

Fraser's Hospitality Trust

Financial Review for the Second Quarter Ended 31 March 2019

30 April 2019



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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.

Contents

- ◆ Financial Review and 1H FY2019 Distribution
- ◆ Portfolio Performance
- ◆ Risk and Capital Management
- ◆ Market Outlook

Financial Review and 1H FY2019 Distribution

Financial Review for 2Q FY2019

| SGD m | 2Q FY2019 | 2Q FY2018 | Variance |
|--|--------------|--------------|----------|
| Gross Revenue (GR) | 34.6 | 37.5 | ▼ 7.6% |
| Net Property Income (NPI) | 25.2 | 27.8 | ▼ 9.1% |
| Distribution Income (DI) | 18.7 | 20.9 | ▼ 10.4% |
| Distribution Per Stapled Security (DPS) | 0.9846 cents | 1.1126 cents | ▼ 11.5% |

- ◆ GR and NPI declined year-on-year (yoy) by 7.6% and 9.1% respectively due mainly to the weaker performance of the Australia, Malaysia and Japan portfolios.
- ◆ In addition, the foreign exchange impact of all functional currencies on GR and NPI ranged from -0.8% to -6.6% and accounted for 53% and 40% of the decline in GR and NPI respectively.
- ◆ Our properties in Sydney were affected by softer group and leisure demand while The Westin Kuala Lumpur reported lower room and food and beverage (F&B) revenue as corporate demand remained weak.
- ◆ ANA Crowne Plaza Kobe turned in stable room revenue in this quarter although its F&B revenue was affected by the reduced wedding business.
- ◆ The non-recurrence of several large conventions held last year at the adjoined congress centre has led to lower room and F&B revenue at the Maritim Hotel Dresden. But its GR and NPI contributions were protected by the high fixed rent under the master lease.
- ◆ With a lower NPI, DI declined 10.4% yoy, while DPS was 11.5% lower at 0.9846 cents.

Financial Review for 1H FY2019

| SGD m | 1H FY2019 | 1H FY2018 | Variance |
|-------|--------------|--------------|----------|
| GR | 75.2 | 78.9 | ▼ 4.7% |
| NPI | 56.3 | 59.2 | ▼ 4.9% |
| DI | 42.4 | 45.3 | ▼ 6.4% |
| DPS | 2.2388 cents | 2.4233 cents | ▼ 7.6% |

- ◆ GR and NPI declined yoy by 4.7% and 4.9% respectively due mainly to the weaker performance of the Malaysia and Japan portfolios which were partially mitigated by the improved performance of the Australia and UK portfolios.
- ◆ The foreign exchange impact of all functional currencies on GR and NPI ranged from -6.3% to 1.1% and accounted for 73% and 62% of the decline in GR and NPI respectively.
- ◆ With lower DI, the DPS was lower at 2.2388 cents.

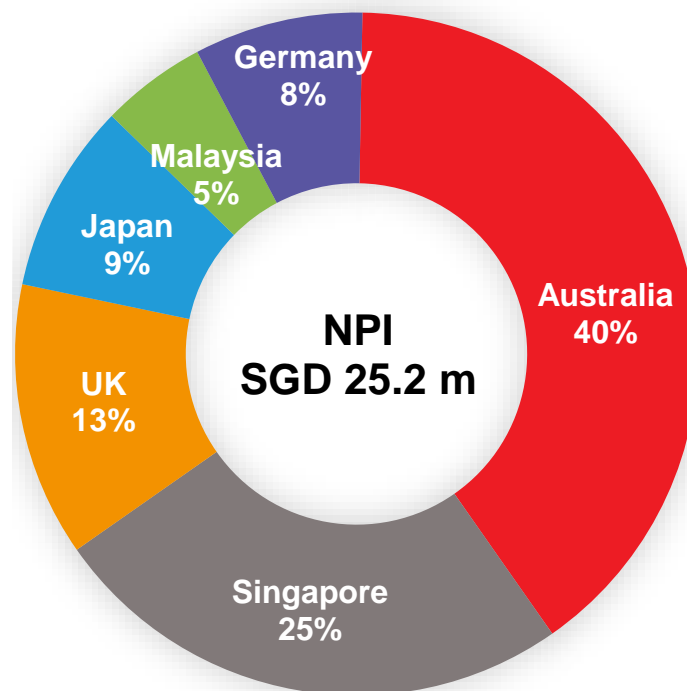
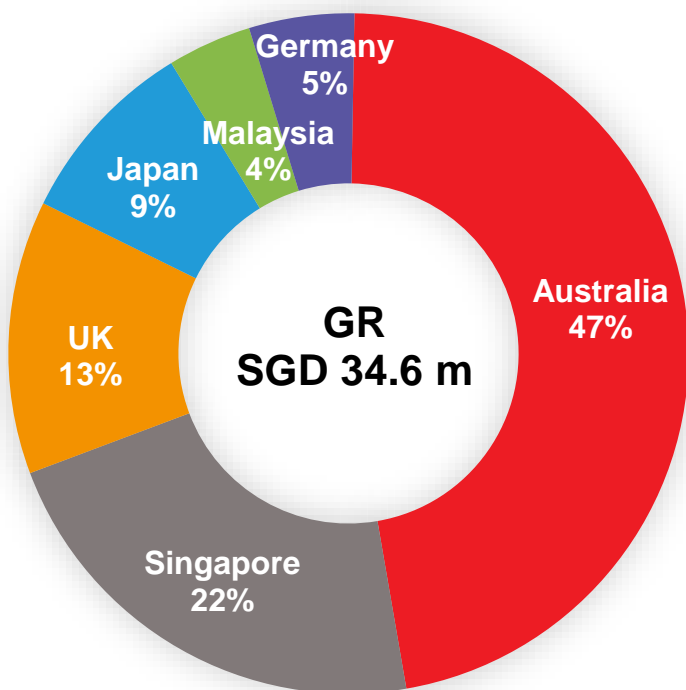
1H FY2019 Distribution

