

Fraser's Hospitality Trust reports lower DPS of 0.9831 cents for FY2021

- ◆ Improvements in operating environment in second half of FY2021 despite continued challenges

Summary of results

S\$ million	2H FY2021	2H FY2020	Variance	FY2021	FY2020	Variance
Gross revenue ("GR")	45.6	26.0	75.6%	85.5	88.6	-3.4%
Net property income ("NPI")	30.9	14.6	>100.0%	57.6	59.8	-3.7%
Income available for distribution ("DI")	12.4	-1.7 ¹	NM ²	21.0 ³	29.9	-29.7%
Distribution to stapled securityholders	15.5 ⁴	20.6 ⁵	-24.8%	18.9	26.9	-29.7%
Distribution per stapled security ("DPS") (cents)	0.8041	1.0695	-24.8%	0.9831	1.3982	-29.7%

SINGAPORE, 29 OCTOBER 2021

Fraser's Hospitality Trust ("FHT"), a stapled group comprising Fraser's Hospitality Real Estate Investment Trust ("FH-REIT") and Fraser's Hospitality Business Trust ("FH-BT"), today announced that for the second half of the financial year ended 30 September 2021 ("2H FY2021"), its GR improved 75.6% year-on-year ("YoY") to S\$45.6 million and NPI more than doubled YoY to S\$30.9 million. FHT saw improvements in its operating environment in 2H FY2021, compared to the same period a year ago, when the initial impact of the COVID-19 pandemic had caused huge disruptions to global travel.

For the second half of the financial year ended 30 September 2020 ("2H FY2020"), FHT's GR, NPI and DI were significantly affected by a challenging operating environment with 6 properties in the United Kingdom ("UK") closed from April to June 2020 and The Westin Kuala Lumpur ("TWKL") also temporarily shut from May to December 2020. GR was lower due to reduced revenue of Novotel Melbourne on Collins ("NMOC"), and also lower rental income from other properties, as the shortfall from contractual fixed rent was offset by the variable rental income received in excess of fixed rent in the first half of FY2020 ("1H FY2020").

¹ Under the master lease agreements, the total rental income is based on the operating performance of the properties, subject to a minimum fixed rent. For 2H FY2020, as a result of COVID-19's negative impact on the operating performance of certain properties, part of the variable rent recognised in 1H 2020 was reversed to cover the shortfall in fixed rent in 2H FY2020. Consequently, the total actual rent received in 2H FY2020 was lower than fixed rent and resulted in negative DI.

² Not meaningful.

³ The Managers' [Fraser's Hospitality Asset Management Pte. Ltd. (the manager of FH-REIT) and Fraser's Hospitality Trust Management Pte. Ltd. (the trustee-manager of FH-BT) are collectively known as the "Managers"] management fees have been paid in cash, since fourth quarter of FY2020.

⁴ Distribution to stapled securityholders for 2H FY2021 included approximately S\$4.3 million of the S\$5.2 million DI retained in 1H FY2021

⁵ Distribution to stapled securityholders for 2H FY2020 included approximately S\$22.3 million of the S\$25.3 million DI retained in 1H FY2020.

The higher YoY GR and lower operating cost due to cost management boosted FHT's 2H FY2021 NPI. Consequently, FHT recorded DI of S\$12.4 million in 2H FY2021 compared to negative DI of S\$1.7 million in 2H FY2020.

Notwithstanding the higher DI, DPS for 2H FY2021 was 0.8041 cents, compared to 2H FY2020 DPS of 1.0695 cents. This was due to higher retained DI of S\$22.3 million in 1H FY2020, compared to retained DI of S\$4.3 million in 1H FY2021.

For the financial year ended 30 September 2021 ("FY2021"), FHT reported YoY declines of 3.4% and 3.7% in GR and NPI respectively. The declines were due to better performance in the first 5 months of FY2020 which partially mitigated the adverse impact of the COVID-19 outbreak, whilst the performance for the entire period of FY2021 continued to be impacted by the COVID-19 pandemic.

With lower NPI and payment of management fees in cash (instead of by way of issuance of stapled securities) since the fourth quarter of FY2020, DI for FY2021 decreased YoY by 29.7%. Given the uncertainties arising from the ongoing COVID-19 pandemic, S\$2.1 million or approximately 10% of DI has been retained to conserve cash for working capital purposes. This led to a DPS of 0.9831 cents for FY2021, down 29.7% YoY.

Ms Eu Chin Fen, Chief Executive Officer of the Managers said, "FY2021 was another challenging year for FHT, as the tourism industry continued to be besieged by concerns over new coronavirus variants. Nonetheless, there are encouraging signs of gradual recovery for global travel in recent months, compared to a year ago and we see rising vaccination rates and progressive easing of border restrictions in the countries where we are operating. In the second half of FY2021, all country portfolios' gross operating revenue saw better year-on-year performance."

