

Fraser's Hospitality Trust reports DPS of 1.1655 cents for the fourth quarter

Operating results for the quarter improve year-on-year

Summary of Results

S\$ million	4Q FY2019	4Q FY2018	Variance	FY2019	FY2018	Variance
Gross Revenue ("GR")	39.5	38.7	+2.1%	149.8	155.9	-3.9%
Net Property Income ("NPI")	30.0	29.4	+2.3%	111.7	117.0	-4.6%
Income Available for Distribution ("DI")	22.3	23.0	-2.9%	83.9	89.4	-6.1%
Distribution Per Stapled Security ("DPS"), cents	1.1655	1.2154	-4.1%	4.4129	4.7613	-7.3%

SINGAPORE, 30 OCTOBER 2019

Fraser's Hospitality Trust ("FHT"), a stapled group comprising Fraser's Hospitality Real Estate Investment Trust ("FH-REIT") and Fraser's Hospitality Business Trust ("FH-BT"), today announced that for the fourth quarter ended 30 September 2019 ("4Q FY2019"), its GR and NPI grew 2.1% and 2.3% year-on-year ("yoy") to S\$39.5 million and S\$30.0 million respectively.

The improvements were attributed to better overall portfolio performance which was partially offset by foreign exchange impact arising largely from the weaker Australian dollar and British pound.

Notwithstanding the higher NPI, DI declined 2.9% yoy to S\$22.3 million as a write-back of tax provision was included in the DI for 4Q FY2018. DPS was 1.1655 cents, 4.1% lower than a year ago.

Mr Colin Low, Chief Executive Officer of the Managers¹ said, "In this quarter, all country portfolios, except Australia, achieved better yoy performance."

"The Singapore portfolio recorded higher room rates at higher occupancy levels of above 90%, while the UK portfolio continued to benefit from the weaker pound which led to all properties recording healthy gains in revenue per available room ("RevPAR"). The Japan portfolio reported higher room and food and beverage ("F&B") revenue, boosted by events including the Rugby World Cup 2019," he added.

"However, these were partially offset by the Australia portfolio which continued to report weaker performance due to the challenging trading environment in Sydney and Melbourne. We continue to work closely with our operators to drive revenue growth and operational efficiency," said Mr Low.

For the financial year ended 30 September 2019, FHT's GR and NPI declined yoy by 3.9% and 4.6% respectively to S\$149.8 million and S\$111.7 million. The declines were due mainly to weaker

¹ 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".

performances of the Australia and Malaysia portfolios which were partially mitigated by better performances of the Singapore and UK portfolios. Foreign exchange impact also contributed approximately 80% and 60% of the declines in GR and NPI respectively. With a lower NPI and the absence of the write-back of tax provision which took place in 4Q FY2018, DI decreased 6.1% yoy to S\$83.9 million while DPS was 7.3% lower at 4.4129 cents.

Review of 4Q FY2019 Portfolio Performance

In 4Q FY2019, the Australia portfolio's gross operating revenue ("**GOR**") and gross operating profit ("**GOP**") decreased yoy by 1.6% and 2.8% respectively. GOP declined more than GOR due to higher operating costs. The portfolio RevPAR was 3.1% lower yoy on the back of lower average daily rate ("**ADR**") and occupancy. The trading environment in Sydney and Melbourne has remained challenging. Increased room supply has affected room revenue, with all properties in the Australia portfolio reporting lower RevPAR.

The Singapore portfolio registered a 5.1% increase in GOR and an 11.1% increase in GOP yoy. The better GOP performance was attributed to increased operational efficiency and cost savings at both properties. Higher ADR and occupancy saw the portfolio RevPAR improve by 4.9% yoy. Both properties recorded occupancy levels of above 90%, driven by stronger leisure and corporate demand in the transient segment (independent travellers on short stay).

The UK portfolio's GOR and GOP rose yoy by 8.6% and 8.2% respectively. The portfolio RevPAR was 8.5% above the levels in 4Q FY2018. All properties in the UK reported RevPAR growth and gains in market share, leading to the higher GOR.

ANA Crowne Plaza Kobe's GOR increased 9.0% yoy due to higher room and F&B revenue. Its increase in GOP was steeper, by 21.4%, due to continual efforts in driving operational efficiency. Room and F&B revenue were boosted by events including the Rugby World Cup 2019 as the hotel was hosting selected teams and their fan clubs. The hotel also recovered from a low base as it was affected by two typhoons and the closure of its banquet space for the replacement of partition walls in 4Q FY2018. During the quarter, the hotel gained market share and saw its RevPAR improve by 6.0% on the back of higher ADR.

