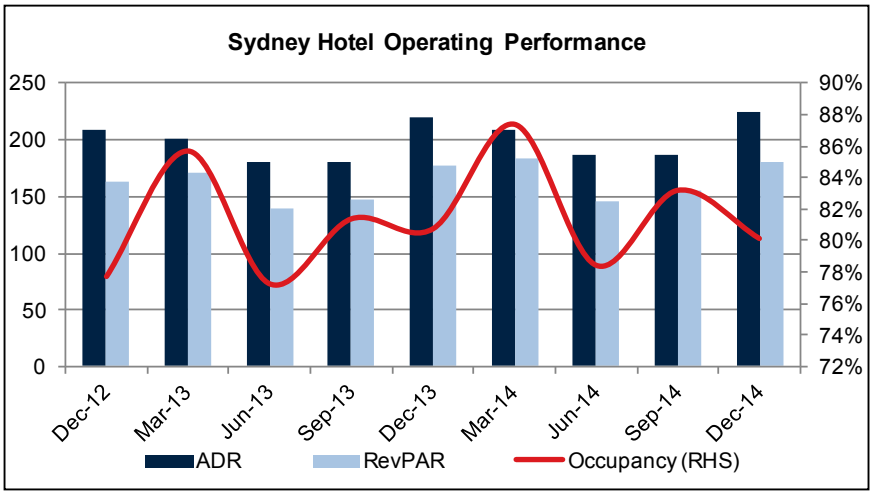
Source: Australian Bureau of Statistics

Visitor nights in Sydney are forecast to continue to reach record highs during the next decade. Indeed, during FY 2013/14, visitor nights are predicted to increase by 6.8% to reach 85.8 million nights. This rate of increase is considerably higher than the national growth rate (+1%) and that of New South Wales (+5.3%).



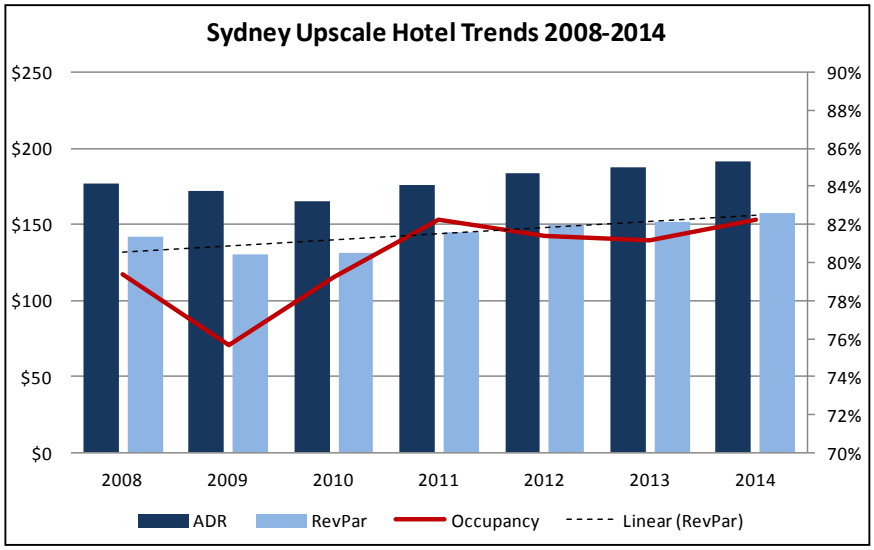
Source: Tourism Research Australia

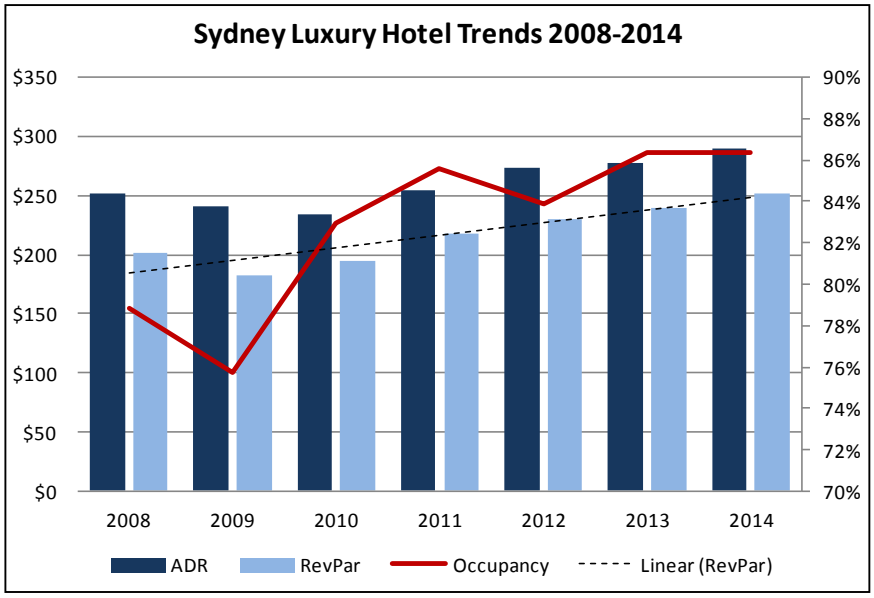
Hotels in Sydney have performed much better over the last 12 months than the other major cities in Australia. Revenue Per Available Room (RevPAR) is up by 4.2%, the Average Daily Rate (ADR) is up 3.0% over the same timeframe, and occupancy levels remain the highest recorded nationally at 83.7%. All of these factors combined clearly point to strong resilience in the Sydney hotel market.



Source: STR Global

The above data has been taken from STR and does not provide a split between the different star ratings. Therefore, we provide below a summary of trade performance of four (upscale) and five star (luxury) hotels in Sydney for the 12 months to June 2014 taken from the Australian Bureau of Statistics.





Source: Australian Bureau of Statistics

Australia and Sydney Hotel Supply

There has been minimal new supply in recent years. The largest influx of new hotels was leading up to the Sydney 2000 Olympic Games and bolstered by the demand from Japanese visitors.

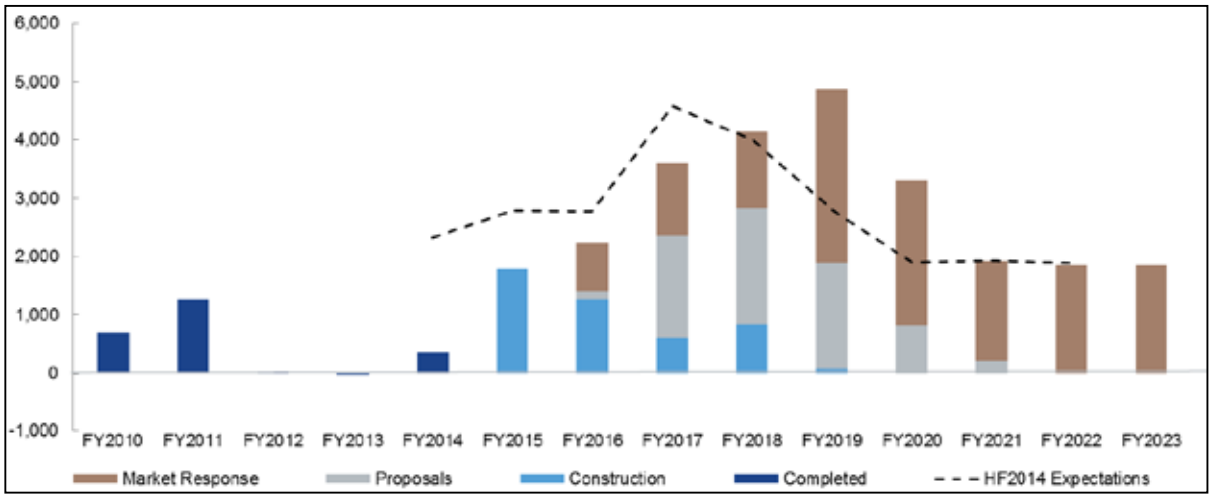
The most recent new hotel to open in the Sydney CBD was the 196-bedroom QT Hotel in the Gowings Building in 2012. This theatre and retail building was owned by Rydges since the 1930s and the conversion to a hotel for $65 million was completed from the company balance sheet without seeking funding. The most recent hotel to open in the eastern suburbs was the Adina Apartments Bondi, which opened in June 2013 and formed part of a mixed-use development to include retail units to improve the financial viability of the development.

A combination of the fall in Japanese visitors, the global financial crisis, funding difficulties and high build costs resulting in hotel replacement costs higher than hotel values, has contributed to a lack of new hotel development in Sydney.

The number of enquiries for new hotel developments has increased in the last 18 months and there are a number of projects mooted with funding being made available by banks. The majority of interest originates from overseas investors looking to acquire hotels on completion or enter into a joint venture agreement with a local developer. By 2022 it is anticipated nearly 23,000 hotel rooms will be added in Australia, although circa 30% can be attributed to actual projects.

