SGX-ST ANNOUNCEMENT

For immediate release

A hospitality 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)
and
Frasers Hospitality Business Trust
(a business trust constituted on 20 June 2014 under the laws of the Republic of Singapore)

6TH ANNUAL GENERAL MEETING TO BE HELD ON 20 JANUARY 2021 RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Frasers Hospitality Asset Management Pte. Ltd., in its capacity as the manager of Frasers Hospitality Real Estate Investment Trust, and Frasers Hospitality Trust Management Pte. Ltd., in its capacity as the trustee-manager of Frasers Hospitality Business Trust (collectively, the "**Managers**"), would like to thank the stapled securityholders of Frasers Hospitality Trust ("**FHT**", and the stapled securityholders, "**Stapled Securityholders**") for submitting their questions in advance of the 6th Annual General Meeting ("**AGM**") which will be conducted virtually on Wednesday, 20 January 2020 at 10.00 a.m. (Singapore time) via live audio-visual webcast and live audio-only streaming.

The Managers wish to inform Stapled Securityholders that they have consolidated the questions received and made editorial amendments to some of the questions to ensure that the meaning of these questions is clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions.

Please refer to Annex A for the list of substantial and relevant questions, and the Managers' responses to these questions.

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

Catherine Yeo
Company Secretary
19 January 2021

Important Notice

The value of FHT stapled securities (the "**Stapled Securities**") and the income derived from them, if any, may fall or rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by, 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), Perpetual (Asia) Limited (in its capacity as trustee of Frasers Hospitality Real Estate Investment Trust) or any of each of their affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Managers to redeem their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities. The past performance of FHT and the Managers is not necessarily indicative of the future performance of FHT and the Managers.

ANNEX A: RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM FHT STAPLED SECURITYHOLDERS

Q1 In view of COVID-19, most tourism industries are affected. What is the outlook of 2021 and what is your plan to boost growth? Any M&A plans?

Q2 In the light of COVID-19, what are the managers' strategies and plans for FY2021? Will FHT be looking at further acquisitions? If so, how will they be funded?

Q3 Are there any efforts undertaken currently to buy more investment properties as value seems to have appeared in the current environment, arising from the COVID-19 pandemic?

Q4 Are there plans for portfolio rebalancing or acquisitions to capitalise on the pandemic?

Responses to Q1 to Q4:

The COVID-19 outbreak has impacted the travel and hospitality industries in unprecedented ways. It is probably the worst that the industries have ever seen. In the World Tourism Organization's (**UNWTO**) World Tourism Barometer Report December 2020, international arrivals are forecast to rebound in 2021, based on the assumption of a gradual reversal of the pandemic, the roll-out of COVID-19 vaccines, significant improvement in traveller confidence, and major lifting of travel restrictions by mid-2021. However, international tourism may take 2.5 to 4 years to return to the 2019 levels. The UNWTO also expects domestic tourism to return faster and stronger than international travel.

Against this backdrop, we anticipate that the pace of recovery for the hospitality industry is going to vary from country to country as it is dependent on the extent of restriction easing and lifting of travel bans for intrastate, interstate and eventually international travel.

We expect countries in which we have a presence, such as Australia, Japan and the UK, to be best positioned for earlier recovery, given their predominant domestic travel markets. While demand for accommodation is likely to be constrained by health concerns and the level of post-COVID-19 austerity, pent-up travel demand seems most evident within the leisure segment. Corporate travel demand is likely to be the next segment to recover as a consequence of essential travel having been postponed while large-scale MICE events would probably take longer to return.

The COVID-19 pandemic has led many companies to take stock and re-examine their business strategies. While our asset portfolio of hotels and serviced residences remains unchanged, we have looked at the fundamental shifts in the hospitality industry, the emerging trends and their implications on our assets.

Looking at the future of work for instance, we have asked ourselves what are the permanent changes arising from working from home which have affected the way people live, work and play, and how we can address these new needs by rethinking, redesigning and reorganising our offerings to offer experiential, flexible and multi-use of our real estate space. There are other fundamental shifts that may be emerging and we are constantly taking an in-depth look at how we can position ourselves to ride on the new norms.

With regard to acquisitions, there have been few hotel transactions since the COVID-19 pandemic as many sellers, who put their assets on the market before the outbreak, have put their plans on hold. Despite the current market uncertainty, our Investment team continues to keep abreast of market opportunities as there may be good quality distressed assets coming onto the market. Any opportunities, including M&As, that we pursue will have to be compelling and strategic, with investment decisions weighed carefully against funding options available, market conditions for equity fund raising and the cost of equity.

As for rebalancing of our portfolio, we are of the view that the pandemic may not present the right time for us to get the best price possible for any asset sale.