| | 1 Oct 2018 to 31 Mar 2019 |
|---|-----------------------------------|
| Distribution Rate | 2.2388 cents per Stapled Security |
| Last Day of Trading on “Cum” Basis | 7 May 2019 |
| First Day of Trading on “Ex” Basis | 8 May 2019 |
| Books Closure Date | 9 May 2019 |
| Distribution Payment Date | 28 Jun 2019 |

Portfolio Performance

InterContinental Singapore

Portfolio Contribution by Country for 2Q FY2019



Portfolio Highlights By Country for 2Q FY2019

| Country | 2Q FY2019 | | | |
|----------------------|-------------------------------|----------------|------------------------------|----------------|
| | Gross Operating Revenue (GOR) | | Gross Operating Profit (GOP) | |
| | Local Currency (m) | Variance (yoy) | Local Currency (m) | Variance (yoy) |
| Australia | 31.1 | ▼ 4.0% | 13.4 | ▼ 6.1% |
| Singapore | 21.6 | ▲ 0.9% | 8.9 | ▼ 0.7% |
| UK | 5.5 | ▲ 14.2% | 2.4 | ▲ 11.4% |
| Japan | 1,354.5 | ▼ 1.9% | 320.8 | ▼ 4.6% |
| Malaysia | 19.9 | ▼ 11.5% | 5.2 | ▼ 30.3% |
| Germany ¹ | 2.0 | ▼ 4.6% | 0.6 | ▼ 18.7% |

¹ Maritim Hotel Dresden is a triple net leased property with a high fixed rent component which provides downside protection to FHT.

Portfolio Highlights By Country for 1H FY2019

| Country | 1H FY2019 | | | |
|----------------------|-------------------------------|----------------|------------------------------|----------------|
| | Gross Operating Revenue (GOR) | | Gross Operating Profit (GOP) | |
| | Local Currency (m) | Variance (yoy) | Local Currency (m) | Variance (yoy) |
| Australia | 67.5 | ▲ 1.4% | 30.3 | ▲ 0.9% |
| Singapore | 43.7 | ▲ 0.6% | 17.8 | ▼ 0.5% |
| UK | 12.1 | ▲ 11.5% | 5.9 | ▲ 9.5% |
| Japan | 3,086.9 | ▼ 3.3% | 825.2 | ▼ 10.5% |
| Malaysia | 41.8 | ▼ 11.6% | 10.7 | ▼ 30.7% |
| Germany ¹ | 5.2 | ▲ 0.2% | 1.9 | ▼ 4.7% |

¹ Maritim Hotel Dresden is a triple net leased property with a high fixed rent component which provides downside protection to FHT.