We provide below the hotel development forecast to 2023 compared to developments since 2010:

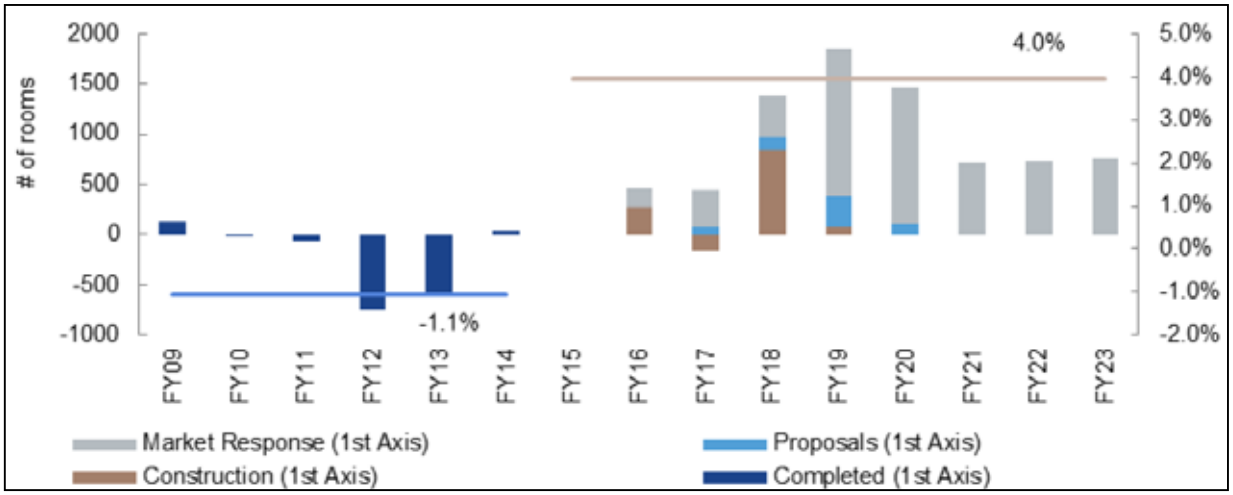
Australia Hotel Development Cycle



Source: Dransfield

Sydney has actually experienced a reduction of hotel rooms of 13% since the peak year in 2001, while Melbourne has experienced a 56% increase in supply. The below chart demonstrates the fall in supply in Sydney and potential hotel developments going forward:

Sydney Hotel Development Cycle



Source: Dransfield

There have been a number of hotel closures, mainly for residential conversion due to the higher gross resales of apartments compared to hotels on a price per square metre. The major new supply is not expected to open until 2018 to 2020.

We provide below the hotel projects we are aware of in Sydney:

Proposed Hotel	Bedrooms	Rating	Status	Opening Date
InterContinental, Double Bay	140	5	Opened	2014
Citidel Hotel, Hunter Street	282	3	Construction	2015
Adina Apartments, Mascot	123	4	Construction	2015
Four Points by Sheraton extension	230	4	Construction	2016
QT Bondi	84	5	Construction	2015
Sydney Water Board, 339 Pitt Street	180	5	Construction	2015
Meriton Chatswood	302	3	Construction	2016
Meriton Mascot	290	3	Construction	2016
Meriton Parramatta	266	3	Construction	2016
Quest Sussex Street	143	4	Construction	2017
Barangaroo Development	300	4–5	Proposed	2018
Sydney Entertainment & Convention Centre Redevelopment - Sofitel	600	5	Construction	2018
Adina Apartments, Randwick	170	4	Construction	2019
302 Pitt Street	100	4	Proposed	TBC
Government NSW Sandstone Buildings, Bridge Street	200	5	Proposed	TBC

As at June 2014 there were 33,842 hotel rooms in Sydney and surrounding suburbs. The new supply listed above equates to 3,410 rooms, which is 10.1% of existing supply.

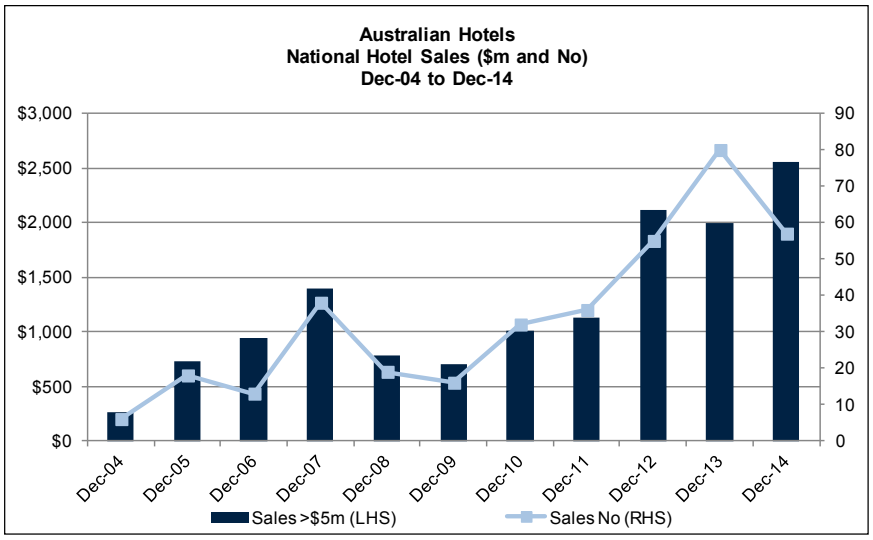
Whilst there will be the emergence of new hotel development proposals revealed into 2014, the demand for overnight accommodation remains high and a 10% increase in supply is not likely to have a detrimental impact on trade in the medium to long term. In any event, there are a number of hotels in Sydney that are earmarked for closure and conversion, which may offset any new hotel supply. These include the Menzies at Wynyard (446 bedrooms) and Stamford at Circular Quay (105 bedrooms).

The biggest competition threat to the Sofitel Wentworth is likely to be a new Sofitel at Sydney Convention Centre, although we are advised by hotel management that the hotel may compliment the subject property and will cater for different corporate clients. The general consensus being that Sydney is large and busy enough to support two Sofitel hotels.

Australia Hotel Transactions

Savills has recorded hotel transactions totalling approximately $2.6 billion in the 12 months to December 2014 nationally. This is ahead of the $2 billion recorded in the previous two years, and up on the five-year average of $1.8 billion. During the same period 57 properties were sold, with volumes down on the previous year (80), but up on the five-year average of 52. This decrease was driven mainly by sale of the TAHL portfolio to ADIA in September 2013.

Overseas investors were the driving force behind this activity, making up for nearly 60% of all transactions, seeing Australian hotel values competitive against other developed countries, coupled with Revenue per Available Room (RevPAR) growth and a stable economy.

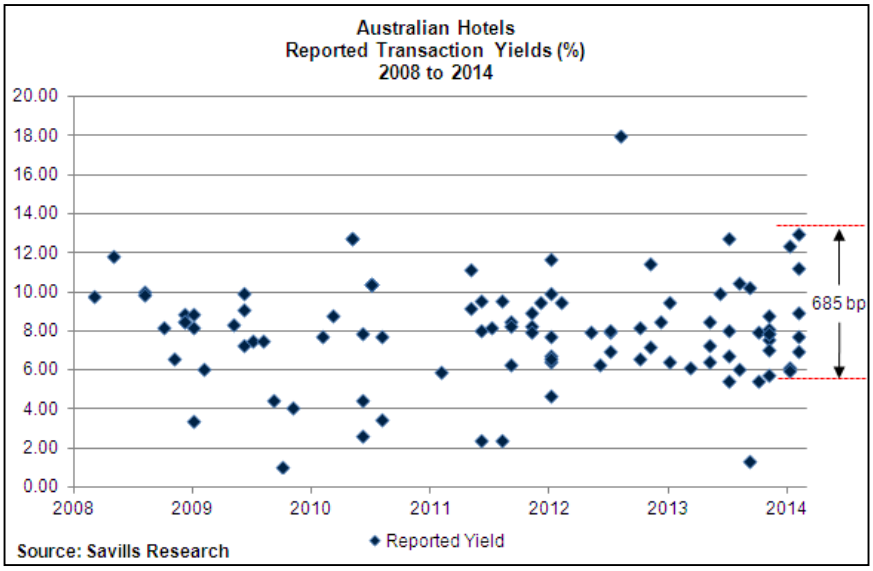


Source: Real Capital Analytics / Savills Research

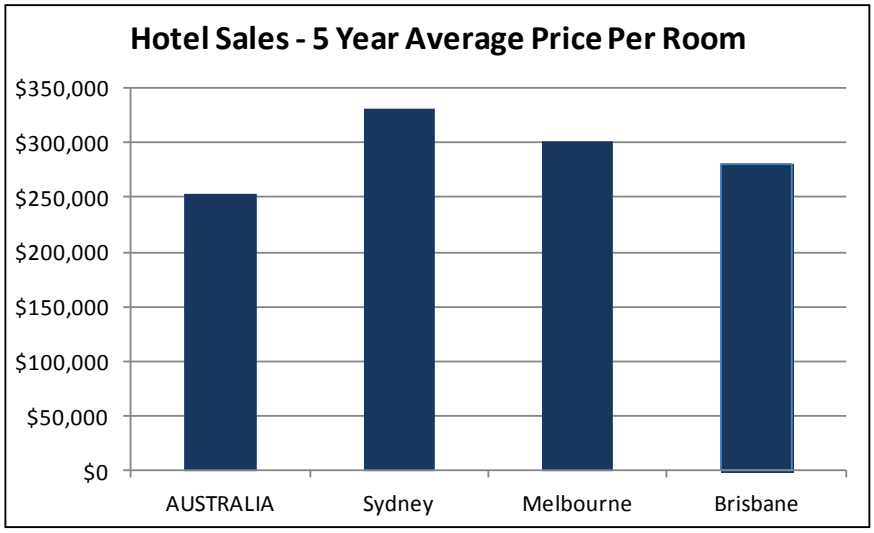
Demand for hotels remains high. Savills are predicting that with a number of other sales currently on the table and potential future sales could equate to approximately $1.5 billion of national hotel transactions in 2015, but a repeat of sales in excess of $2 billion is possible. Recently the Hilton exchanged for $442 million and The Westin Sydney is for sale for approximately $400 million.

