
Frasers Hospitality Trust

Financial Review for the First Quarter Ended
31 December 2019

23 January 2020



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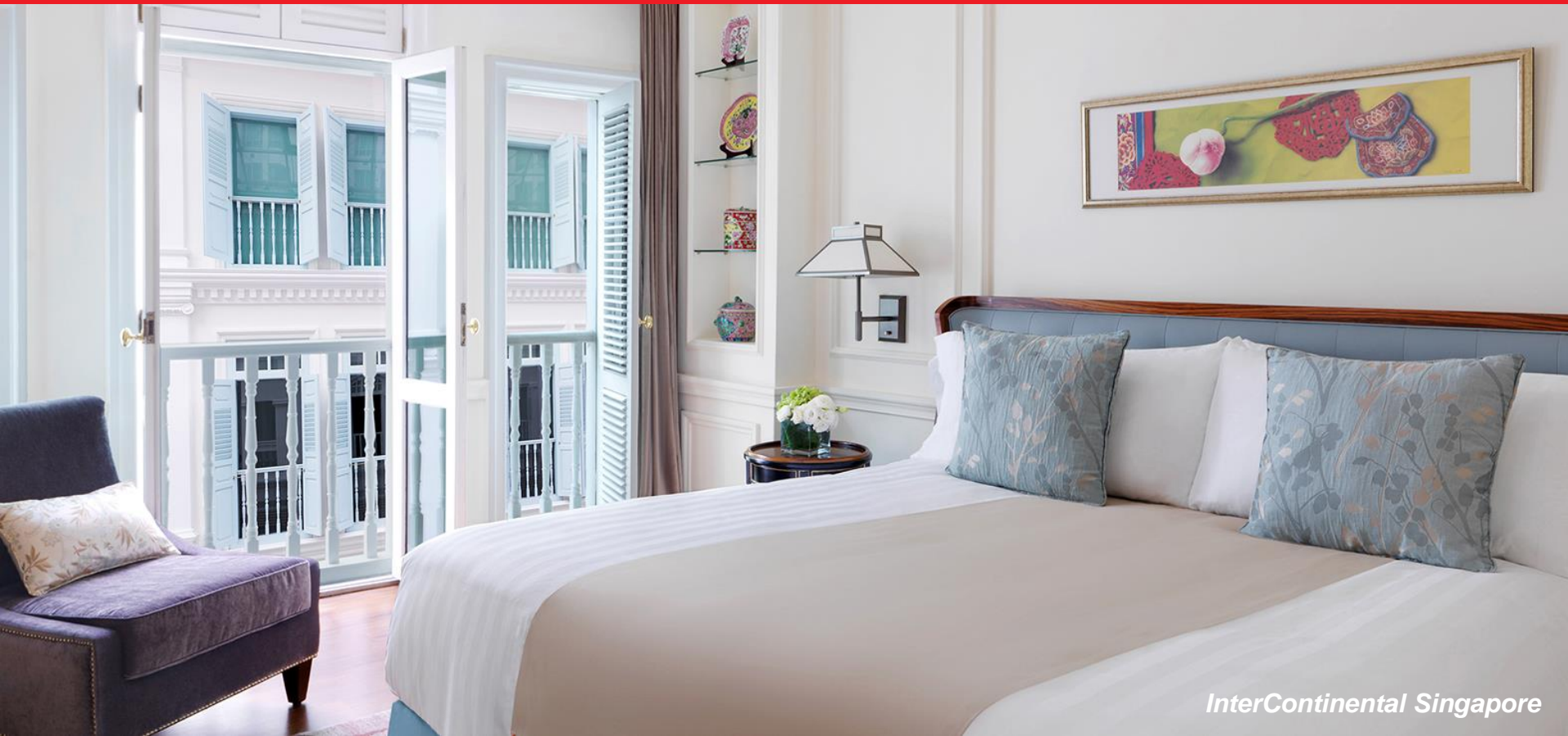
This advertisement has not been reviewed by the Monetary Authority of Singapore.