Australia Portfolio Performance

| AUD m | 2Q FY2019 | 2Q FY2018 | Variance |
|------------|-----------|-----------|----------|
| GOR | 31.1 | 32.4 | ▼ 4.0% |
| GOP | 13.4 | 14.3 | ▼ 6.1% |

- **Novotel Melbourne on Collins (NMOC)**

- **Sofitel Sydney Wentworth (SSW)**

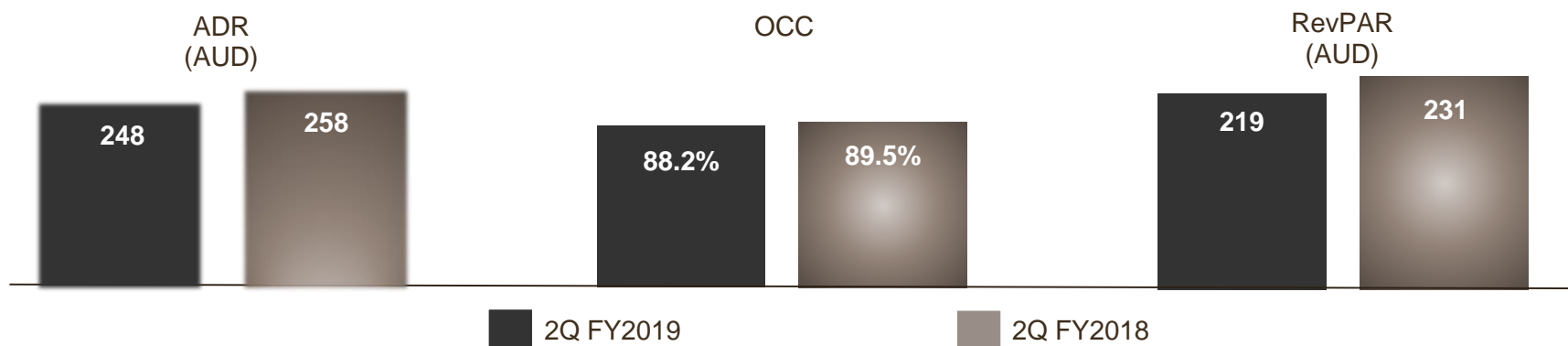
- In this quarter, the Australia portfolio saw GOR and GOP decrease yoy by 4.0% and 6.1% respectively. Portfolio RevPAR declined 5.4% yoy on the back of lower ADR and occupancy.

- SSW and FSS reported weaker performance as the trading environment in Sydney continued to be challenging.

- However, NSDS performed better yoy as its banquet revenue doubled on the back of increased conferences and events business. NMOC also fared better with a 3.4% improvement in its RevPAR.

- **Novotel Sydney Darling Square (NSDS)**

- **Fraser Suites Sydney (FSS)**



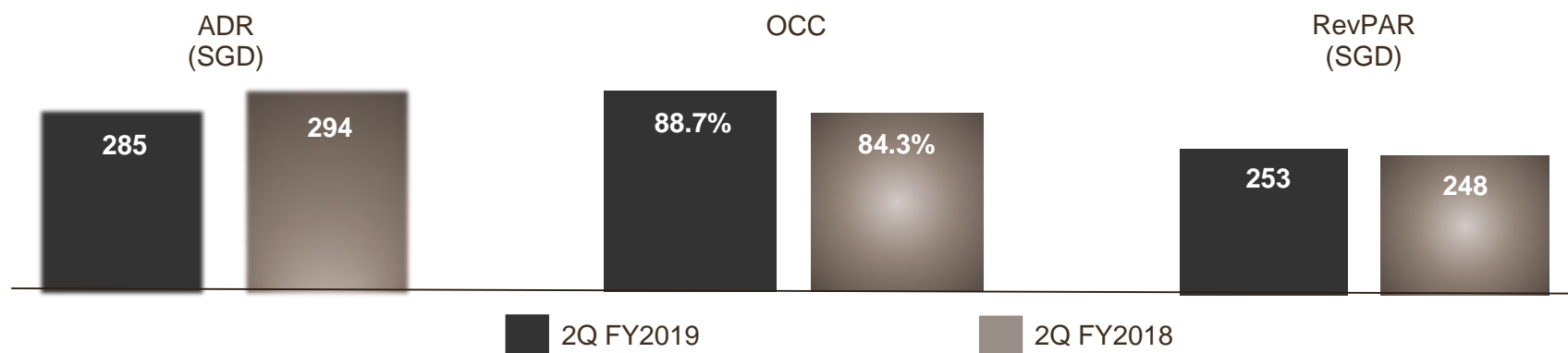
Singapore Portfolio Performance

| SGD m | 2Q FY2019 | 2Q FY2018 | Variance |
|-------|-----------|-----------|----------|
| GOR | 21.6 | 21.4 | ▲ 0.9% |
| GOP | 8.9 | 8.9 | ▼ 0.7% |