Whilst the main demand is for Sydney, Melbourne and Brisbane CBD hotels, there are pockets of Australia where investors are seeking good value provided there are strong underlying trade fundamentals. There is a disproportionate supply of hotels compared to demand in Perth, with much of the existing supply in need of renovation. Many investors are therefore searching Perth for hotel opportunities and take advantage of the high rates currently being achieved.

Analysis of deals that have occurred in the market indicates that there is currently a spread of 685 basis points in reported yields, with the exception of some outliers. These outliers can be attributed to a number of different factors, such as higher residential alternative use values, underperforming hotel trade and desirable trophy assets attracting less return sensitive investors.



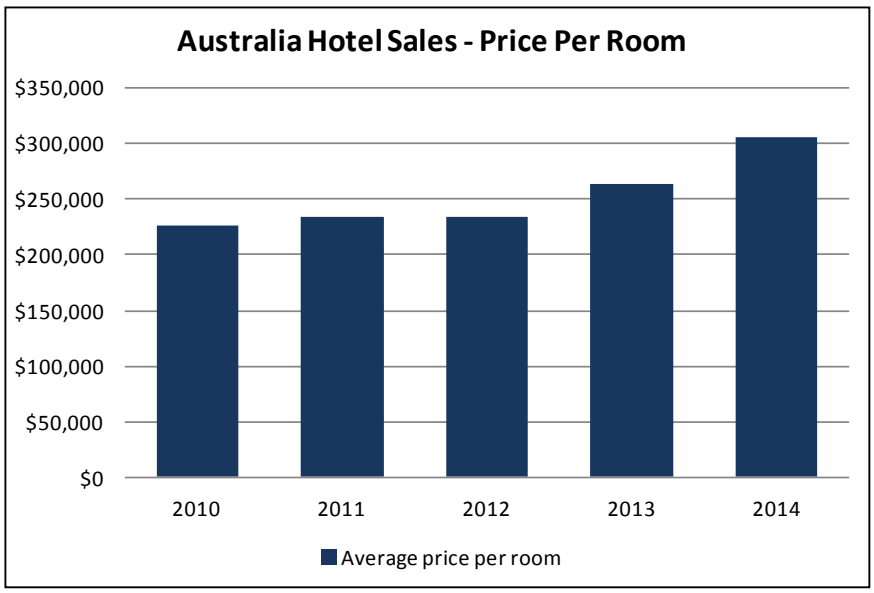
We have analysed hotel sales across Australia on a price per bedroom. Hotel sales in VIC were the highest at $293,160, with the majority of sales in NSW showing a slightly lower rate per room at $269,458. The average across Australia is just above $250,000 per room.



Source: Savills

In respect of capital cities, Sydney shows the highest price per room at $331,895, followed by Melbourne at $301,452, then Brisbane at $281,071.

As a trend, the average price per room increased 7.9% in 2013 compared to 2012 and is 15.5% up in 2014.



Source: Savills

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The Trust Company (Asia) Limited
(as trustee of Frasers Hospitality Real Estate Investment Trust)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
SINGAPORE 018981

c.c.
Fraser Hospitality Asset Management Pte. Ltd.
(as manager of Frasers Hospitality Real Estate Investment Trust) (the "REIT Manager")
438 Alexandra Road
#21-00, Alexandra Point
SINGAPORE 119958

Frasers Hospitality Trust Management Pte. Ltd.
(as trustee-manager of Frasers Hospitality Business Trust) (the "Trustee-Manager")
438 Alexandra Road
#21-00, Alexandra Point
SINGAPORE 119958

11 May 2015

Dear Sirs,

VALUATION SUMMARY FOR SOFITEL SYDNEY WENTWORTH IN AUSTRALIA

We are pleased to submit to you our Valuation Summary for Sofitel Sydney Wentworth (the "Hotel" and/or the "Property"):

1. Client Brief and Purpose of Valuation

In accordance with our written instructions we have prepared this valuation summary letter based on the information contained in our full and formal valuation report dated 11 May 2015. This summary letter is prepared in accordance with our valuation proposal to undertake a valuation of Sofitel Sydney Wentworth for The Trust Company (Asia) Limited (in its capacity as trustee of Frasers Real Estate Investment Trust) (the "Client"). Our instructions were confirmed by way of email by Frasers Hospitality Asset Management Pte. Ltd. dated 23 April 2015.

We have been instructed to provide the Client with our opinion of the Market Value (as at 11 May April 2015) of the Property to be included in a circular (the "Circular") to be issued to holders of stapled securities in Frasers Hospitality Trust ("FHT"), in connection with a proposed transaction involving a sale of a proposed 75 year leasehold interest in the Hotel from Frasers Centrepoint Limited ('FCL') to the Frasers Hospitality Trust ('FHT') (the "Proposed Transaction") with the valuation to be in accordance with the Singapore Exchange Securities Trading Limited ('SGX-ST') reporting requirements.

We are in the process of preparing a comprehensive valuation report for the Property in accordance with our instructions from the Client. This letter and its attachments (including valuation summary) should be read in conjunction with our full valuation report (the "Full Valuation Report"). We note that this letter does not contain all of the necessary information and assumptions which are detailed in the Full Valuation Report. The Full Valuation Report forms an integral part of our advice and provides descriptive commentaries on the Property and its local market, and details general, specific and special assumptions under which the valuation has been prepared.

2. Basis of Valuation

The valuation takes into account the value of all estates in the property, and is based on Market Value as defined by the International Valuations Standards Committee and adopted by the Australian Property Institute (API), Royal Institution of Chartered Surveyors (RICS) and the Singapore Institute of Surveyors and Valuers (SISV) which is:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion".

The Valuation Standards provides interpretive commentaries on the above definition.

Except where stated otherwise, our valuation has been prepared in accordance with the International Valuation Standards and our Standard Terms and Conditions adopted in the preparation of valuations and reports (the "Standard Terms and Conditions"), which are contained within Appendix II and should be read in conjunction with this letter. Your attention is also drawn to the General Assumptions and Limiting Statements set out in Appendix I.

As instructed by the Client, our assessment of Sofitel Sydney Wentworth represents the Market Value (with Special Assumptions) of 100% of the proposed 75 year stratum leasehold interest which we have been advised will be free of any rental liability or obligations. Further, our assessment has been undertaken having regard to future trading potential as a fully equipped and operating entity (i.e. as a 'going concern') subject to the prevailing management agreement.

We note that the Property has been assessed on a vacant possession basis of the proposed master lease agreement which is terminable upon sale of the property at no cost to the Lessor.

Our valuation comprises the value attributed to the real estate, goodwill and furniture, fittings and equipment used in the day-to-day operation of the hotel business. Such an assessment excludes the value of stock or credits for payment thereof and assumes all items of furniture, fittings and equipment contained in the Hotel can be transferred without penalty to a new owner.

Comment on forecast EBITDA Levels

For the Sofitel Sydney Wentworth we have undertaken a 'going concern' assessment (i.e. having regard to future trading potential as a fully equipped and operating entity) and have reviewed the historic performance, current and anticipated market trends as well as various assumptions noted within the valuation report.

Our cash flow projections and estimate of likely profitability (EBITDA) are considered to be within market parameters, particularly when having regard to other comparable properties within similar markets throughout Australia. Our forecasts are what we consider would be achievable by a reasonably efficient qualified international/national management company (average management) and therefore not necessarily the same as those that might be achieved or are budgeted by current management.

3. Date of Valuation

The Property was inspected on 21 April 2015 however the instructed date of valuation is 11 May 2015. Our valuation therefore assumes that there has been no material change to the hotel or market between the date of inspection and date of valuation. Due to possible changes in the market and/or circumstances relating to the property, the valuation should only be regarded as relevant as at the date of issue of this report.

The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for the losses arising from such subsequent changes in value. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

4. Qualifications and Assumptions

This valuation has been prepared on the basis of the Standard Terms and Conditions which comprises a list of the major assumptions and limiting conditions under which our opinions are given. These are contained within Appendix II (as attached to this letter) and should be read in conjunction with this letter and the forthcoming valuation report. Other key assumptions are set out in the General Assumptions and Limiting Statements which are contained within Appendix I. It is a condition of the use of the valuation that the recipient of the report accepts these statements. Specific assumptions made in respect of the valuation are set out in the commentary provided in the forthcoming Full Valuation Report (dated 11 May 2015).