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

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Financial Review



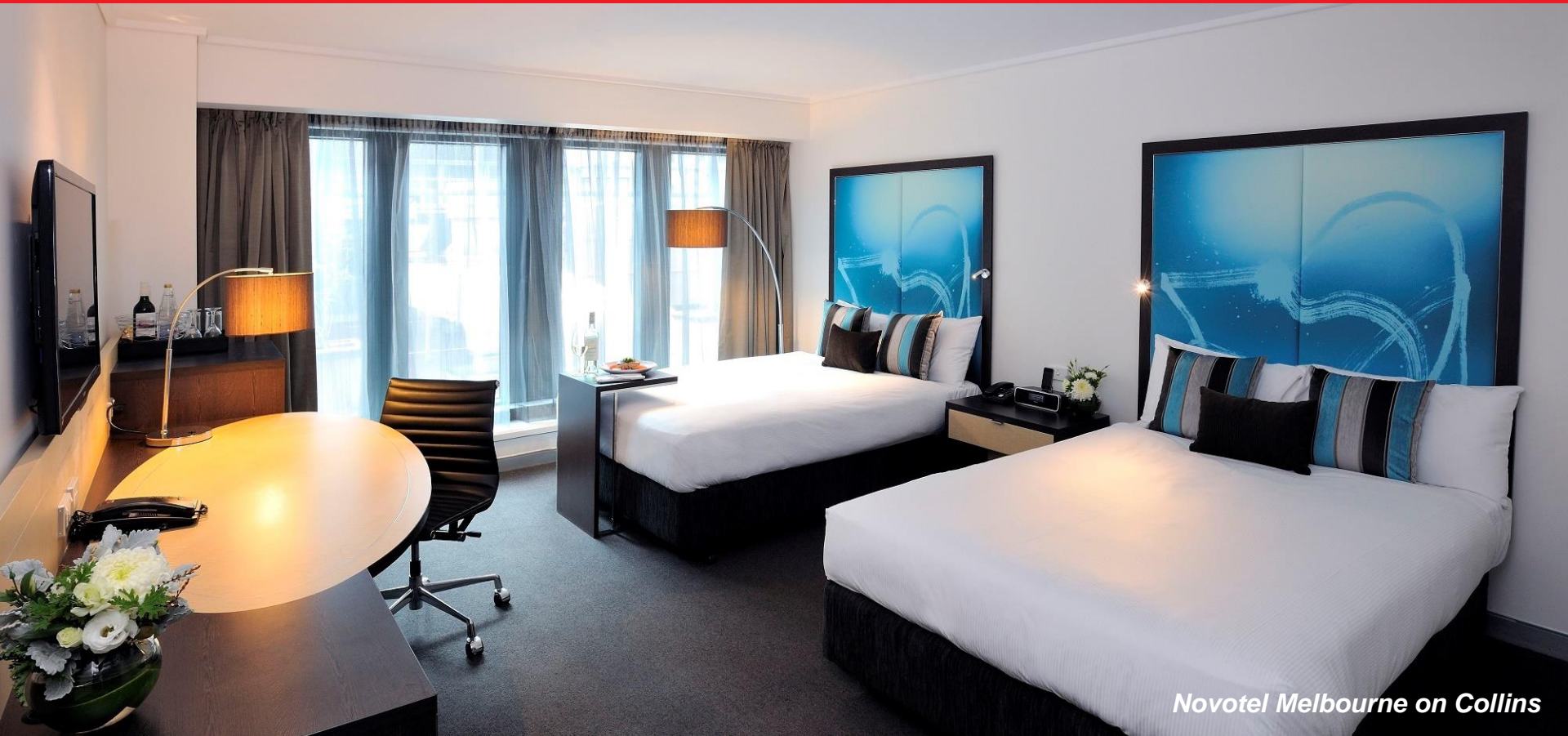
InterContinental Singapore

Financial Review for 1Q FY2020

| SGD m | 1Q FY2020 | 1Q FY2019 | Variance |
|--|--------------|--------------|----------|
| Gross Revenue (GR) | 42.4 | 40.6 | ▲ 4.3% |
| Net Property Income (NPI) | 33.2 | 31.1 | ▲ 6.8% |
| Distribution Income (DI) | 25.5 | 23.7 | ▲ 7.4% |
| Distribution Per Stapled Security (DPS) | 1.3301 cents | 1.2542 cents | ▲ 6.1% |