- **InterContinental Singapore (ICSG)**

- **Fraser Suites Singapore (FSSG)**

- The performance of the Singapore portfolio remained stable in 2Q FY2019, with GOR increasing by 0.9% and GOP declining by 0.7%.
- Portfolio RevPAR grew 2.2%, underpinned by higher occupancies, primarily at FSSG. However, the absence of the Singapore Airshow this year and competition from new entrants in the Bugis precinct continued to exert downward pressure on ICSG's ADR.



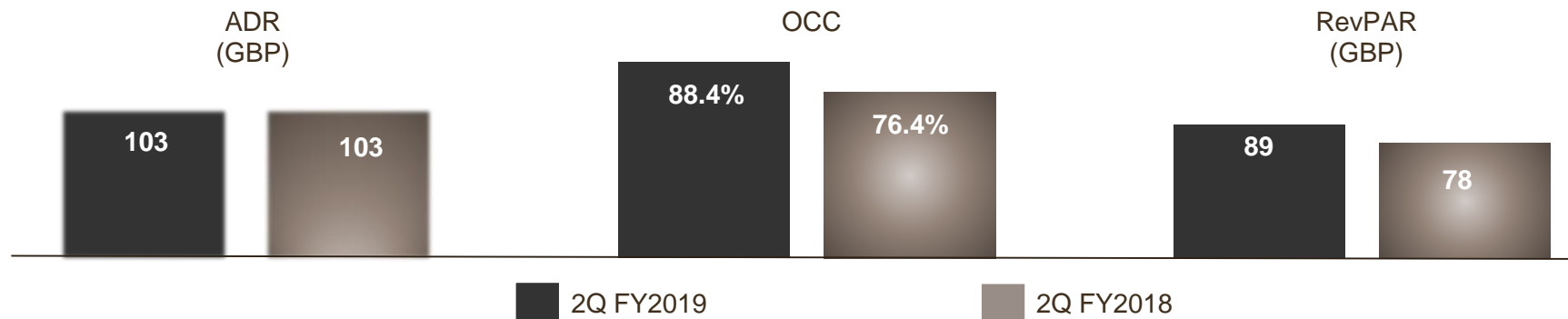
UK Portfolio Performance

| GBP m | 2Q FY2019 | 2Q FY2018 | Variance |
|------------|-----------|-----------|----------|
| GOR | 5.5 | 4.8 | ▲ 14.2% |
| GOP | 2.4 | 2.2 | ▲ 11.4% |

- **ibis Styles London Gloucester Road (ISLG)**
- **Fraser Place Canary Wharf (FPCW)**
- **Fraser Suites Glasgow (FSG)**

- **Park International London (PIL)**
- **Fraser Suites Edinburgh (FSE)**
- **Fraser Suites Queens Gate (FSQG)**

- The UK portfolio's GOR and GOP increased yoy by 14.2% and 11.4% respectively.
- Portfolio RevPAR was 13.2% higher than a year ago as all properties across the portfolio reported strong RevPAR growth.
- The full renovation of ISLG, which lasted 7 months, was completed in Feb 2019. Post-renovation, the hotel achieved a strong RevPAR growth of 31.0% on the back of improved occupancy and higher ADR.