We also highlight the following Specific Assumptions regarding the valuation:

- Whilst the current title of Sofitel Sydney Wentworth is stratum freehold, we have been advised by the Client that under the proposed REIT ownership structure that the ownership interest in the Sofitel Sydney Wentworth would be held by way of a 75 year stratum leasehold interest that may be terminated in the event of a sale without cost or termination fee. We are advised that the interest would not carry any rental obligations, however the conditions and structure are to be consistent with other leasehold arrangements to be applied for the REIT ownership structure;

- While requested, a copy of a draft 75 year lease for the property has not been provided. For the purposes of our assessment summarised herein it is explicitly assumed that the proposed lease contains no onerous or non-market terms or conditions that may affect value or encumber the asset. With regards to this assumption, we have relied on both verbal and written advice and confirmation of the aforementioned from the Client. Should this advice vary, we reserve the right to amend our valuation contained herein accordingly without liability;

- It is assumed that the above ownership structure relating to the property is to facilitate the proposed holding structure only, which we are advised is between related entities. Hence, it is further advised and assumed that in the event of a sale, this structure can be unwound and the property sold with the benefit of vacant possession of this lease without cost or termination fee. Should this not be the case, we reserve the right to amend our valuation accordingly without liability;

- We have been provided with a copy of a draft master lease agreement and supplementary summary of the key terms pertaining to other properties within the REIT. We are informed by the Client that such master lease has not been amended in any way and will also apply to the subject Property valued herein. Such terms provide for the master lease to be terminated upon sale of the assets and no termination fee is payable. Our valuation herein has therefore been undertaken on this assumption. Jones Lang LaSalle recommends a copy of the final master lease agreement is provided to us once it is executed to ensure the terms of such are akin to those detailed within the full valuation report and within this letter;

- We also note the draft master lease provided and summarised herein (and further detailed within our full valuation report) relates to a sample property. Should it be revealed that the executed copy of the master lease agreement varies to that which we have been provided and advised, the variances may have a material impact on the valuations contained herein and we therefore reserve the right to amend our valuation accordingly without liability;

- On-going management of Sofitel Sydney Wentworth by a reasonably efficient qualified international/national management company (average management) with the necessary marketing/reservation infrastructure in place to manage such a property;

- Our valuation is subject to and has been prepared pursuant to the existing management agreement to AAPC Properties Pty Ltd which commenced on 31 March 2006 for a term of 20 years, the details of which are summarised within the Full Valuation Report;

- Furthermore, any trading projections herein are assumed to be under the average management assumption above. Such projections, financial analysis or value consideration in this report are valuation tools only, and should not be represented in any way as providing a representation, warranty or indication of the actual future profit and cash flow;

- Our valuations do not investigate or consider the structure of the hotel ownership entities, nor do they have regard to any leases or side agreements not registered on the title document (other than the proposed Lease arrangements detailed herein) and assume the ownership structure would not obstruct the ordinary sale of the Property. This assumption has been made in the absence of an expert legal interpretation and opinion. As we are not legal experts, we recommend that appropriate expert advice be sought to confirm the validity of this assumption; and

- That the previous volatility in global credit markets will not return to the extent that could jeopardise current levels of operational and investor sentiment prevailing in the Australian Tourism property investment market; and

- That there are no material changes to the Property or market between the date of inspection and date of valuation.

It is a condition of the use of this valuation that these statements are accepted by the recipient.

5. Information and Confidentiality

In undertaking our assessments, we have relied upon various sources of information provided to us by the Client, current owners and their representatives. Jones Lang LaSalle takes no responsibility for any damage or loss by reason of inaccuracy or incorrectness of this report as a result of information provided to us.

This letter contains information of a confidential nature relating to the ownership, management, business and financial performance of the Properties and has been supplied to Jones Lang LaSalle for the specific purpose of this valuation.

6. Scope of Work and Approach

To accomplish the objectives of this instruction we have:

- Physically inspected the Property;
- Interviewed and received information from the Hotel Manager and the Client;
- Made appropriate enquiries about the local market with relevant authorities; and
- Used Jones Lang LaSalle valuation computer modelling to prepare our analysis and conclusions.

Our valuation has been undertaken utilising the methods that are mainly considered by potential investors, namely:

- Discounted cash flow (DCF) approach; and
- Capitalisation approach.

The selected valuation criteria used in these approaches has been derived from recent market transactions and the resultant values checked against these transactions on a value per room basis.

For the hotel valuation, our projections of occupancy and average daily rate did not involve the undertaking of a specific market demand study but rather are based on our knowledge and understanding of the local hotel market and our experience of the operating performance of hotels of similar size and standard.

The cash flow forecasts and value estimate have been prepared having regard to:

- Historical room supply, room demand and average daily rates;
- Emerging trends in the Sydney City hotel market; and
- The expected future supply of hotel accommodation in the various markets as at the date of our assessment.

The assumptions in respect to future events are our best estimates at the date of preparing the valuations. To the extent that any of the assumptions made (and which are noted in our Full Valuation Reports) are not realised, the indicative cash flow projections and estimate of value may be materially affected.

Our assessments are based upon current as well as expected future conditions as perceived by the market. We do stress that the estimation of future market conditions is a very problematic exercise which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties.

The process of making forward projections involves assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions. To rely upon our valuations, therefore, the reader must be satisfied as to the reasoning behind these future estimates.

7. Valuation Methodology – Sofitel Sydney Wentworth

This section briefly summarises Jones Lang LaSalle's' approach to the valuation of Sofitel Sydney Wentworth.

Hotel investments are generally purchased on the basis of future income potential. Past performance provides some guide to the future performance of a hotel, but often new macro-economic factors or local supply issues mean that a fresh view needs to be taken of the performance potential of the hotel.

Discounted Cash flow (DCF)

To arrive at an estimate of the hotel's capital value, we prepare an income and expenditure forecast which is then capitalised using a discounted cash flow model. This forecast represents what we believe a potential purchaser would adopt as being realistic estimates of the hotel's future income potential. This is not necessarily the same as current hotel management may project, but represents what a prospective purchaser might believe is reasonable as a basis for acquisition.

The forecast is prepared for a five-year period. A discount rate is then applied to the first five years of projections. The cash flow in the sixth year is capitalised at an assumed capitalisation rate, and deferred at the discount rate, and incorporated to arrive at the total investment figure. The choice of capitalisation rate is selected by reference to historic hotel transaction evidence, yield evidence of other forms of commercial property, market factors and the tenure, age, location and condition of the property. In order to arrive at our discount rate, we take account of long term inflation expectations, and the perceived risk of the operation relative to other properties and the achievement of our cash flow projections. In accordance with our normal practice, we then cross check the valuation against other measures such as the resultant running yields and price per room.

International and domestic purchasers remain concerned with cash flows and with established or achieved trading figures, as well as readily foreseeable income flows. These factors have a strong impact on purchasing decisions and we therefore have regard to the initial and likely returns to an investor/purchaser in the early years.

Having arrived at an estimate of total investment, which we consider reasonable, we then deduct, if appropriate, any capital expenditure, which an investor would require to spend in the foreseeable future.

We will be including in the forthcoming Full Valuation Report our cash flow projections and comments thereon.

Capitalisation Approach

Capitalisation methodology converts the foreseeable earning capacity of the hotel into a current capital value by the application of a market derived/required yield. The income used is the projected net income after management fees and FF&E Reserve but before interest, depreciation, taxation and amortisation (EBIDTA).

The yield is selected after taking into consideration:

- Demonstrated market yields;
- The physical appeal and quality of the building and its facilities;
- The location, zoning and potential of the underlying proposed long term (i.e. 75 year) stratum leasehold tenure (which we are advised and have assumed effectively permits sale with vacant possession of the 75 year lease without cost or termination fee);
- The historic and forecast earnings profile;
- Expectations of earnings growth; and
- The suitability of the current operator and the terms of the current management agreement.

Again, the capital value derived is then cross checked against other measures such as price per room.

8. Pecuniary Interest

We confirm that we are not a related corporation of the Client and that the Valuers and Jones Lang LaSalle have no economic interest in the Client or the subject properties that would conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting the Valuers' ability to give an unbiased opinion.

9. Use of Report

In accordance with our standard practice we must state that this letter is confidential and for the use only of the Client for the purpose to which it refers. Save for the purpose to which it refers, no responsibility or liability is accepted to any third parties and neither the whole nor any part nor any reference thereto may be published in any document, statement or circular nor in communication with third parties without our prior written approval of the form and context in which it will appear.

In the event this valuation summary is included in the Circular, we specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular, other than in respect of the information provided within the valuation report and summary. We do not make any warranty or representation as to the accuracy of the information in any part of the Circular other than as expressly made or given in this valuation summary.