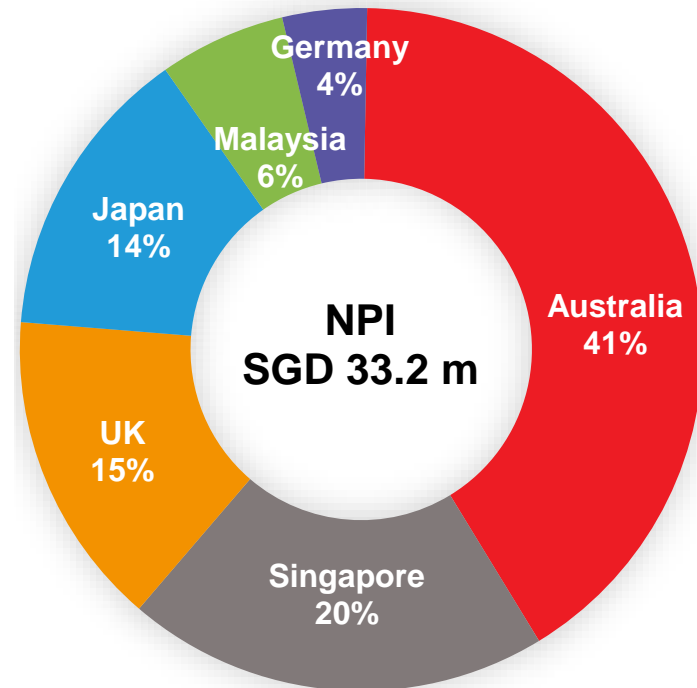
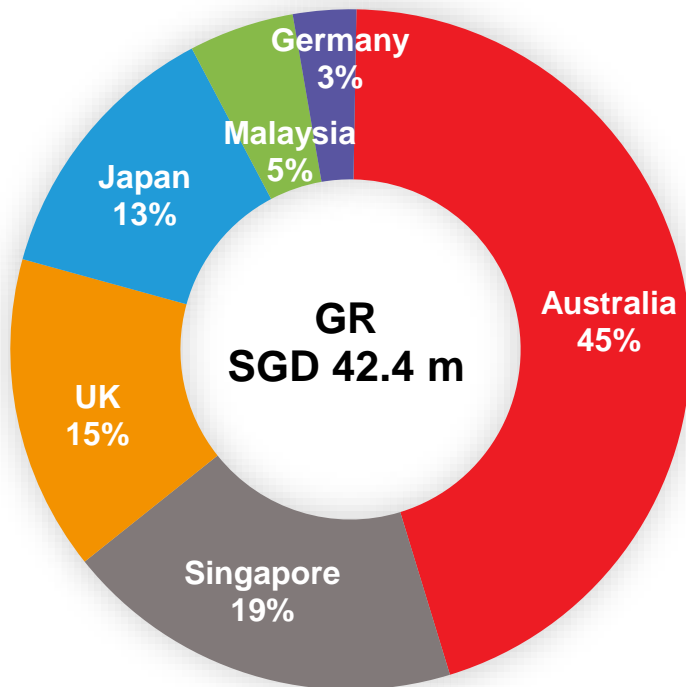
- ◆ GR and NPI improved yoy (year-on-year) due to better portfolio performance across all countries.
- ◆ Australia portfolio reported improved profit on higher F&B (food and beverage) revenue and lower operating expenses, which more than offset its weaker room revenue.
- ◆ Singapore and UK portfolios continued to record healthy revenue per available room (RevPAR) gains of 6.9% and 4.9% respectively.
- ◆ Japan portfolio achieved higher profit in this quarter due to gains in operational efficiency.
- ◆ Malaysia portfolio continued to recover from a low base, with RevPAR growing 11.5% yoy. Its profit saw a steeper increase due mainly to gains in operational efficiency which lowered operating costs.
- ◆ With the higher NPI, DI increased 7.4% yoy while DPS rose 6.1% to 1.3301 cents.