The Westin Kuala Lumpur's GOR and GOP increased yoy by 7.9% and 13.7% respectively, mainly driven by higher revenue from rooms and F&B outlets. The hotel's RevPAR rose 4.8% yoy on the back of higher occupancy. In terms of RevPAR growth, the hotel has continued to outperform its peers and the market in this quarter.

Portfolio Valuation

As at 30 September 2019, FHT's investment portfolio was valued at S\$2.33 billion by independent valuers, down from S\$2.40 billion a year ago.

In local currency terms, the valuations of all country portfolios were higher yoy, except for Australia, while the Malaysia portfolio's valuation was unchanged. Valuation for the Australia portfolio declined due to weaker performance on the back of challenging market conditions in Sydney and Melbourne.

In Singapore dollar terms, the total portfolio valuation declined 2.9% due to the depreciation of all functional currencies, except for the Japanese yen.

Capital Management

FHT successfully refinanced maturing loan and bonds of S\$385.8 million in July 2019. Consequently, the financial position of FHT has strengthened, from net current liabilities of S\$337.8 million as at 30 September 2018 to net current assets of S\$54.4 million as at 30 September 2019, while the weighted average debt to maturity was extended from 2.91 years to 4.63 years.

As at 30 September 2019, FHT's total borrowings were S\$854.2 million, with gearing at 35.1%. The proportion of fixed-rate borrowings to total borrowings was 68.9% and the effective cost of borrowing was 2.5% per annum. Interest cover remained healthy at 4.7 times and net asset value per Stapled Security was S\$0.73.

Said Mr Low, "With a global portfolio of 15 quality assets which are in prime locations of gateway cities, there are opportunities to rebalance our portfolio and create value for our stapled securityholders."

"Coupled with our debt headroom, we continue to have the financial flexibility to pursue assets with better returns by acquiring from the right of first refusal pipeline from our sponsor, Frasers Property, or from third parties," he added.

Market Outlook

For the first 7 months of 2019, Tourism Australia reported a yoy increase of 2.2% in international arrivals to 5.3 million. While hotel visitor nights have grown nationally, the growth has been offset by new supply. Thus, occupancy rates have fallen and operators have responded by dropping rates. In Sydney, RevPAR has been declining on the back of lower occupancy and ADR. With about 2,000 rooms currently under construction and a further 4,000 rooms having received development approval, the potential increase in overall stock levels would limit the ability of operators to increase rates². In Melbourne, over 5,000 rooms are expected to be added over the next few years. The new supply is substantial for a market that has already seen limited growth over the last few years because of additions².

For the period from January to August 2019, the Singapore Tourism Board recorded a 1.9% yoy growth in international visitor arrivals to 12.9 million. Overall, the outlook for Singapore's tourism sector is positive and the hotel market is expected to benefit from the robust supply and demand fundamentals in the short to medium term³. By end-2019, the total existing hotel supply is expected to increase by 2.0% yoy, or approximately 1,400 rooms. Supply is anticipated to remain limited for the next 3 years, growing at a compound annual growth rate of 0.7% from end-2019 to end-2022³. In the medium to longer term, the government's infrastructure investments and new tourism initiatives including the expansion of Changi Airport, a new eco-tourism hub in Mandai, a new integrated tourism development at Jurong Lake District and new attractions at the Greater Southern Waterfront, are expected to continue supporting Singapore as an attractive destination for tourism³.

According to VisitBritain, the UK welcomed 21.8 million overseas visitors in the first 7 months of 2019, unchanged yoy. Business visits were 1.0% below levels seen in 2018 but holiday visits were up 2.0% yoy. London has weathered the Brexit storm and proven its resilience, achieving an impressive trading performance despite the quantum of new hotels opening⁴. However, the continued economic and political uncertainty paints an unclear outlook for UK tourism⁵.

For the first 9 months of 2019, Japan National Tourism Organization reported a yoy growth of 4.0% in foreign visitors to 24.4 million. The Rugby World Cup 2019, which runs from 20 September to 2 November, is set to boost visitors during a shoulder season while the 2020 Tokyo Olympics is expected to be the tailwind that drives inbound visitors to reach the 2020 goal of 40.0 million inbound tourists. Hotel supply, on the other hand, is expected to soften from 2020 which should provide some breathing room for hoteliers⁶.