"As governments gradually re-open their economies, we expect domestic tourism to rebound first and this will benefit our assets in Australia, Japan and the UK which have sizeable domestic tourism markets. Our teams in these markets are preparing for the wider recovery when it comes," she added.

"Although the risk from a resurgence in COVID-19 infections remains a threat to the industry, we believe FHT is well placed to capture the upside when the market recovers, with its portfolio of quality assets."

2H FY2021 portfolio update

Singapore

For the first 8 months of 2021, Singapore Tourism Board recorded 153,060 international visitor arrivals, down 94.3% YoY. Singapore achieved more than 80% vaccination rate for its population at end-August 2021, allowing the government to proceed with commencement of quarantine-free travel. From 19 October 2021 onwards, Singapore has extended its Vaccinated Travel Lane (VTL) arrangement to 9 more countries, in addition to Germany and Brunei, which were the first 2 countries to come under the VTL arrangement in September 2021.

For 2H FY2021, the Singapore portfolio recorded a higher average daily rate ("ADR") YoY despite a dip in occupancy rate to 79.1%, lifting revenue per available room ("RevPAR") by 17.4%. This was mainly contributed by InterContinental Singapore which has re-secured the Stay-Home facility business from June to September 2021. The Singapore government's Job Support Scheme, which has been extended to March 2022, also helped the properties to preserve jobs and conserve cashflow.

In 2H FY2021, the Singapore portfolio reported a 20.1% increase in gross operating revenue ("GOR"), mainly due to InterContinental Singapore's Stay-Home Notice business which was secured for the time period at higher rates. However, the portfolio saw 7.7% YoY decline in gross operating profit ("GOP"), due to lower government wage support.

Australia

According to Tourism Australia, international tourist arrivals for the first 8 months of 2021 fell YoY by 92.0% to 143,230. In New South Wales, restrictions have been lifted for its vaccinated population from 11 October 2021 onwards, after close to four months of lockdown. Over in Victoria, Melbourne exited its sixth lockdown on 22 August 2021. For 2H FY2021, the Australia portfolio's occupancy rose by 23.3 percentage points ("ppts") YoY to 69.5%. Coupled with a higher ADR, the portfolio's RevPAR jumped by 91.7% YoY. The improvement was mainly contributed by NMOC and Sofitel Sydney Wentworth which continued to secure further contracts for the isolation business for 2H FY2021.

In 2H FY2021, the Australia portfolio's GOR increased by 88.2% YoY and GOP more than doubled YoY.

UK

UK has lifted most of its COVID-19 pandemic restrictions from 19 July 2021 onwards.

With all FHT's properties back to full operation since mid-May 2021 after more than 4 months of lockdown, the UK portfolio's occupancy rose by 24.9 ppts to 39.4%. This was also due to the closure of all the 6 UK properties during the third quarter of FY2020. The portfolio's RevPAR tripled YoY in 2H FY2021, supported by a higher ADR. All properties continue to benefit from the UK government's furlough scheme which has been extended till end-September 2021.

In 2H FY2021, the UK portfolio's GOR more than tripled YoY while its GOP registered £2.0 million compared to a negative GOP during the same period in FY2020.

Japan

For the period of January to August 2021, Japan National Tourism Organization reported a YoY drop of 95.6% in foreign visitors to 173,292.

In 2H FY2021, ANA Crowne Plaza Kobe's RevPAR increased by 41.1% YoY as its performance in the second half of FY2020 was impacted by the hotel's low occupancies during the initial stage of COVID-19 outbreak in 2020. Japan entered into a state of emergency three times within the first 9 months of 2021, with the latest state of emergency lifted on 30 September 2021.

In 2H FY2021, the hotel's GOR was up 84.0% YoY and it reported GOP of ¥281.1 million compared to a negative GOP during the same period in FY2020.

Malaysia

Despite the repeated lockdowns in Malaysia since the start of 2021, The Westin Kuala Lumpur's RevPAR for 2H FY2021 improved YoY as the hotel's operations had been temporarily suspended for close to 5 months in 2020.

The hotel resumed operations on 18 December 2020 and the temporary suspension had helped to conserve cashflow for the property. The hotel also underwent cost restructuring during the temporary suspension period. The leaner operating structure has enabled the hotel to narrow its operating losses since reopening, despite the lower occupancies recorded.

As a result, the hotel's GOR registered RM4.9 million in 2H FY2021, compared to RM1.2 million in the same period last year. Its gross operating loss narrowed to RM4.0 million in 2H FY2021. Malaysia's government has also announced that inter-state and international travel are allowed from 11 October 2021 onwards.