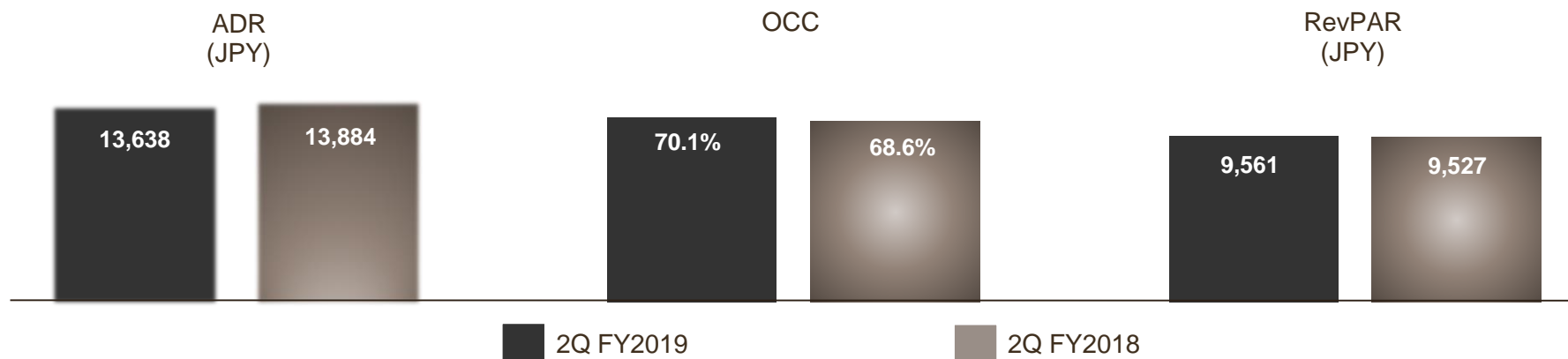


Japan Portfolio Performance

| JPY m | 2Q FY2019 | 2Q FY2018 | Variance |
|------------|-----------|-----------|----------|
| GOR | 1,354.5 | 1,380.3 | ▼ 1.9% |
| GOP | 320.8 | 336.5 | ▼ 4.6% |

- ANA Crowne Plaza Kobe (CPK)**

- CPK's GOR decreased 1.9% yoy due to lower F&B revenue while its GOP declined 4.6% due mainly to higher utilities costs arising from increased tariffs.
- Notwithstanding a weak lodging market, the hotel improved its RevPAR by 0.4%, hence increasing its market share during the quarter.
- While it has proactively sought to drive more revenue from corporate and other social events, the trend of declining wedding business continued to impact its F&B revenue.

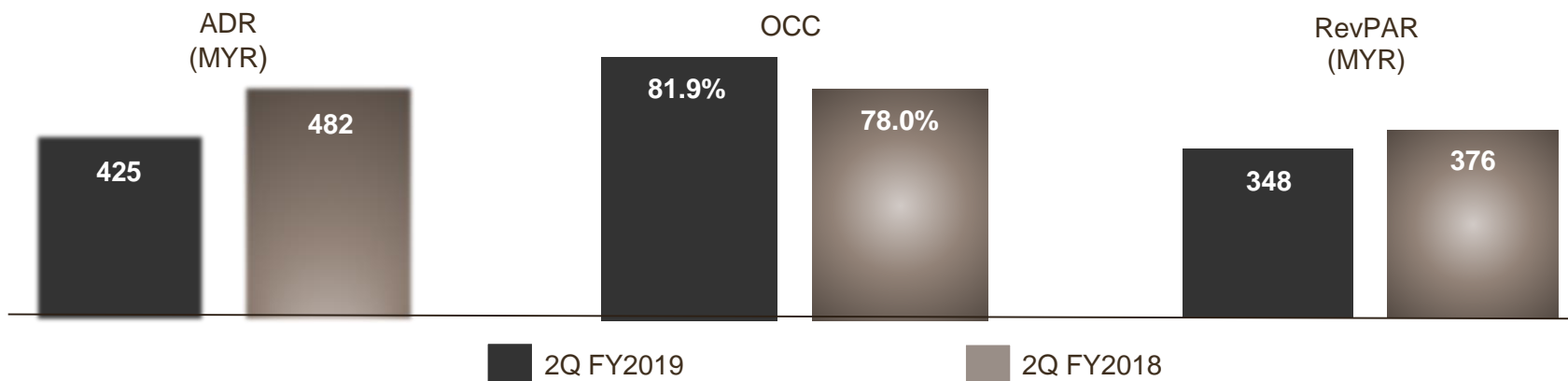


Malaysia Portfolio Performance

| MYR m | 2Q FY2019 | 2Q FY2018 | Variance |
|------------|-----------|-----------|----------|
| GOR | 19.9 | 22.5 | ▼ 11.5% |
| GOP | 5.2 | 7.5 | ▼ 30.3% |

- The Westin Kuala Lumpur (TWKL)**

- TWKL's GOR and GOP decreased yoy by 11.5% and 30.3% respectively as weaker corporate and group demand in Kuala Lumpur continued to affect the hotel's room and F&B revenue.
- TWKL's RevPAR declined yoy by 7.5% on the back of lower ADR while its F&B revenue was 29.1% lower due to softer demand in general banqueting.
- Notwithstanding the weaker RevPAR, the hotel has been able to maintain its market share vis-à-vis its peers.