Q5 How does the management intend to plan and recover gradually, if not sharply, to increase revenue and reduce expenses in view that tourism and hotel industries remain subdued and depressed, probably until the end of 2021 or 2H of 2022 where international travel could gradually recover. Has the introduction of the vaccines had a great impact to the bottomline of the organisation?

Q6 How is FHT going to overcome the COVID-19 storm? When is the projected recovery?

Q7 How is FHT navigating the drought of travel accommodation (casual and business) till the time when borders reopen and subsequent to that, assuming that travel will still be in subdued numbers? How is FHT utilising its spare capacity to make up for the losses?

Responses to Q5 to Q7:

In collaboration with all our hotel and serviced residence operators, we have proactively taken painful but necessary measures to address the operating and financial impact of the COVID-19 pandemic. We have implemented comprehensive cost-containment measures to reduce our operating expenses and conserve cash. Discretionary expenditure and non-essential capital expenditure have been suspended while support measures by various governments such as property tax rebates and wage subsidies have been pursued. We continue to rationalise and improve our work processes and procedures on an ongoing basis.

On the revenue side, we were among the first movers to secure the isolation/quarantine business in Singapore, Sydney and Melbourne. Two of our hotels, namely Sofitel Sydney Wentworth and Novotel Melbourne on Collins, continue to have this business today.

Our other properties are looking for every revenue opportunity by actively pursuing domestic travel or staycation business. Some have launched new offerings to serve the evolving needs in their local markets while others are exploring new uses of existing space to drive more revenue. For instance, Sofitel Sydney Wentworth held 2 concerts at its courtyard last year to bid farewell to guests who were completing their 2-week quarantine. These have generated positive publicity for the hotel and its team is exploring to hold weekend concerts at the courtyard to drive room and food and beverage revenue. It is also exploring to bring luxury dining experience to small private groups with customised dining themes and menus at the courtyard.

The first COVID-19 vaccines are beginning to be introduced in countries. While the vaccine news is positive, recovery is expected to take some time due to production challenges and complex distribution processes. The impact of COVID-19 vaccines on the pandemic will also depend on

other factors, such as the effectiveness of the vaccines and how many people get vaccinated. The roll-out of the vaccines is expected to gradually increase traveller confidence and contribute to the easing of travel restrictions.

Q8 What are the factors driving down the fair valuations of investment properties? The COVID-19 pandemic might be an issue in the short to medium term but unlikely to be a factor in the long run. Thus, what other factors are affecting the fair valuations of investment properties?

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 capitalisation rates and discount rates were either unchanged or largely similar to those of the previous financial year, the valuations of all country portfolios in local currency terms declined year-on-year (**yoy**) as the impact of the COVID-19 pandemic and the uncertainty of recovery have affected the short- to medium-term cashflows and the consequent values of the properties.

However, compared to the previous financial year, all functional currencies appreciated against the Singapore dollar in FY2020, leading to a smaller yoy decline in total portfolio valuation of 3.5% to S$2.25 billion.

Q9 The Westin Kuala Lumpur has been closed for a while now due to the COVID-19 pandemic. Does management have any plans to seek alternate revenue source for the property? The cases in Kuala Lumpur show no sign of subsiding yet. How long can the asset be closed before it becomes unsustainable? Kindly share management's contingency plans should the closure drag on for an extended period?

The Westin Kuala Lumpur has resumed operations since 18 December 2020. While the Malaysian government has again placed 5 states and 3 federal territories, including Kuala Lumpur, under movement control order (MCO) from 13 January 2021 to 26 January 2021, this is balanced with the view that vaccination is expected to start in February 2021. We will continue to closely monitor and assess the situation.

Q10 What is the optimum capital structure for FHT? Will FHT borrow more money?

Q11 What is the possibility of reducing the finance costs by taking advantage of the current low interest rate environment?

Responses to Q10 to Q11:

At FHT, we adopt an active capital management strategy and seek to diversify the sources of funding to optimise our capital structure. We also take a prudent and disciplined approach to spread out our debt maturity and hedge our interest rate exposure. As such, there is no debt maturing until FY2022 and in any one year, no more than 30% of our total debt are due.

To manage interest rate risk, about 75% of our total debt are on fixed interest rates. We have been able to secure lower floating rates on the balance 25% total debt, thus reducing our effective cost of borrowing to 2.3%, down from 2.5% a year ago.

As of 30 September 2020, our gearing stood at 37.7%. We remain in compliance with our debt covenants and have adequate reserves to fulfil our obligations. About 96.3% of our total assets remain unencumbered.

Given that the leverage limit for SREITs has been raised from 45% to 50%, we continue to have ample debt headroom.

END