Germany

The Federal Statistical Office of Germany reported that from January to August 2021, the number of overnight stays by domestic and foreign visitors dropped 15.0% YoY.

For the first 6 months of 2021, Dresden’s Official Tourist Information Centre recorded a 64.5% YoY decline in the total number of domestic and foreign visitors.

Maritim Hotel Dresden has been reliant on conference business to drive revenue. Its operating performance for July to September 2021 improved YoY after the re-opening of the adjoining International Congress Centre, which has been holding small-scale domestic events. Consequently, in 2H FY2021, it reported a 3.9% increase in GOR and a 12.0% rise in GOP YoY.

Portfolio Valuation

As at 30 September 2021, FHT’s investment portfolio was valued at S\$2.25 billion by independent valuers, similar to the valuation for the portfolio a year ago.

While the cap rates and discount rates were either unchanged or largely similar to those of last year, the biggest decline of -4.4% came from the valuation of The Westin Kuala Lumpur due to weaker performance on the back of challenging market conditions. On the other hand, the valuations of the Australian portfolio and ANA Crowne Plaza Kobe saw increases of 1.6% and 1.9% YoY respectively.

Compared to last year, the Australian dollar and UK pound sterling have appreciated against the Singapore dollar in FY2021, whilst the Malaysian ringgit, Japanese yen and Euro currencies have weakened against the Singapore dollar. As a result, there was minimal change in the portfolio’s total valuation in terms of Singapore dollar.

Financial position

As at 30 September 2021, FHT’s total borrowings stood at S\$988.5 million, with gearing at 42.2% and the weighted average debt to maturity at 2.56 years. FHT does not have any loans due until July FY2022.

FHT’s effective cost of borrowing was 2.0% per annum, down from 2.3% a year ago, and interest cover was 2.2 times. The proportion of its fixed-rate borrowings to total borrowings was 77.2%. Net asset value per stapled security was S\$0.65, unchanged from the level as at 30 September 2020.

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

2H FY2021 distribution

Distribution period	1 April 2021 to 30 September 2021
DPS	0.8041 cents per stapled security
Last day of trading on “cum” basis	5 November 2021
First date of trading on “ex” basis	8 November 2021
Record date	9 November 2021
Distribution payment date	29 December 2021

Market outlook

In September 2021, the World Tourism Organization (“**UNWTO**”) noted increasing traveller confidence, underpinned by the relaxation of travel restrictions for vaccinated travellers and progress made in the rollout of COVID-19 vaccines around the world⁶.

⁶ Source: World Tourism Barometer (September 2021) by UNWTO (UN World Tourism Organization)

According to UNWTO's latest Panel of Experts survey reported on 4 October 2021, the views on international tourism prospects for rest of 2021 remain mixed⁷. The survey also shows that most tourism professionals continue to expect a rebound driven by unleashed pent-up demand for international travel in 2022, mostly during the second and third quarters. By region, the largest share of the experts in the survey expects APAC's tourism to return to 2019 levels in 2024 or later. For Europe, half of the survey's respondents indicated this could happen in 2023.

The International Air Transport Association also expects gradual recovery trends for air travel to continue in 2022. The pace of vaccine rollout and government policies will determine the course of international traffic while domestic travel will remain strong⁸.

Despite recent signs of a nascent recovery in international travel, the recovery trajectory is still uneven, as border restrictions remain in many countries. Together with the operators and master lessees, FHT continues to operate in a challenging trading environment. However, the gradual lifting of domestic travel restrictions is likely to help FHT's properties in Australia, Japan and the UK recover sooner than the rest of its portfolio, given the sizeable domestic tourism markets in these countries.

FHT's portfolio of quality assets are well located in key cities of Singapore, Australia, the UK, Japan, Malaysia and Germany. 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. On the capital management front, FHT continues to have sufficient liquidity to ride through these pandemic times. The master lease structure for its properties also helps to mitigate the adverse impact of the COVID-19 pandemic. FHT remains committed to maintaining its policy of distributing at least 90% of its DI to its stapled securityholders.

END

⁷ Source: According to latest UNWTO Panel of Experts survey in UNWTO, "Vaccines and Reopen Borders Driving Tourism's Recovery", 4 October 2021

⁸ Source: International Air Transport Association, "Economic performance of the Airline Industry", 4 October 2021

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 2021), 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 developer-owner-operator 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\$39.2 billion as at 31 March 2021.

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 and 20 countries 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.

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For more information on Frasers Property, please visit frasersproperty.com or follow us on [Linkedln](https://www.linkedin.com/company/frasers-property).

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