PRESS RELEASE

Frasers Hospitality Trust reports lower DPS of 1.3982 cents for FY2020

- **Portfolio performance remains adversely impacted by COVID-19 outbreak**
- **FHT pays 90% of DI despite current times of uncertainty**

Summary of results

S$ million	2H FY2020	2H FY2019	Variance	FY2020	FY2019	Variance
Gross revenue (“**GR**”)	26.0	74.6	-65.2%	88.6	149.8	-40.9%
Net property income (“**NPI**”)	14.6	55.4	-73.7%	59.8	111.7	-46.4%
Income available for distribution (“**DI**”)	-1.7[1]	41.5	NM[2]	29.9	83.9	-64.4%
Distribution to stapled securityholders	20.6[3]	41.5	-50.4%	26.9[4]	83.9	-67.9%
Distribution per stapled security (“**DPS**”) (cents)	1.0695	2.1741	-50.8%	1.3982	4.4129	-68.3%

SINGAPORE, 30 OCTOBER 2020

Frasers Hospitality Trust (“**FHT**”), a stapled group comprising Frasers Hospitality Real Estate Investment Trust (“**FH-REIT**”) and Frasers Hospitality Business Trust (“**FH-BT**”), today announced that for the second half of the financial year ended 30 September 2020 (“**2H FY2020**”), its GR and NPI declined year-on-year (“**yoy**”) by 65.2% and 73.7% to S$26.0 million and S$14.6 million respectively.

With global travel largely in a standstill and room occupancies significantly impacted by the COVID-19 outbreak, FHT’s portfolio performance across all geographies has been severely affected.

In the UK, all 6 properties were closed from April to June 2020 but 5 have reopened since July 2020. Only ibis Styles London Gloucester Road (“**ISLG**”) remains closed. In Malaysia, The Westin Kuala Lumpur (“**TWKL**”) has also been temporarily shut since May 2020.

On the back of lower NPI and after accounting for finance costs, management fees and trust expenses, which were all lower yoy, FHT recorded negative DI of S$1.7 million in 2H FY2020.

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1 The negative DI arose because actual cash rental income received in 2H FY2020 (net of true-up rental adjustments) was lower than the contractual fixed rent (pro-rated based on 6 months). Under the master lease agreements, the rental income is arrived at based on the performance of the properties, subject to a minimum rental which is the fixed rent. For 2H FY2020, there were true-up rental adjustments as the surplus rental income in 1H FY2020 (i.e. rental income exceeded the pro-rated fixed rent) was used to offset the shortfall in rental income in 2H FY2020 (i.e. rental income was below the pro-rated fixed rent).

2 Not meaningful.

3 Distribution to stapled securityholders for 2H FY2020 includes approximately S$22.3 million of the S$25.3 million DI retained in 1H FY2020.

4 FHT is distributing 90% of FY2020 DI and conserving the remaining 10% for working capital purposes. The S$26.9 million distribution to stapled securityholders includes the 1H FY2020 distribution of S$6.3 million paid out in June 2020.

In the first half of the financial year ended 31 March 2020 ("**1H FY2020**"), FHT exercised prudence in its capital and cash flow management by retaining S$25.3 million of DI in anticipation of continued weak operating performance arising from the COVID-19 pandemic; for critical and mandatory capital commitments relating to health, safety and regulatory compliance; and to support Novotel Melbourne on Collins which has no third-party master lease protection. It has returned most of the S$25.3 million as distribution to stapled securityholders in 2H FY2020, notwithstanding the negative DI it recorded for 2H FY2020. Consequently, DPS for 2H FY2020 was 1.0695 cents, down 50.8% yoy.

For the financial year ended 30 September 2020 ("**FY2020**"), FHT reported yoy declines of 40.9% and 46.4% in GR and NPI respectively. The lower declines, in comparison to 2H FY2020, were due to better performance in the first quarter of FY2020 which partially mitigated the detrimental impact of the COVID-19 outbreak. Additionally, FH-REIT was entitled to the contractual minimum rental income, i.e. the fixed rent, under the master lease structure when some of its properties temporarily suspended operations and/or operated below their optimal performance level, thus providing downside protection to FHT during the COVID-19 outbreak.