Portfolio Performance



Novotel Melbourne on Collins

Portfolio Contribution by Country for 1Q FY2020



Portfolio Highlights By Country for 1Q FY2020

| Country | Gross Operating Revenue (GOR) | | Gross Operating Profit (GOP) | |
|-----------|-------------------------------|----------------|------------------------------|----------------|
| | Local Currency (m) | Variance (yoy) | Local Currency (m) | Variance (yoy) |
| Australia | 36.5 | ▲ 1.9% | 17.7 | ▲ 5.4% |
| Singapore | 22.7 | ▲ 2.6% | 9.1 | ▲ 2.0% |
| UK | 6.9 | ▲ 5.5% | 3.7 | ▲ 7.3% |
| Japan | 1,675.8 | ▼ 3.3% | 570.2 | ▲ 13.1% |
| Malaysia | 23.5 | ▲ 7.5% | 8.0 | ▲ 46.4% |
| Germany | 3.5 | ▲ 8.5% | 1.5 | ▲ 7.6% |

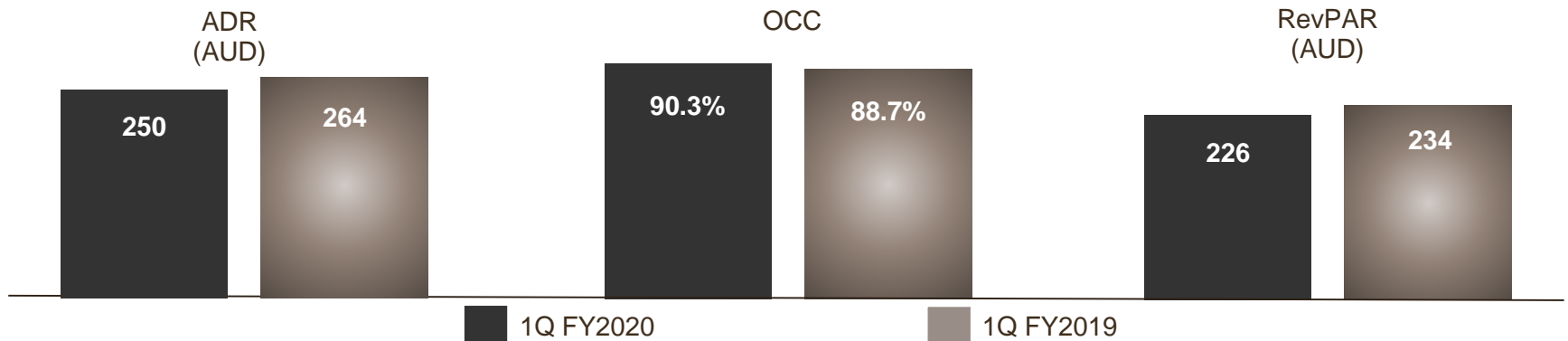
Australia Portfolio Performance

| AUD m | 1Q FY2020 | 1Q FY2019 | Variance |
|-------|-----------|-----------|----------|
| GOR | 36.5 | 35.9 | ▲ 1.9% |
| GOP | 17.7 | 16.8 | ▲ 5.4% |

- Novotel Melbourne on Collins (NMOC)
- Sofitel Sydney Wentworth (SSW)

- Novotel Sydney Darling Square (NSDS)
- Fraser Suites Sydney (FSS)

- Australia portfolio's GOR and GOP increased 1.9% and 5.4% yoy respectively. GOR improved due to higher F&B revenue while the steeper GOP increase was attributed to better cost control on operating expenses.
- Portfolio occupancy rose to 90.3%, from 88.7% a year ago, despite the weaker trading environment weighing on average daily rate (ADR). This mitigated the decline in RevPAR and enabled all properties to outperform the market.