Risk and Capital Management

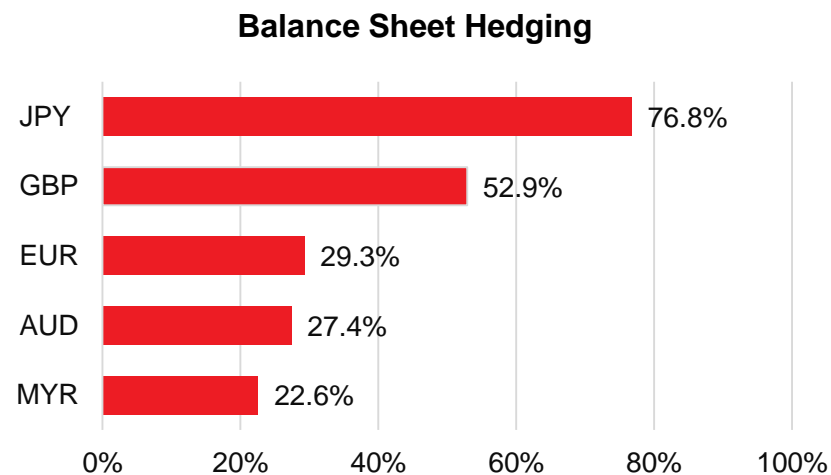
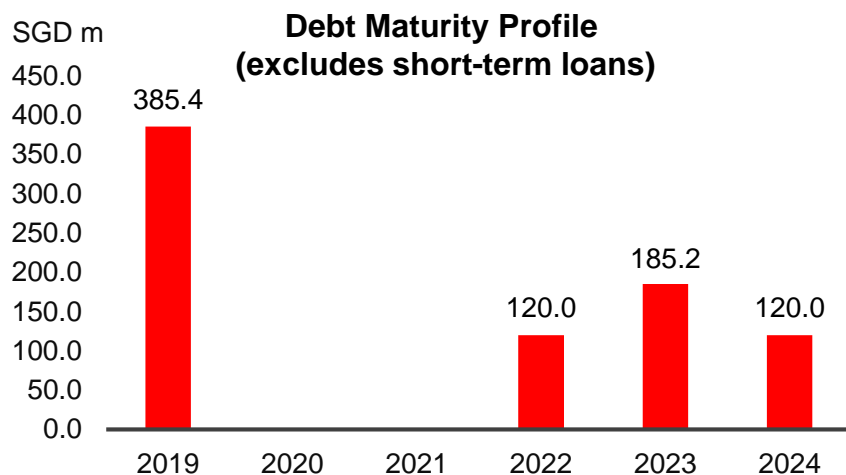


Park International London

Risk and Capital Management

| As at 31 Mar 2019 | |
|--------------------------------------|---------------|
| Investment Properties | SGD 2,139.9 m |
| Property, Plant and Equipment | SGD 240.1 m |
| Total Assets | SGD 2,477.9 m |
| Total Borrowings | SGD 842.4 m |
| Gearing | 34.1% |
| Net Asset Value per Stapled Security | SGD 0.76 |

| As at 31 Mar 2019 | |
|------------------------------------|-----------|
| Weighted Average Years to Maturity | 2.4 years |
| Unsecured Debt | 96.1% |
| Effective Cost of Borrowing | 2.6% |
| Borrowings on Fixed Rates | 73.6% |
| Interest Cover | 4.8 times |
| FHT's Issuer Rating by Moody's | Baa2 |

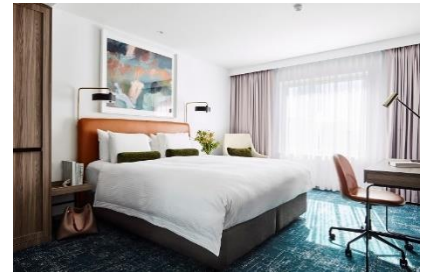




Market Outlook

Australia

- ◆ Tourism Australia reported a yoy increase of 4.9% in international arrivals to 9.2 million for 2018, with Chinese visitors growing by 5.5% yoy.
- ◆ For the first 2 months of 2019, international arrivals rose 2.5% yoy to 1.7 million.
- ◆ **However, in Sydney,** new room supply added to the market over the past 2 years has been affecting hotel performance. The city's development pipeline is forecast to grow at 5.7% per annum over the next 3 years. While the city remains a popular destination, the risks to the market revolve around the strength of the corporate sector as economic growth may soften in 2019¹.
- ◆ In Melbourne, the hotel market is anticipated to remain under pressure, with over 1,400 rooms to be added by 2020. If all the projects come to fruition, future declines would be expected¹.