With lower NPI, DI for FY2020 decreased yoy by 64.4%. To conserve cash, S$3.0 million or approximately 10% of DI has been retained for working capital purposes. This led to a DPS of 1.3982 cents for FY2020, down 68.3% yoy.

Mr Colin Low, Chief Executive Officer of the Managers[5] said, "FY2020 has been the most challenging year in FHT's history to date. Our financial performance has been severely affected by exceptional lockdown measures and border closures arising from the worldwide spread of the pandemic.

We have been quick to respond, together with our property operators, by taking proactive measures to contain costs and conserve cashflow, and at the same time pursue alternative revenue opportunities by securing isolation business from the local government agencies.

While we are encouraged by the progressive easing of border controls and lockdown measures in the countries where we have presence, we anticipate those countries with sizeable domestic travel markets to recover faster than those reliant on international travel. The risk of resurgence of COVID-19, however, continues to weigh on our portfolio performance in the near term."

2H FY2020 portfolio performance

Australia

According to Tourism Australia, international tourist arrivals for the first 8 months of 2020 fell yoy by 70.5% to 1.8 million. Since 1 June 2020, New South Wales has lifted its intrastate travel restrictions for residents while also allowing interstate travel, excluding the state of Victoria. Over in Victoria, a state of disaster has been declared since early August. The declaration is in place until 8 November 2020. A nightly curfew for Melbourne was also imposed but was subsequently lifted in end-September. For the fourth quarter of FY2020, the Australia portfolio's occupancy declined by 51.2 ppts yoy to 35.0%. Coupled with a lower average daily rate ("**ADR**"), the portfolio revenue per available room ("**RevPAR**") declined 78.5% yoy. All properties continued to benefit from the Australian government's JobKeeper payment during the quarter.

In 2H FY2020, the Australia portfolio's gross operating revenue ("**GOR**") and gross operating profit ("**GOP**") declined 71.1% and 72.9% yoy respectively.

Singapore

For the first 8 months of 2020, Singapore Tourism Board recorded 2.7 million international visitor arrivals, down 79.2% yoy. While Singapore's border remains largely closed, selective easing of control measures

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

has begun after mid-June 2020 and reciprocal green and fast lanes have been set up with Brunei, China, Japan, Indonesia, Malaysia and South Korea in recent months.

For the fourth quarter of FY2020, the Singapore portfolio recorded a lower ADR due mainly to the low rates committed for InterContinental Singapore's stay home notice business. Fraser Suites Singapore reported healthy occupancy of 81.7%, with over 60% of its guests being long stays and providing support to its occupancy. The Singapore government's Job Support Scheme, which has been extended to 31 March 2021, helped the properties to preserve jobs and conserve cashflow.

In 2H FY2020, the Singapore portfolio reported a 61.2% decline in GOR and a 53.2% decline in GOP yoy.

UK

In response to the COVID-19 pandemic, the UK government has implemented, amongst others, measures such as the deferral of VAT payment for 3 months from April to June 2020 and the Job Retention Scheme from March to October 2020.

After suspending operations for the entire third quarter of FY2020 due to a government-imposed mandatory closure, all properties in the UK portfolio have reopened in the fourth quarter of FY2020, except ISLG. The hotel remains temporarily closed as it is more reliant on transient business travel which has yet to pick up.

As the UK portfolio has been adversely impacted by the COVID-19 outbreak, its GOR declined yoy by 88.8% while its GOP turned negative in 2H FY2020.

Japan

For the period of January to September 2020, Japan National Tourism Organization reported a yoy drop of 83.7% in foreign visitors to 4.0 million.