For the period from January to July 2019, Tourism Malaysia reported a 4.9% growth in tourist arrivals to 13.4 million, with Singapore, Indonesia and China being the biggest contributors of tourist arrivals to Malaysia. For the full year, Tourism Malaysia aims to achieve tourist arrivals of 28.1 million. In Kuala

² Source: CBRE – MarketView Australia Hotels, Q2 2019 (6 August 2019)

³ Source: JLL – Singapore Hotel Market Update 2019 (6 September 2019)

⁴ Source: Knight Frank – UK Hotel Development Opportunities 2019

⁵ Source: PwC UK Hotels Forecast Update for 2019 and 2020, March 2019

⁶ Source: Savills – Spotlight: Japan Hospitality August 2019 (9 August 2019)

Lumpur, upscale and luxury hotels continue to dominate incoming supply to the market for 2019 and strong competition has led to lower ADR. Hotel trading performance is expected to remain subdued in the near term in light of the ongoing supply glut. However, new supply may be partially absorbed by continued visitor growth⁷.

For the first 8 months of 2019, the Federal Statistical Office of Germany recorded a yoy increase of 3.8% in the number of overnight stays by domestic and foreign visitors⁸. In Dresden, the total number of domestic and foreign visitors for the first 7 months of 2019 declined marginally by 0.1% yoy⁹. Dresden, the capital city of the Free State of Saxony, continues to grow its pipeline of MICE events for 2020 including Börsentag Tag Dresden (Banking and Finance Fair), HAUS (Construction and Energy Fair), Innovation Forum for Automation, International Laser Symposium, Hematology and Oncology Conference, and International Conference on Metal-Organic Frameworks and Open Framework Compounds.

Distribution Details

Distribution Period	1 April 2019 to 30 September 2019
DPS	2.1741 cents
Last Day of Trading on “Cum” Basis	5 November 2019
First Day of Trading on “Ex” Basis	6 November 2019
Books Closure Date	7 November 2019
Distribution Payment Date	27 December 2019

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About Fraser's 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 \$2.40 billion, these 9 hotels and 6 serviced residences are: Novotel Melbourne on Collins, Novotel Sydney Darling Square (formerly Novotel Rockford Darling Harbour), Sofitel Sydney Wentworth, Fraser Suites Sydney, InterContinental Singapore, Fraser Suites Singapore, ibis Styles London Gloucester Road (formerly Best Western Cromwell London), Park International London, Fraser Suites Edinburgh, Fraser Suites Glasgow, Fraser Suites Queens Gate, Fraser Place Canary Wharf, ANA Crowne Plaza Kobe, The Westin Kuala Lumpur and Maritim Hotel Dresden. Collectively, they have a total of 3,913 rooms comprising 3,071 hotel rooms and 842 serviced residence units.

FHT is managed by 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 (collectively known as the “**Managers**”). The Managers are wholly-owned subsidiaries of Fraser's Property Limited which is the sponsor of FHT.

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

⁷ Source: JLL – Asia Pacific Property Digest, Q2 2019 (19 August 2019)

⁸ Source: www.destatis.de

⁹ Source: www.dresden.de

About Frasers Property Limited

Frasers Property Limited ("Frasers Property" and together with its subsidiaries, the "Group"), is a multi-national company that develops, owns and manages a diverse, integrated portfolio of properties. Listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and headquartered in Singapore, the Group has total assets of approximately S\$33.6 billion as at 30 June 2019.

Frasers Property's assets range from residential, retail, commercial & business parks, to logistics & industrial in Southeast Asia, Australia, Europe and China. 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. The Group is unified by its commitment to deliver enriching and memorable experiences to customers and stakeholders, leveraging its knowledge and capabilities from across markets and property sectors, to deliver value in its multiple asset classes.

Frasers Property is also the sponsor of 3 real estate investment trusts and 1 stapled trust listed on the SGX-ST. Frasers Centrepont Trust, Frasers Commercial Trust, and Frasers Logistics & Industrial Trust are focused on retail, commercial & business parks, and logistics & industrial 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, Frasers Property Thailand is the sponsor of Frasers Property Thailand Industrial Freehold & Leasehold REIT, which is focused on logistics and industrial properties in Thailand and is listed on the Stock Exchange of Thailand.

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

About the TCC Group

The TCC Group is among the largest conglomerates in Southeast Asia and is engaged in a variety of businesses including real estate. The TCC Group invests in and develops a wide range of real estate projects globally, including hotels, office towers, retail centres, residences, serviced apartments, convention centres, golf courses and resorts. It owns, among others, 21 retail shopping centres with approximately 515,000 square metres of retail space, 11 commercial offices with approximately 1,000,000 square metres of office space, 47 hotels with 10,409 keys in Thailand and 6 countries worldwide.

IMPORTANT NOTICE

This publication may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view on future events.

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

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

FOR MEDIA QUERIES, PLEASE CONTACT:

Fraser's Hospitality Trust

Sandy Leng
Vice President, Head of Investor Relations
T +65 6349 0423
E sandy.leng@frasershospitality.com