The disclosure of this letter and our valuation in connection with the Proposed Transaction is approved solely for the purpose of providing information to potential investors or any other interested person. Neither this letter, nor the attached valuation summary nor our forthcoming Full Valuation Report (to which this letter is a precursor) purports to contain all the information that a potential purchaser or any other interested party may require. They do not take into account the individual circumstances, financial situation, investment objectives or requirements of a potential purchaser or any other person. They are intended to be used as a guide only and do not constitute advice, including without limitation, investment, tax, legal or any other type of advice.

The value stated herein is, in the opinion of Jones Lang LaSalle, the best estimate and should not be construed as a guarantee or prediction. Furthermore the valuation is fully dependent upon the accuracy of the associated assumptions made. Potential Investors should not rely on any material contained in this report as a statement or representation of fact but should satisfy themselves as to its correctness by such independent investigation as they or their legal or financial advisors see fit after reviewing the valuation report to understand the particular assumptions and methodologies made in the preparation of the valuation and to appreciate the context in which the values are arrived at.

This report contains information provided by third parties. Figures, calculations and other information contained in this report that has been provided to Jones Lang LaSalle by third parties have not been independently verified by Jones Lang LaSalle and Jones Lang LaSalle takes no responsibility for it and subsequent conclusions related to such data.

Jones Lang LaSalle, its directors, employees, affiliates and representatives shall not be liable (except to the extent that liability under statute or by operation of law cannot be excluded) to any person for any loss, liability, damage or expense arising from or connected in any way with any use of or reliance on this report.

For and on behalf of
Jones Lang LaSalle Advisory Services Pty Ltd.



Anthony H Corbett FAPI

Executive Vice President – Strategic Advisory
Certified Practising Valuer

Liability limited by a scheme approved under Professional Standards Legislation.

VALUATION SUMMARY

Property : Sofitel Sydney Wentworth, situated at 61-101 Phillip Street, Sydney, New South Wales Australia (the "Property" and/or the "Hotel").

Tenure : The land is stratum freehold in nature with the registered owner being The Trust Company (Re Services) Limited and is contained within Lot 2 in Deposited Plan 1084537.

We are advised that a proposed 75 year stratum leasehold structure is being drafted as part of the REIT listing for this property, and our assessment has been undertaken on this basis. We have been further advised that this interest in the property would not carry any rental obligations. Should this vary the valuation herein will vary materially and we therefore reserve the right to amend our valuation accordingly without liability.

It is assumed that the above ownership structure is to facilitate the proposed holding structure only which we are advised is between related entities. Hence, it is further advised and assumed that in the event of a sale, this structure can be unwound and the property can be sold with the benefit of vacant possession of the lease without cost or termination fee. Notwithstanding, it is assumed that the pre-existing lease arrangement (as noted within above) remains in place. Should this not be the case, we reserve the right to amend our valuation accordingly without liability.

While requested, the terms of the proposed lease structure have not been provided. For the purpose of our assessment summarized herein, it is explicitly assumed that the proposed lease contains no onerous or non-market terms or conditions that may affect value or encumber the asset. We have relied on both verbal and written advice and confirmation in this regard from the Client. Should this advice vary, we reserve the right to amend our valuation contained herein accordingly without liability.

Location : Sofitel Sydney Wentworth is situated on Phillip Street towards the northern end of the Sydney CBD in the heart of the financial district, with the two closest cross streets being Bent Street to the north and Hunter Street to the south. The primary access to the hotel is from Phillip Street, with an additional entry point from Bligh Street.

Property Description : Opened in 1966 and currently incorporating 436 guest rooms, the Hotel is stratum titled and forms part of a larger development that includes a two level arcade and basement car parking. The Hotel is a self-rated five star operation with a range of facilities including a lobby bar, restaurant, multiple function rooms including Grand Ballroom, executive lounge, business centre and library. Whilst part of a larger development that includes a two level retail arcade and basement car parking for use by hotel guests, these areas do not form part of the valuation.

Master Lease Agreement : We have been provided with a copy of a draft pro-forma master lease agreement, which we are informed by the Client could be terminated upon sale of the hotel asset. In addition, we have been provided with a supplementary summary of the key terms which denotes the amounts of the base and variable rents as well as the amount of FF&E Reserve payable for each property. The key terms summary also indicates that there is no termination fee payable in the event that the lease is terminated however we do note that this clause does not appear in the draft pro-forma provided.

In light of the above, we note that our valuation has been prepared on the specific assumption that the final master lease document will incorporate the terms necessary to

enable the sale of the asset with vacant possession of the master lease and further that there would be no termination fee payable. Should this not be the case we reserve the right to amend our valuation without liability.

We also note the draft master lease provided and summarised herein relates to a sample property and the Client has provided the correct entity names for each property.

Jones Lang LaSalle recommends a copy of the final master lease agreement is provided to us once it is executed to ensure the terms of such are akin to those detailed herein.

The draft pro-forma master lease agreement and advised key terms are collectively summarised below:

Lessor:	Frasers H-REIT
Lessee:	To be advised by the client
Term:	20 years
Option(s):	One option of 20 years
Base Rent:	AUD (to be advised by the client) per annum (exc. GST)
Turnover Rent:	Sum of fixed portion (to be advised by the client) of Gross Operating Revenue and a fixed portion (to be advised by client) of Gross Operating Profit rooms revenue less base rent.
FF&E Contribution	3.0 % of Gross Operating Revenue
Termination:	The Lessor may sell or assign its interest in the Property at any time during the term free and clear of the master Lease agreed and such sale or assignment will not be subject to this lease if the Lessor terminates this Lease with written notice to the Lessee. ***We have reviewed the draft pro-forma master lease which states that termination is available upon sale of the hotel. Our valuation herein, has been undertaken on the specific assumption that the master lease agreement is terminable with no compensation payable by the Lessor to the Lessee as indicated in the summary of key terms provided. Jones Lang LaSalle recommends a copy of the final master lease is provided once it is executed to ensure the terms of such are consistent with the terms summarised herein.*** ***Should it be revealed that the executed copy of the master lease agreement varies to that which we have been provided and advised, the variances may have a material impact on the valuation contained herein and we therefore reserve the right to amend our valuation accordingly without liability.***

Management Agreement / Franchise Agreement : The Hotel operates pursuant to the provisions of a Management Agreement (as amended) with AAPC Properties Pty Limited and AAPC Limited that expires on 30 March 2026. The Management Agreement commenced on 31 March 2006 for an initial term of 20 years, with no further option to renew. We note that under the terms of the management agreement, an Incentive Management Fee, and FF&E Reserve are payable.

We have been advised that the Property will continue to be operated subject to the prevailing management agreement and our valuation has therefore been carried out on this basis. Our valuation is predicated on the above and we stress that, should this interpretation prove incorrect, our valuation may be materially and/or adversely affected.

Historic Trading : We have been provided with trading accounts for the past three calendar years ending 31 December 2012, 2013, and 2014, as well as the year to date results for the two months to February 2015 with comparison to the budget and the same period last year. Further, management have provided a full year forecast for the year ending 31 December 2015 and preliminary budget for calendar year 2016.

Key performance indicators for 2012 – 2016 are summarised below:

We note that all amounts herein are expressed in Australian dollars.

Trading Summary
(Expressed In Actual Dollar Values)

	ACTUAL		ACTUAL		ACTUAL		FORECAST (2+10)		PRELIMINARY BUDGET	
MONTHS	12		12		12		12		12	
PERIOD ENDING	Dec-12		Dec-13		Dec-14		Dec-15		Dec-16	
ROOMS	436		436		436		436		436	
OCCUPANCY	79.1%		87.0%		87.6%		88.5%		88.6%	
AVERAGE DAILY RATE (A$)	206		209		221		230		241	
ROOM YIELD (A$)	163		182		194		204		213	
ROOM YIELD CHANGE			11.6%		6.6%		5.3%		4.6%	
	A$' 000s	Ratio	A$' 000s	Ratio	A$' 000s	Ratio	A$' 000s	Ratio	A$' 000s	Ratio
TOTAL REVENUE	40,596	100.0%	43,351	100.0%	46,841	100.0%	48,853	100.0%	51,075	100.0%
GROSS OPERATING PROFIT^	11,640	28.7%	13,983	32.3%	16,477	35.2%	17,335	35.5%	18,546	36.3%
NET OPERATING INCOME (EBITDA) ^^	8,816		10,906		13,056		13,775		14,805	

NOTES
^ AFTER DEDUCTION OF BASE MANAGEMENT FEE (IF APPLICABLE)
^^ AFTER PROPERTY TAX, INSURANCE, FF&E RESERVE AND MANAGEMENT FEES

The above figures comprise a summary of historic trading information provided to us by the Client as at 21 April 2015 and do not make any allowance for any subsequent revisions, amendments or re-forecasts that may have been made since that date.

Trading Forecast : For valuation purposes we have prepared a cash flow projection for the hotel over a five year period based upon our knowledge of the market and the analysis of the revenue and expense levels at this hotel over recent times. These projections represent our assessment of the figures that might be prepared by potential purchasers and are not necessarily the same as those that might be achieved or are budgeted by current management.

We note that all amounts herein are expressed in Australian dollars.