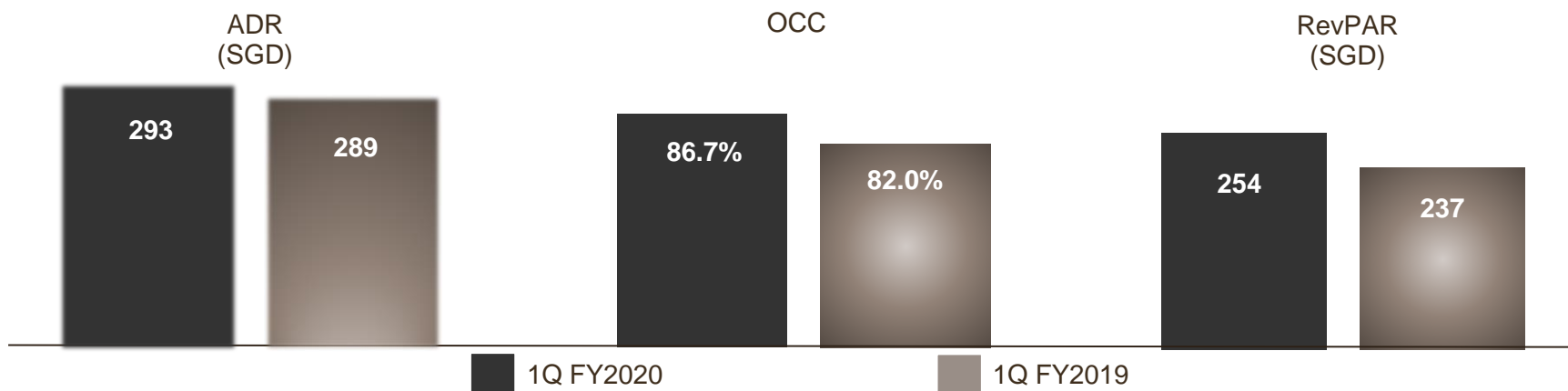
Singapore Portfolio Performance

| SGD m | 1Q FY2020 | 1Q FY2019 | Variance |
|------------|-----------|-----------|----------|
| GOR | 22.7 | 22.1 | ▲ 2.6% |
| GOP | 9.1 | 8.9 | ▲ 2.0% |

- **InterContinental Singapore (ICSG)**

- **Fraser Suites Singapore (FSSG)**

- Singapore portfolio reported a 2.6% increase in GOR and a 2.0% increase in GOP yoy.
- Portfolio RevPAR improved 6.9% yoy on the back of higher ADR and occupancy.
- Both ICSG and FSSG saw healthy gains in RevPAR, driven by stronger leisure and corporate demand.



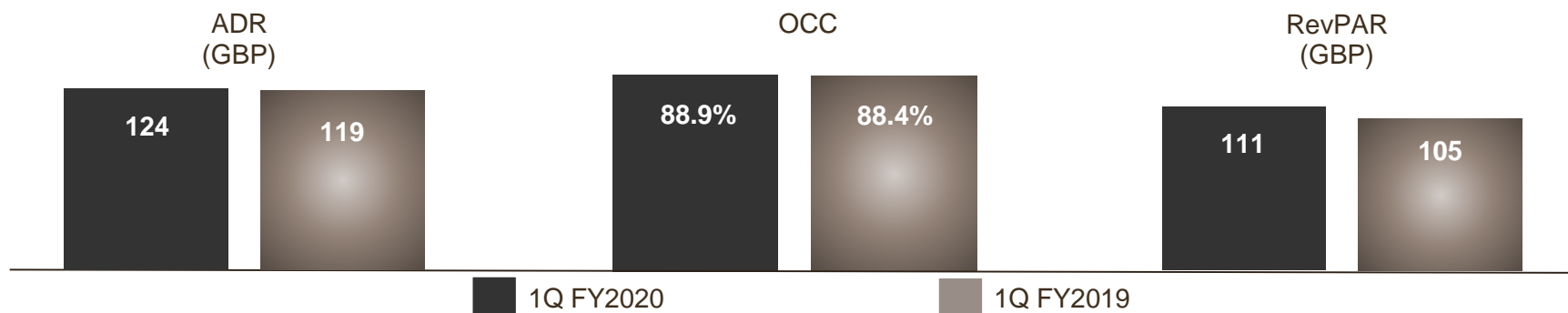
UK Portfolio Performance

| GBP m | 1Q FY2020 | 1Q FY2019 | Variance |
|-------|-----------|-----------|----------|
| GOR | 6.9 | 6.6 | ▲ 5.5% |
| GOP | 3.7 | 3.5 | ▲ 7.3% |

- 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 continued to benefit from the weak pound. As a result, GOR and GOP rose yoy by 5.5% and 7.3% respectively.
- Portfolio RevPAR was 4.9% above the levels in 1Q FY2019 due to higher ADR and occupancy.