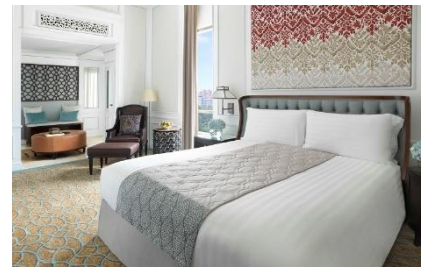


Pictures from Novotel Sydney Darling Square and Fraser Suites Sydney

¹ Source: CBRE – MarketView Australia Hotels, Q4 2018 (24 Jan 2019)

Singapore

- ◆ For 2018, the Singapore Tourism Board (STB) recorded a 6.2% yoy growth in international visitor arrivals to 18.5 million.
- ◆ For the period from Jan to Feb 2019, international visitor arrivals rose 2.0% yoy to 3.1 million. China, Indonesia and India were the top three source markets for tourism, accounting for 42.5% of total visitor arrivals.
- ◆ To maintain Singapore's competitiveness as an attractive tourist destination, STB and industry partners have put in place a slew of initiatives including the redevelopment of Sentosa and the rejuvenation of Orchard Road¹.
- ◆ In 2019, close to 2,000 new hotel rooms are expected to enter the pipeline. After 2019, new supply is expected to taper off, which would help ease any supply pressure as the hotel market would be able to consolidate further in light of healthy tourist arrival numbers¹.
- ◆ Despite slower economic growth and ongoing US-China trade war, the Singapore hotel market is expected to remain steady¹.



Pictures from Gardens by the Bay, InterContinental Singapore and Fraser Suites Singapore

¹ Source: CBRE – Singapore Hotel Marketview, H2 2018 (20 Feb 2019)

UK

- ◆ According to VisitBritain, the UK welcomed 37.8 million overseas visitors in 2018, down 4.0% yoy. Business visits were 3.0% below levels seen in 2017.
- ◆ Going forward, uncertainty relating to global trade tensions and Brexit are anticipated to take a toll on the UK's economic growth¹.
- ◆ Although the weaker British pound would continue to support leisure demand, new room supply and weaker corporate demand are likely to put pressure on occupancy rates and RevPAR growth¹.



Pictures from ibis Styles London Gloucester Road and Fraser Suites Glasgow

1 Source: PwC UK Hotels Forecast Update for 2019 and 2020, Mar 2019

Japan

- ◆ For 2018, Japan National Tourism Organization recorded a yoy growth of 8.7% in foreign visitors to 31.2 million.
- ◆ The number of foreign visitors increased by 5.6% yoy for the first 2 months of 2019.
- ◆ While inbound tourism from Europe and North America continues to see strong growth, the slowdown in the Chinese economy may weaken outbound tourism to Japan which remains highly dependent upon visitors from East Asia¹.

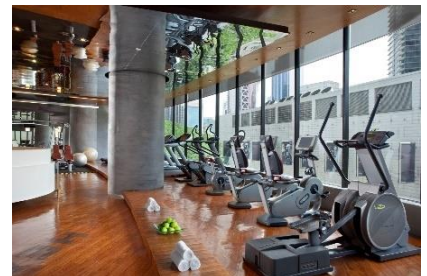


Pictures from IHG ANA Crowne Plaza Kobe

1 Source: Savills – Spotlight: Japan Hospitality, Jan – Feb 2019 (20 Feb 2019)

Malaysia

- ◆ For 2018, Tourism Malaysia reported a marginal 0.4% decline in tourist arrivals to 25.8 million.
- ◆ It aims to achieve tourist arrivals of 28.1 million for 2019.
- ◆ In Kuala Lumpur, significant supply influx has continued to weigh on room rates. As Malaysia is likely to implement a departure levy on all outbound travellers from June 2019, this raises concern that it may undermine growth in tourist arrivals¹.