Trading Forecast
(Expressed In Escalated Dollar Values)

PERIOD	1		2		3		4		5	
YEAR ENDING JUNE	2016		2017		2018		2019		2020	
ROOMS	436		436		436		436		436	
OCCUPANCY	88%		88%		87%		86%		85%	
AVERAGE DAILY RATE (A$)	239		252		267		280		289	
ADR CHANGE			5.5%		6.0%		4.9%		3.0%	
ROOM YIELD (A$)	211		222		232		241		245	
ROOM YIELD CHANGE			5.4%		4.8%		3.8%		1.5%	
	A$' 000s	Ratio	A$' 000s	Ratio	A$' 000s	Ratio	A$' 000s	Ratio	A$' 000s	Ratio
TOTAL REVENUE	50,130	100.0%	52,390	100.0%	54,409	100.0%	56,122	100.0%	57,151	100.0%
GROSS OPERATING PROFIT^	18,273	36.5%	19,600	37.4%	20,925	38.5%	21,954	39.1%	22,244	38.9%
NET OPERATING INCOME (EBITDA)^^	14,591		15,725		16,864		17,741		17,957	

NOTES
^ AFTER DEDUCTION OF BASE MANAGEMENT FEE (IF APPLICABLE)
^^ AFTER PROPERTY TAX, INSURANCE, FF&E RESERVE AND MANAGEMENT FEES

Market Value[1] (with Special Assumptions) Subject to the Comments and Assumptions contained within our full valuation report : AUD 226,000,000 (TWO HUNDRED TWENTY SIX MILLION DOLLARS ONLY)

[1] Market Value of the proposed 75 year stratum leasehold interest in the Property subject to the prevailing management agreement however on a vacant possession basis of the proposed master lease agreement, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, having regard to future trading potential, (i.e. on a 'going concern' basis).

Date of Valuation : 11 May 2015

Notice : This valuation summary should be read in conjunction with the full valuation report currently being prepared, which further details the conditions and assumptions under which this valuation is prepared.

APPENDIX I

GENERAL ASSUMPTIONS AND LIMITING STATEMENTS

GENERAL ASSUMPTIONS AND LIMITING STATEMENTS

We would also draw your attention to the following key assumptions and limitations made in respect of each of the Property:

1. We have assumed that the information provided to us is correct, particularly that the hotel's historic operating figures accurately reflect its trading history.

2. It is assumed that the Property includes all operating equipment, furniture, fixtures, fittings and equipment necessary to manage a hotel of this standard, that they would remain in each property on sale and that the equipment is owned, not leased. We have not separately assessed the transferable value of the goodwill nor made an inventory or separately assessed the value of furniture, fittings, plant and equipment.

3. It is also assumed that the Property is open for business and will continue to trade normally up until the date of sale. The valuations further assume a prospective purchaser would engage the existing staff (but not necessarily the senior management) and take over the benefit of future bookings.

4. We have assumed the management of the Hotel will operate the Hotel competently. It should be emphasised that achievement of trading performance remains largely reliant on the skill and expertise of the hotel management, (particularly for a new business). We have neither evaluated management's effectiveness nor are responsible for future marketing efforts and other management actions upon which actual trading results will depend. Some assumptions inevitably will not materialise and unanticipated events and circumstances may occur. Therefore, actual results achieved during the analysis period will vary from the assumptions and the difference may be material.

5. We have not fully searched nor verified the authenticity of the land titles. Our valuation is prepared on the assumption that the property and title is transferred free and clear of encumbrances, restrictions, or other impediments of an onerous nature, which would affect value. Our valuation is made on the basis that the property is transferred free of mortgages, charges and other financial liens.

6. We have not conducted a land survey to verify the land boundaries and site areas and whether all developments and improvements are within such boundaries. We have assumed, unless otherwise stated, that all developments and improvements are within the boundaries of such land parcel as described in this report and the land parcel is fully owned by the property owner.

7. We have not had sight of a zoning certificate, building, fire safety certificate or other statutory requirements, and it is assumed, unless otherwise stated, that all appropriate licences and approvals are held to operate each hotel and the various food and beverage facilities. It is assumed that each property complies with the requirements of all local government regulations. It is also assumed that the hotel has the benefit of all necessary planning consents and that it is subject to no unusual, onerous or restrictive conditions.

8. We have not carried out a structural survey nor have we tested any of the service installations, and therefore are unable to state that the property is free from defect. We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property or has since been incorporated and, therefore, we are unable to report that the Property is free from risk in this respect. For the purpose of this report, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

9. Our inspections were limited to areas where we had access to and viewing of typical guestroom and other facilities. We have assumed that information provided by DBS Bank Limited and sourced from the management of the Hotels, including the Hotel fact sheets and marketing materials, with respect of room inventory, types, sizes and configurations, Food and Beverage outlets, meeting, recreation and other facilities is materially correct and complete.

10. We were not instructed to carry out any investigations on site in order to determine the suitability of ground conditions and services, nor did we undertake archaeological, ecological or environmental surveys. Should it be established subsequently that contamination (including the presence of asbestos in any of the buildings), subsidence or other defects exist at the sites or on any neighbouring land, or that the sites have been or are being put to any contaminated use, we reserve the right to adjust the values reported herein.

11. We have assumed that the Property would be properly and effectively marketed to both domestic and international purchasers allowing a reasonable period of time (being between six and nine months) for exposure to the market and negotiation. We have also assumed that the hotel's existing management would assist in the marketing process and provide all relevant information. It is further presumed that the price would not be adversely affected by a mortgagee taking possession and disposing of the Property under forced circumstances.

12. We have assumed stability in business, tourism, economic and political situations in each respective state in which the Property is located and that no significant changes of an adverse nature will occur. We also assume the level of the various respective local currencies against other world currencies will remain as attractive to overseas visitors as at the date of valuation.

APPENDIX II

STANDARD TERMS AND CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS

Liability limited by a scheme approved under Professional Standards Legislation

STANDARD TERMS & CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS

Explanation

Following are the standard terms and conditions that apply in the preparation of valuations or consultancy assignments. These terms form part of the appointment for Jones Lang LaSalle to provide the services contained in the proposal to which this appendix applies.

Exclusion on Use and Liability

The valuation report will be prepared for and will be confidential to the Client for the specific purpose outlined above. Jones Lang LaSalle does not intend that any other parties accept or rely upon the reports. No liability for negligence or otherwise will be assumed by Jones Lang LaSalle for any loss or damage suffered by any other party.

The Client agrees that either the whole or any part of the report or the substance thereof will be communicated to any other person without first obtaining the written consent of Jones Lang LaSalle. The Client further agrees that if it does communicate to any other person, the whole or any part of the report, or the substance of it, the Client will also communicate the terms of our engagement to that other person and will fully indemnify Jones Lang LaSalle in the event of any failure to do so.

Performance of the Services

Jones Lang LaSalle shall exercise all reasonable skill and care in providing the Services and shall inform the Client if it becomes apparent that the Services need to be varied. Jones Lang LaSalle shall confirm in writing any agreement reached.

Valuation Basis

Unless stated to the contrary in the proposal, the valuation provided will be the market value as defined by the International Assets Valuations Standards Committee as:

"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Jones Lang LaSalle will accept the information provided in good faith and rely upon that information as being true and accurate in preparing its advice, however the instructing party acknowledges that should the information provided be incomplete and/or incorrect:

a) it will have no claim whatsoever against Jones Lang LaSalle for loss or damaged suffered by the instructing party or any third party; and

b) it will fully indemnify Jones Lang LaSalle against any loss, damage or liability (including all legal fees incurred in defending an action) in relation to a claim by any third party for any loss or damage suffered.

Environmental Issues

The recipient of the valuation acknowledges that Jones Lang LaSalle is not the relevant expert to prepare an environmental audit report and that this valuation will not in any way constitute an environment audit.

Town Planning and Other Statutory Regulations

Information on Town Planning is often obtained verbally from the Local Planning Authority and we recommend verification from the relevant authority be obtained that confirms:

a) the position is correctly stated in Jones Lang LaSalle report;
b) the property is not adversely affected by any other decisions made, or conditions prescribed by public authorities;
c) that there are no outstanding statutory notices.

Should the information provided to Jones Lang LaSalle prove to be incorrect, we reserve the right to amend our valuation.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations, including ordinances relating to fire regulations.

Structural Surveys

Jones Lang LaSalle does not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of the inspection will be noted in our valuation report, Jones Lang LaSalle is not able to give any assurance that any property is free from defect.

Deleterious Materials

Jones Lang LaSalle does not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials (eg. asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials have been used.

Site Conditions

Jones Lang LaSalle does not carry out investigations on site in order to determine the suitability of ground conditions, and the services, for any new development. Unless otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

Properties as Trading Businesses

Properties such as hotels, where the physical existence of the real estate is necessary for the conduct of the business, are valued as a fully operational business, either as a “going concern” with vacant possession or subject to management agreement as appropriate however on a vacant possession of the proposed Master Lease Agreement.

Our valuation assumes the property has the benefit of all-necessary licences and fire certificates, unless stated to the contrary. It is further assumed that a prospective purchaser will normally engage the existing staff and sometimes management and would expect to take over the benefit of future bookings.