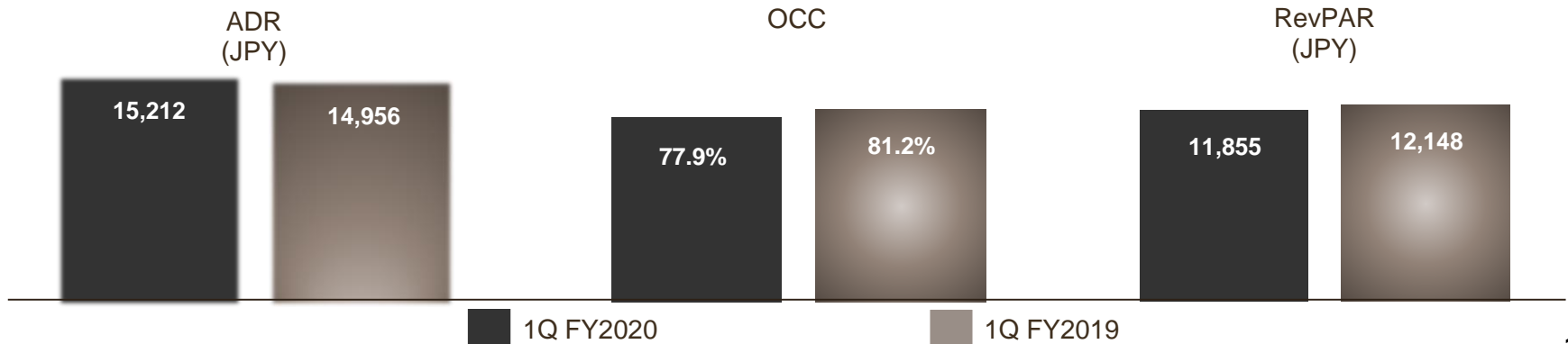


Japan Portfolio Performance

| JPY m | 1Q FY2020 | 1Q FY2019 | Variance |
|------------|-----------|-----------|----------|
| GOR | 1,675.8 | 1,732.4 | ▼ 3.3% |
| GOP | 570.2 | 504.3 | ▲ 13.1% |

- **ANA Crowne Plaza Kobe (CPK)**

- CPK's GOR declined 3.3% or JPY 56.6 m yoy due to lower room and F&B revenue.
- Notwithstanding the lower GOR, its GOP increased 13.1% or JPY 65.9 m yoy. The hotel has been reviewing and re-grouping resources to streamline its operations. This continual effort in driving operational efficiency resulted in the positive GOP growth.