To promote domestic travel and support pandemic-battered public events, the Japanese government has launched its 'Go To Travel' campaign since 22 July 2020. The campaign offers residents discounts covering up to 50% of their travel expenses within Japan. This has contributed to the higher room revenue at ANA Crowne Plaza Kobe for the fourth quarter of FY2020 as compared to the last quarter.

While restrictions on banqueting has been lifted since 1 October 2020, the hotel's food and beverage revenue has been slow to recover due to reduced corporate budget in the light of the overall weak economic performance over the last 6 months.

In 2H FY2020, the hotel's GOR declined 80.7% yoy while its GOP turned negative due to the impact of the COVID-19 outbreak.

Malaysia

For the first half of 2020, Tourism Malaysia recorded a 68.2% yoy decline in tourist arrivals to 4.3 million.

Malaysia has extended its recovery movement control order until 31 December 2020. However, due to the recent spike in COVID-19 cases, a conditional recovery movement order has been implemented on 14 October 2020 for 2 weeks in Kuala Lumpur, Selangor and Putrajaya. This has been extended by another 2 weeks to 9 November 2020.

In view of the weak trading environment which saw most hotels in Kuala Lumpur recording lower occupancies and room rates in recent months, TWKL has remained temporarily closed since May 2020 to conserve cash.

As such, the hotel's GOR dropped 97.2% yoy while its GOP turned negative in 2H FY2020.

Germany

The Federal Statistical Office of Germany reported that from January to August 2020, the number of overnight stays by domestic and foreign visitors dropped 37.4% yoy.

For the first 7 months of 2020, Dresden's Official Tourist Information Center recorded a 48.7% yoy decline in the total number of domestic and foreign visitors.

Maritim Hotel Dresden has been reliant on conference business to drive revenue. As the adjoining International Congress Centre has been temporarily closed until end-October 2020, this has significantly affected the hotel's performance. Consequently, in 2H FY2020, it reported a 42.7% decline in GOR and a 49.5% decline in GOP yoy.

Portfolio Valuation

As at 30 September 2020, FHT's investment portfolio was valued at S$2.25 billion by independent valuers, down 3.5% from S$2.33 billion a year ago.

While the cap rates and discount rates were either unchanged or largely similar to those of last year, the valuations of all country portfolios in local currency terms declined yoy, ranging from -4.7% for both the Australia and Singapore portfolios to -11.0% for the Germany portfolio.

However, compared to last year, all functional currencies have appreciated against the Singapore dollar this year, leading to a smaller yoy decline in total portfolio valuation of 3.5%.

Financial position

As at 30 September 2020, FHT's total borrowings stood at S$886.4 million, with gearing at 37.7% and the weighted average debt to maturity at 3.62 years. FHT does not have any loans due until FY2022 and its borrowings are well spread out, with no more than 30% maturing in any one year.

FHT's effective cost of borrowing was 2.3% per annum, down from 2.5% a year ago, and interest cover was 2.3 times. The proportion of its fixed-rate borrowings to total borrowings was 74.9%. Net asset value per stapled security was S$0.65, down from S$0.73 as at 30 September 2019.

FHT continues to have adequate liquidity to meet its operational needs and financial commitments.

2H FY2020 distribution

Distribution period	**1 April 2020 to 30 September 2020**
DPS	1.0695 cents per stapled security
Last day of trading on "cum" basis	5 November 2020
First date of trading on "ex" basis	6 November 2020
Record date	9 November 2020
Distribution payment date	29 December 2020

Market outlook

The World Tourism Organization ("**UNWTO**") reported that international tourist arrivals for August 2020 and for the first 8 months of 2020 fell yoy by 91% and 70% respectively. Despite a growing number of countries easing travel restrictions, many governments remain cautious in view of the development of the COVID-19 pandemic.

UNWTO anticipates that reduced travel demand and consumer confidence will continue for the rest of 2020. While the extension of scenarios – based on the assumptions of a gradual and linear lifting of travel restrictions, the availability of a vaccine or treatment and a return of traveller confidence – point to a change in trend in 2021, the return to 2019 levels in terms of tourist arrivals would take between 2.5 to 4 years. UNWTO also expects domestic tourism to return faster and stronger than international travel.