We do not take an inventory or separately assess the value of furniture, fittings and equipment but can arrange for such service to be provided. Jones Lang LaSalle presumes all these items are owned by the proprietor of the business unless otherwise informed. Those items hired or leased are presumed to be sufficiently secured by appropriate documentation and able to be transferred without penalty.

No allowance is made for any contingent tax liabilities to staff.

Lease and Title Searches

Jones Lang LaSalle does not normally inspect all leases or dealings on title. Where this would be required for the purpose of the valuation, we recommend that lawyers' advice be obtained. Jones Lang LaSalle assumes, unless informed to the contrary, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other issues of an onerous nature which would have an affect on the value of the interest under consideration.

Enquiries as to the financial standing of actual lessees or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenants.

Land Boundaries

The valuation is made on the basis that there are no encroachments upon or by the subject property, however, should confirmation of this be required the services of a Consulting Surveyor should be engaged.

Sub-Contracting

Jones Lang LaSalle shall have the right to sub-contract the performance of all or part of the Services from time to time. Should this occur, Jones Lang LaSalle will nevertheless and unless otherwise specifically agreed, remain responsible to the Client for the due and proper performance of the Services.

Information provided by Client

The Client shall provide to Jones Lang LaSalle all information as is necessary or reasonably requested in order to enable us to properly perform the services.

The Client accepts that Jones Lang LaSalle is entitled to rely on the accuracy, sufficiency and consistency of any and all information supplied by the Client. Jones Lang LaSalle accepts no liability for any inaccuracies contained in information disclosed by the Client, whether prepared by the Client or by a third party and whether or not supplied directly to us by that third party.

Except where required by law or by any proper authority, all confidential information provided by the Client shall, except with the prior written consent of the Client, be kept confidential by Jones Lang LaSalle.

All confidential information provided by the Client will be returned, destroyed or erased upon the Client's request, save that Jones Lang LaSalle reserves the right to retain one copy of the confidential information for the purposes only of compliance with any professional, legal or regulatory requirements or obligations (subject always to its continuing duty to treat such information as confidential).

Information provided by Jones Lang LaSalle

Copyright in all material of whatever nature prepared by Jones Lang LaSalle and provided to the Client or otherwise generated in the course of carrying out the Services shall remain the property of Jones Lang LaSalle. No part of any report, document or publication may be reproduced or transmitted or

disclosed in any form or by any means, or stored in any database or retrieval system of any nature, without prior written permission of Jones Lang LaSalle.
All information and advice made available by Jones Lang LaSalle to the Client is for the sole use of the Client for the sole purpose for which it was prepared.

Third Party Liability

The Client acknowledges that, save in respect of Jones Lang LaSalle's' own sub-contractors, Jones Lang LaSalle does not warrant the performance, work or the products of others and shall not hold Jones Lang LaSalle responsible for the inspection or supervision of the execution of such performance, work or products. This provision is not abated where, in the performance of its Services, exposure of Jones Lang LaSalle to the performance, work or products of others is incidental and/or inevitable.

Neither the advice of Jones Lang LaSalle nor any of the services provided pursuant to the Instruction are intended, either expressly or by implication, to confer any benefit on any third party (other than a financier who is nominated to us in writing) and the liability of Jones Lang LaSalle to any third party is expressly disclaimed.

Delay

Jones Lang LaSalle shall not be responsible for any delay to the performance of the Services, where matters beyond Jones Lang LaSalle's' control cause such delay.

Payment of Fees, Expenses and Disbursements

Payment of the fees for the Services shall be calculated, charged and made as set out in the attached proposal or any variation thereto agreed by the Client and Jones Lang LaSalle.

The Client shall pay the expenses of and reimburse the disbursements incurred on its behalf by Jones Lang LaSalle as specified in the attached proposal

All references to fees, expenses and disbursements are exclusive of any applicable government taxes. Any such taxes chargeable on Jones Lang LaSalle's' fees expenses and disbursements shall be paid by the Client.

Where for any reason Jones Lang LaSalle provides only part of the services as specified in the attached proposal. Jones Lang LaSalle shall be entitled to fees proportionate to those set out in the attached proposal that apportioned, based on our estimate of the percentage of completion.

In the event that invoices are not settled in full within 28 days of submission, Jones Lang LaSalle reserves the right to withdraw responsibility for work performed.

Termination

In the event that either party is in material or persistent breach of any of the terms of the Instruction, the other party may terminate the instruction if, upon the expiry of 14 days after serving notice on the party in default, steps have not been taken to remedy the breach.

On termination of the Instruction, Jones Lang LaSalle shall be entitled to, and shall be paid, fees for all Services provided to that time, in accordance with the above clause.

Liability

Jones Lang LaSalle's liability is limited by a scheme approved under Professional Standards Legislation. Jones Lang LaSalle's' liability to the Client for loss or damage shall be limited to such sum as Jones Lang LaSalle ought reasonably to pay having regard to its direct responsibility for the same and on the basis that all other third parties shall, where retained by the Client, be deemed to have provided to the Client contractual undertakings in terms no less onerous than this Clause in respect of the performance of their services in connection with the Project, and shall be deemed to have paid to the Client such proportion as may be just and equitable having regard to the extent of their responsibility for such loss or damage.

Unless otherwise agreed, the liability of Jones Lang LaSalle's' to the Client for loss or damage claimed in respect of any Instruction shall, notwithstanding the provisions of the paragraph above, in any event be limited to an aggregate sum not exceeding our total fees provided for in this mandate.

Unless and to the extent that they have been finally and judicially determined to have been caused by fraud, wilful default or negligence of Jones Lang LaSalle, the Client agrees to indemnify on demand and hold harmless Jones Lang LaSalle against all actions, claims, proceedings, losses, damages, costs and expenses whatsoever and howsoever arising from or in any way connected with the instruction or the provision of Services thereunder.

Unless and until any such agreement is reached and recorded in writing, Jones Lang LaSalle will accept no responsibility or owe no duties to the Client which relate to matters beyond the scope of the Services.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

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.

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of Frasers Hospitality Trust ("**FHT**"), comprising Frasers Hospitality Real Estate Investment Trust ("**FH-REIT**") and Frasers Hospitality Business Trust ("**FH-BT**") will be held on 24 June 2015 at 2.00 p.m. at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

(1) THE PROPOSED ACQUISITION OF A 75-YEAR LEASEHOLD INTEREST IN SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION

That subject to and contingent upon the passing of Resolutions 2 and 3:

(i) approval be and is hereby given for the acquisition of a 75-year leasehold interest in Sofitel Sydney Wentworth (as described in the circular dated 9 June 2015 (the "**Circular**") issued by Frasers Hospitality Asset Management Pte. Ltd., as manager of FH-REIT (the "**REIT Manager**") and Frasers Hospitality Trust Management Pte. Ltd., as trustee-manager of FH-BT, to stapled securityholders of FHT (the "**Stapled Securityholders**")) from Frasers Sydney Wentworth Trust (the "**Vendor**"), an indirect wholly-owned trust of Frasers Centrepoint Limited ("**FCL**"), for an aggregate purchase consideration (inclusive of the furniture, furnishings and equipment ("**FF&E**")[50]) of A$224.0 million (the "**Acquisition**") on the terms and subject to the conditions set out in the conditional lease agreement entered into between the Vendor and FHT Sydney Trust 3, an Australian sub-trust wholly-owned by FH-REIT, in respect of the sale and purchase of the 75-year leasehold interest in Sofitel Sydney Wentworth (the "**75-year Lease Agreement**");

(ii) approval be and is hereby given for FHT Australia Management Pty Ltd (the "**MIT Manager**"), an indirect wholly-owned subsidiary of FCL to provide certain services to FHT Sydney Trust 3, including the management of FHT Sydney Trust 3 for and on behalf of The Trust Company (PTAL) Limited (in its capacity as trustee of FHT Sydney Trust 3) (the "**MIT Sub-trustee**") on the terms set out in the investment management agreement entered into between the MIT Sub-trustee and the MIT Manager (the "**Investment Management Agreement**");

(iii) approval be and is hereby given for the acquisition by FHT Sydney Trust 3 of the FF&E relating to Sofitel Sydney Wentworth on the terms and subject to the conditions set out in the sale and purchase agreement entered into between the Vendor and FHT Sydney Trust 3 (the "**FF&E Agreement**"); and

(iv) the Managers, any director of the Managers ("**Director**") and The Trust Company (Asia) Limited (as trustee of FH-REIT) (the "**REIT Trustee**") be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Managers, such Director or, as the case may be, the REIT Trustee may consider expedient or necessary or in the interests of FHT to give effect to the Acquisition, the 75-year Lease Agreement, the establishment of FHT Sydney Trust 3, the Investment Management Agreement and the FF&E Agreement and all transactions in connection therewith.

50 As the 75-year leasehold interest in the Hotel is granted to FHT Sydney Trust 3 under a lease agreement (being the 75-year Lease Agreement), the sale of the FF&E is provided for under a separate agreement (being the FF&E Agreement).