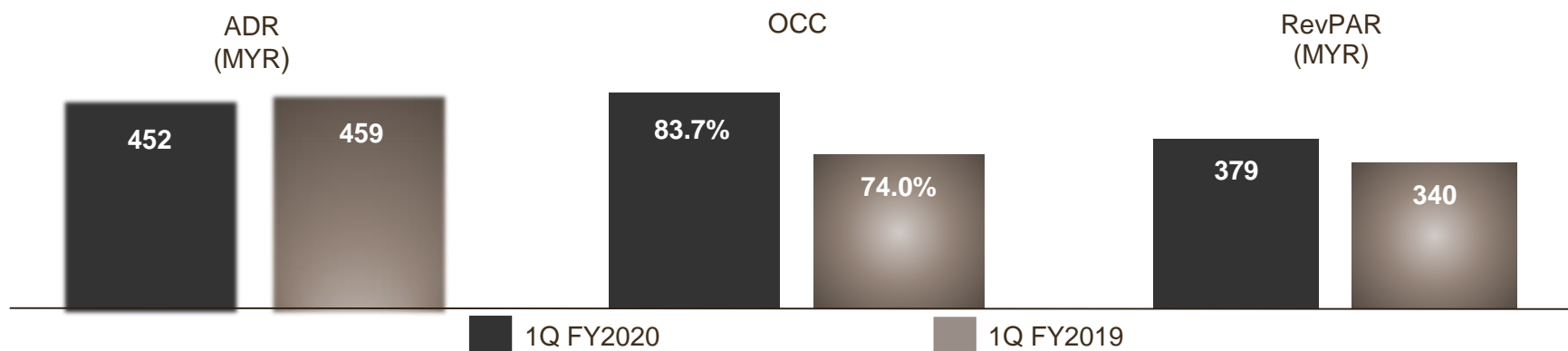


Malaysia Portfolio Performance

| MYR m | 1Q FY2020 | 1Q FY2019 | Variance |
|-------|-----------|-----------|----------|
| GOR | 23.5 | 21.8 | ▲ 7.5% |
| GOP | 8.0 | 5.5 | ▲ 46.4% |

- **The Westin Kuala Lumpur (TWKL)**

- TWKL continued to recover from a market-wide low base as GOR improved 7.5% yoy, driven mainly by higher room revenue.
- With its continual efforts to increase operational efficiency, the hotel has achieved reduction in operating costs and improved its profitability. Its recent sustainability drive including the installation of new energy-efficient heat pumps led to substantial savings in utilities costs. Coupled with the 11.5% increase in room revenue, its GOP rose 46.4% or RM2.5 million yoy.



Risk and Capital Management

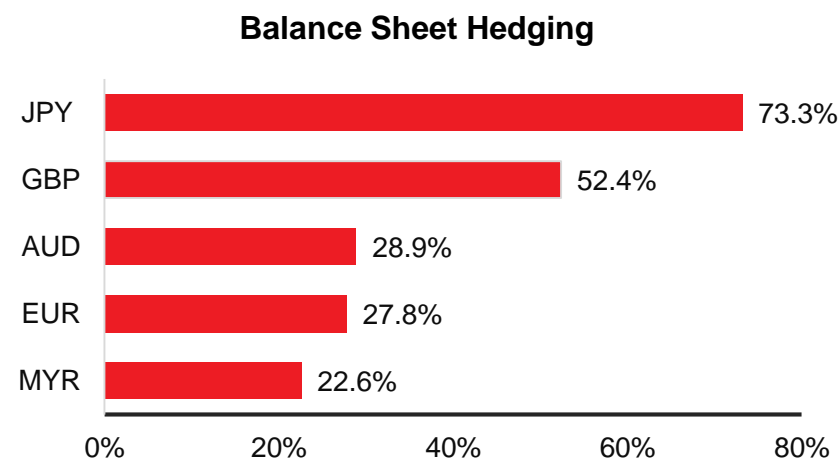
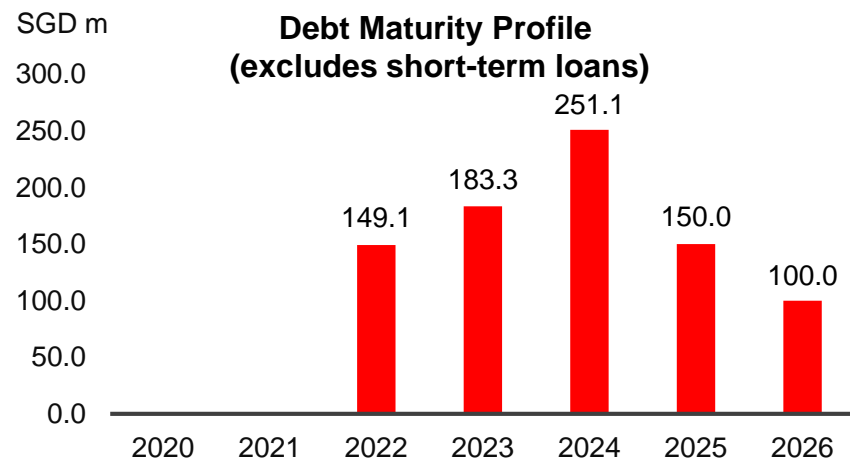