Pictures from Tourism Malaysia and The Westin Kuala Lumpur

¹ Source: JLL – Asia Pacific Property Digest, Q4 2018 (14 Feb 2019)

Germany

- ◆ For 2018, the Federal Statistical Office of Germany recorded a yoy increase of 3.9% in the number of overnight stays by domestic and foreign visitors¹.
- ◆ For the first 2 months of 2019, the number of overnight stays increased 2.0% yoy to 54.0 million¹.
- ◆ In Dresden, the total number of domestic and foreign visitors for 2018 rose 3.2% yoy. For Jan 2019, the total number of visitors declined 7.4% yoy².
- ◆ Dresden, the capital city of the Free State of Saxony, continues to grow its pipeline of MICE events for 2019 and 2020 including Green and Sustainable Chemistry Conference, EuroBrake, Lab-Supply, 18th European Conference on Applications of Surface and Interface Analysis, Bauen Kaufen Wohnen (Construction and Real Estate) and Borsentag Tag Dresden (Banking and Finance).



Pictures from Maritim Hotel Dresden

1 Source: www.destatis.de

2 Source: www.dresden.de

**Experience
matters.**



Well-Diversified Portfolio Across Geography








**15
properties**

**9
cities**

**3,913
keys**

**SGD 2.4 b
portfolio value**

Hotel Properties Managed by Third-Party Operators

| | Property | Country | Description | Tenure | Class | Rooms |
|--|------------------------------------|----------------|---|-----------------------|-----------|-------|
|  | Novotel Melbourne on Collins | Australia | Strategically located within Melbourne's core CBD area along Collins Street | Freehold | Upscale | 380 |
|  | Novotel Sydney Darling Square | Australia | 4.5-star hotel located within close proximity of Sydney's Darling Harbour and Chinatown | 84 years ¹ | Mid-scale | 230 |
|  | Sofitel Sydney Wentworth | Australia | Iconic 5-star hotel in Sydney's core CBD; within a short walk to major office buildings, tourist attractions and transport hubs | 75 years ² | Luxury | 436 |
|  | InterContinental Singapore | Singapore | Only 5-star luxury hotel in Singapore to preserve Peranakan heritage in a shop house style setting | 75 years ¹ | Luxury | 406 |
|  | ibis Styles London Gloucester Road | United Kingdom | Distinctive white Victorian facade located in the heart of London | 75 years ¹ | Mid-scale | 84 |

¹ Commencing from 14 July 2014 (listing date)







² Commencing from 5 July 2015

Hotel Properties Managed by Frasers Hospitality and Third-Party Operators

| | Property | Country | Description | Tenure | Class | Rooms |
|---|---------------------------|----------|--|-----------------------|---------------|-------|
|  | Park International London | UK | Elegant hotel ideally located in the heart of Kensington and Chelsea | 75 years ¹ | Mid-scale | 171 |
|  | ANA Crowne Plaza Kobe | Japan | Unique panoramic view of Kobe city from Rokko mountain | Freehold | Upper Upscale | 593 |
|  | The Westin Kuala Lumpur | Malaysia | 5-star luxury hotel located in the centre of Kuala Lumpur's bustling Golden Triangle area | Freehold | Upper Upscale | 443 |
|  | Maritim Hotel Dresden | Germany | Heritage-listed and located in the historical city centre of Dresden, the capital city of the eastern German state of Saxony | Freehold | Upscale | 328 |

¹ Commencing from 14 July 2014 (listing date)

Serviced Residences Managed by Frasers Hospitality

| | Property | Country | Description | Tenure | Class | Rooms |
|--|---------------------------|-----------|--|-----------------------|---------------|-------|
|  | Fraser Suites Sydney | Australia | First luxury apartments in Sydney designed by internationally renowned architects | 75 years ¹ | Upper Upscale | 201 |
|  | Fraser Suites Singapore | Singapore | Luxurious serviced residences in the prime residential district of River Valley | 75 years ¹ | Upper Upscale | 255 |
|  | Fraser Suites Edinburgh | UK | Rustic 1750s sandstone building located in the heart of Edinburgh's Old Town | 75 years ¹ | Upper Upscale | 75 |
|  | Fraser Suites Glasgow | UK | Stunningly restored 1850s building which was formerly the city bank of Glasgow | 75 years ¹ | Upper Upscale | 98 |
|  | Fraser Suites Queens Gate | UK | Beautiful Victorian apartment hotel in Kensington | 75 years ¹ | Upper Upscale | 105 |
|  | Fraser Place Canary Wharf | UK | Stunning apartments located by the River Thames, showcasing chic contemporary design | 75 years ¹ | Upper Upscale | 108 |

¹ Commencing from 14 July 2014 (listing date)