ORDINARY RESOLUTION 2

(2) THE PROPOSED MASTER LEASE OF SOFITEL SYDNEY WENTWORTH AS A RELATED PARTY TRANSACTION

That subject to and contingent upon the passing of Resolutions 1 and 3:

(i) approval be and is hereby given for the entry into of the master lease agreement (as described in the Circular) between FHT Sydney Trust 3 and Ananke Holdings Pty Ltd, an indirect wholly-owned subsidiary of FCL pursuant to which Ananke Holdings Pty Ltd will take a lease of the whole of Sofitel Sydney Wentworth (excluding Lot 1[51]) (the "**Master Lease Agreement**");

(ii) approval be and is hereby given for FHT Sydney Trust 3 to receive a guarantee (as described in the Circular) on the terms set out in the corporate guarantee (the "**Corporate Guarantee**") entered into between FCL and FHT Sydney Trust 3; and

(iii) the REIT Manager, any Director of the REIT Manager and the REIT Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, such Director or, as the case may be, the REIT Trustee may consider expedient or necessary or in the interests of FH-REIT to give effect to the Master Lease Agreement, the Corporate Guarantee and all transactions in connection therewith.

ORDINARY RESOLUTION 3

(3) THE PROPOSED ISSUE OF UP TO 150.0 MILLION NEW STAPLED SECURITIES UNDER THE PRIVATE PLACEMENT

That subject to and contingent upon the passing of Resolutions 1 and 2:

(i) approval be and is hereby given for the issue of up to 150.0 million new Stapled Securities in FHT ("**New Stapled Securities**") under a private placement (the "**Private Placement**") in the manner described in the Circular; and

(ii) the Managers, any Director and the REIT Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Managers, such Director or, as the case may be, the REIT Trustee may consider expedient or necessary or in the interests of FHT to give effect to the Private Placement.

ORDINARY RESOLUTION 4

(4) THE PROPOSED ISSUE AND PLACEMENT OF NEW STAPLED SECURITIES TO TCC UNDER THE PRIVATE PLACEMENT AND THE UPSIZED PLACEMENT AS AN INTERESTED PERSON TRANSACTION

That subject to and contingent upon the passing of Resolutions 1, 2 and 3:

(i) approval be and is hereby given for the issue and placement of such number of New Stapled Securities to TCC, as part of the Private Placement, in the manner described in the Circular (the "**TCC Placement**"); and

(ii) the Managers, any Director and the REIT Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Managers, such Director or, as the case may be, the REIT Trustee may consider expedient or necessary or in the interests of FHT to give effect to the TCC Placement.

51 "Lot 1" refers to the separate stratum lot in which the basement carpark and the retail arcade over two levels are comprised, which is not part of the Acquisition

BY ORDER OF THE BOARD

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

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

Law Song Keng
Chairman and Independent Director
9 June 2015

Important Notice:

(1) A holder of the Stapled Securities in FHT ("**Stapled Securityholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Stapled Securityholder.

(2) Where a Stapled Securityholder appoints more than one proxy, he/she must specify the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy. Where a Stapled Securityholder appoints two proxies and does not specify the proportion of his/her stapled securityholding to be represented by each proxy, then the Stapled Securities held by the Stapled Securityholder are deemed to be equally divided between the proxies.

(3) The instrument appointing a proxy or proxies (as the case may be) must be deposited at the Managers' registered office at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for the Extraordinary General Meeting.

(4) The Chairman of the Extraordinary General Meeting will be exercising his right under paragraph 10 of Schedule 1 to the trust deed constituting FH-REIT (as amended) and paragraph 3.5.1 of Schedule 1 to the trust deed constituting FH-BT to demand a poll in respect of each of the resolutions to be put to the vote of Stapled Securityholders at the Extraordinary General Meeting and at any adjournment thereof. Accordingly, each resolution at the Extraordinary General Meeting will be voted on by way of a poll.

(5) By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Stapled Securityholder (i) consents to the collection, use and disclosure of the Stapled Securityholder's personal data by the Managers and the REIT Trustee (or their agents) for the purpose of the processing and administration by the Managers and the REIT Trustee (or their agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Managers and the REIT Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Stapled Securityholder discloses the personal data of the Stapled Securityholder's proxy(ies) and/or representative(s) to the Managers and the REIT Trustee (or their agents), the Stapled Securityholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Managers and the REIT Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Stapled Securityholder will indemnify the Managers and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder's breach of warranty.

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 9 June 2015.

FRASERS HOSPITALITY TRUST

A stapled group 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)

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

PROXY FORM
EXTRAORDINARY GENERAL MEETING

I/We _____ (Name(s)), _____ (NRIC No. /Passport No./ Company Registration No., where applicable) of _____ (Address) being a holder/s of units in Frasers Hospitality Real Estate Investment Trust ("**FH-REIT**") and Frasers Hospitality Business Trust ("**FH-BT**") (collectively, "**Stapled Securities**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholding	
			No. of Stapled Securities	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholding	
			No. of Stapled Securities	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting ("**EGM**") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the EGM to be held on 24 June 2015 at 2.00 p.m. at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 and any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/she/they will on any other matter arising at the EGM.

NOTE: The Chairman of the EGM will be exercising his right under paragraph 10 of Schedule 1 to the trust deed constituting FH-REIT (as amended) and paragraph 3.5.1 of Schedule 1 to the trust deed constituting FH-BT to demand a poll in respect of each of the resolutions to be put to the vote of Stapled Securityholders at the EGM and at any adjournment thereof. Accordingly, each resolution at the EGM will be voted on by way of a poll.

	Resolutions	Number of Votes For *	Number of Votes Against *
1.	To approve the proposed acquisition of a 75-year leasehold interest in Sofitel Sydney Wentworth as a related party transaction (Ordinary Resolution)		
2.	To approve the proposed master lease of Sofitel Sydney Wentworth as a related party transaction (Ordinary Resolution)		
3.	To approve the proposed issue of up to 150.0 million new Stapled Securities under the private placement (Ordinary Resolution)		
4.	To approve the proposed issue and placement of new Stapled Securities to TCC under the private placement and the upsized placement as an interested person transaction (Ordinary Resolution)		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015

Total number of Stapled Securities held

_____

Signature(s) of Stapled Securityholder(s)/Common Seal

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A stapled securityholder of Frasers Hospitality Trust ("**FHT**", and a stapled securityholder of FHT, "**Stapled Securityholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Stapled Securityholder. The instrument appointing a proxy or proxies (as the case may be) must be deposited at the Managers' registered office at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for the Extraordinary General Meeting.
2. Where a Stapled Securityholder appoints more than one proxy, he/she must specify the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy. Where a Stapled Securityholder appoints two proxies and does not specify the proportion of his/her stapled securityholding to be represented by each proxy, then the Stapled Securities held by the Stapled Securityholder are deemed to be equally divided between the proxies.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Stapled Securityholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Stapled Securityholder attends the meeting in person, and in such event, the Managers reserve the right to refuse to admit any person or persons appointed under this instrument of proxy, to the meeting.
4. A Stapled Securityholder should insert the total number of Stapled Securities held. If the Stapled Securityholder has Stapled Securities entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities registered in his/her name in the Register of Stapled Securityholers, he/she should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities entered against his/her name in the said Depository Register and registered in his/her name in the Register of Stapled Securityholders, he/she should insert the aggregate number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by the Stapled Securityholder.

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Affix
Postage
Stamp

FRASERS HOSPITALITY TRUST

Company Secretary

Frasers Hospitality Asset Management Pte. Ltd.
(as manager of Frasers Hospitality Real Estate Investment Trust)

Frasers Hospitality Trust Management Pte. Ltd.
(as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road,
#21-00 Alexandra Point,
Singapore 119958

3rd fold here

5. If the Stapled Securityholder is shown to not have any Stapled Securities entered against his name as at 48 hours before the time fixed for the Extraordinary General Meeting, the instrument appointing a proxy or proxies (the "**Proxy Form**") will be rejected.
6. The Proxy Form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where a Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must (failing previous registration with the Managers) be lodged with the Proxy Form; failing which the instrument may be treated as invalid.
8. The Managers shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached the Proxy Form. In addition, in the case of Stapled Securities entered in the Depository Register, the Managers may reject a Proxy Form if the Stapled Securityholder, being the appointor, is not shown to have Stapled Securities entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Managers.
9. All Stapled Securityholders will be bound by the outcome of the Extraordinary General Meeting regardless of whether they have attended or voted at the Extraordinary General Meeting.
10. The Chairman of the Extraordinary General Meeting will be exercising his right under paragraph 10 of Schedule 1 to the trust deed constituting FH-REIT (as amended) and paragraph 3.5.1 of Schedule 1 to the trust deed constituting FH-BT to demand a poll in respect of each of the resolutions to be put to the vote of Stapled Securityholders at the Extraordinary General Meeting and at any adjournment thereof. Accordingly, each resolution at the Extraordinary General Meeting will be voted on by way of a poll.
11. On a poll, every Stapled Securityholder who is present in person or by proxy shall have one vote for every Stapled Security of which he/she is the Stapled Securityholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.

FRASERS HOSPITALITY TRUST

438 Alexandra Road
#21-00, Alexandra Point
Singapore 119958
Tel: (65) 6276 4882
www.frasershospitalitytrust.com