FHT has a portfolio of 15 quality assets which are well located in key cities of Australia, Singapore, the UK, Japan, Malaysia and Germany. Presently, 13 of these properties are open while 2 remain closed. Its hotels in Australia, namely Sofitel Sydney Wentworth and Novotel Melbourne on Collins, have secured further contracts with the local government agencies for the isolation business.

Together with the operators and master lessees, FHT continues to operate in a highly challenging environment, with the risk of resurgence of the COVID-19 virus weighing on its portfolio performance. Despite the significant uncertainty, FHT continues to prepare for the eventual recovery of international tourism and remains confident in the long-term fundamentals of the markets where it has presence in. Given the sizeable domestic tourism markets in Australia, Japan and the UK, a rebound in domestic tourism is likely to help FHT's properties in these countries recover sooner than the rest of its portfolio.

FHT continues to have ample debt headroom and sufficient liquidity to ride through these extraordinary times. The master lease structure for its properties also helps to mitigate the adverse impact of the pandemic. FHT will continue to closely monitor the evolving situation and provide material updates as and when they arise.

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About Frasers Hospitality Trust

FHT is the first global hotel and serviced residence trust listed in Singapore on 14 July 2014, comprising FH-REIT and FH-BT. It is established with the principal strategy of investing globally, on a long-term basis, in income-producing real estate assets used primarily for hospitality purposes.

FHT provides investors exposure to one of the largest international hospitality portfolios by number of keys. Its geographically diversified portfolio of 15 quality assets are in prime locations across 9 key cities in Asia, Australia and Europe. With a combined appraised value of S$2.25 billion (as at 30 September 2020), these 9 hotels and 6 serviced residences are: Novotel Melbourne on Collins, Novotel Sydney Darling Square, Sofitel Sydney Wentworth, Fraser Suites Sydney, InterContinental Singapore, Fraser Suites Singapore, ibis Styles London Gloucester Road, Park International London, Fraser Suites Edinburgh, Fraser Suites Glasgow, Fraser Suites Queens Gate, Fraser Place Canary Wharf, ANA Crowne Plaza Kobe, The Westin Kuala Lumpur and Maritim Hotel Dresden. Collectively, they have a total of 3,913 rooms comprising 3,071 hotel rooms and 842 serviced residence units.

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

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

About Frasers Property Limited

Frasers Property Limited ("**Frasers Property**" and together with its subsidiaries, the "**Frasers Property Group**" or the "**Group**"), is a multi-national owner-operator-developer of real estate products and services across the property value chain. Listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and headquartered in Singapore, the Group has total assets of approximately S$38.7 billion as at 31 March 2020.

Frasers Property's multi-national businesses operate across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The Group has businesses in Southeast Asia, Australia, Europe and China, and its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 cities across Asia, Australia, Europe, the Middle East and Africa.

Frasers Property is also the sponsor of two real estate investment trusts ("**REITs**") and one stapled trust listed on the SGX ST. Frasers Centrepoint Trust and Frasers Logistics & Commercial Trust are focused on retail, and industrial & commercial properties, respectively. Frasers Hospitality Trust (comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) is a stapled trust focused on hospitality properties. In addition, the Group has two REITs listed on the Stock Exchange of Thailand. Frasers Property (Thailand) Public Company Limited is the sponsor of Frasers Property Thailand Industrial Freehold & Leasehold REIT, which is focused on industrial & logistics properties in Thailand, and Golden Ventures Leasehold Real Estate Investment Trust, which is focused on commercial properties.

The Group is unified by its commitment to deliver enriching and memorable experiences to customers and stakeholders, leveraging its people, knowledge and capabilities from across markets to deliver value in its multiple asset classes.

For more information on Frasers Property, please visit frasersproperty.com.

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This advertisement has not been reviewed by the Monetary Authority of Singapore.

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