ANA Crowne Plaza Kobe

Risk and Capital Management

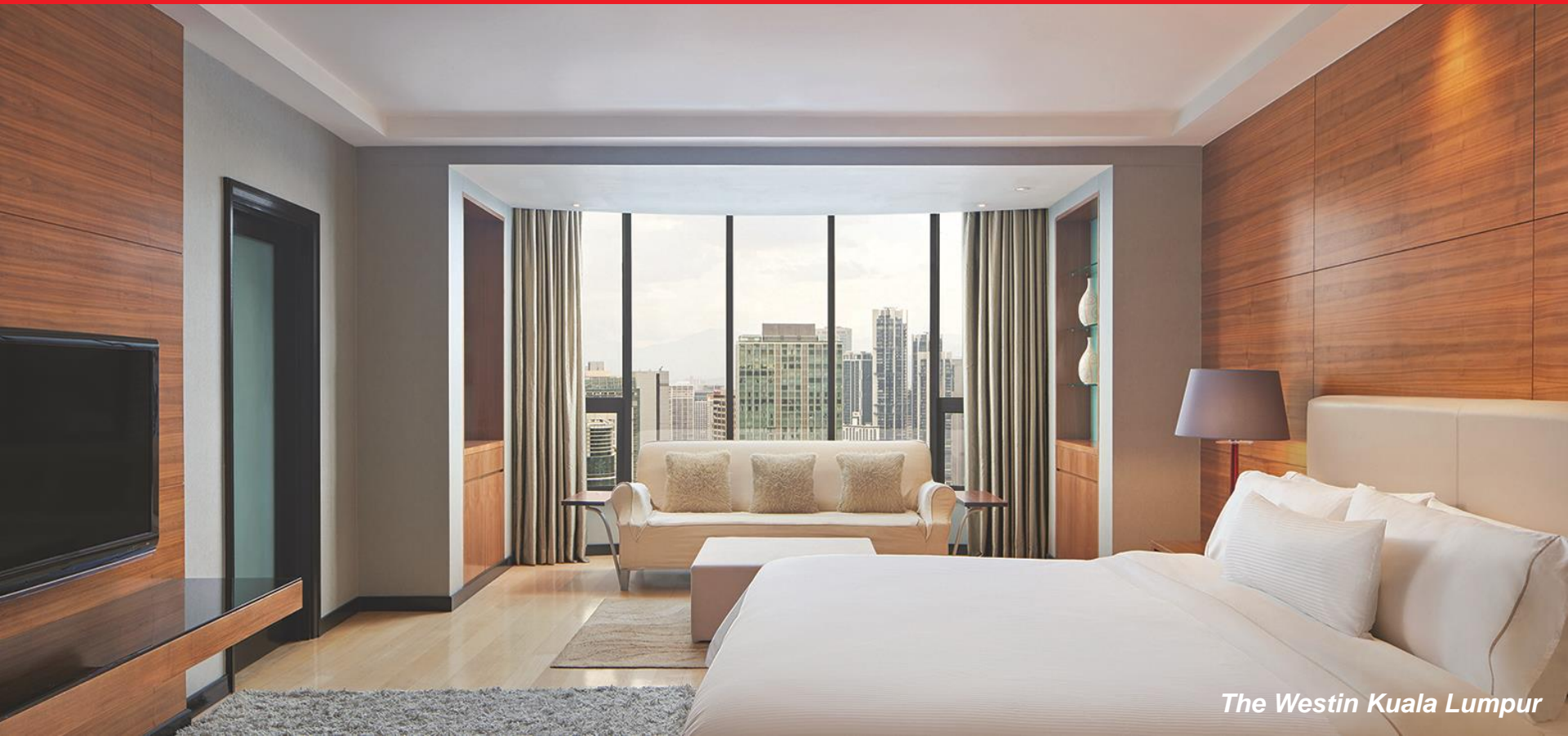
| As at 31 Dec 2019 | |
|--------------------------------------|---------------|
| Investment Properties | SGD 2,128.2 m |
| Property, Plant and Equipment | SGD 226.1 m |
| Total Assets | SGD 2,462.3 m |
| Total Borrowings | SGD 870.0 m |
| Gearing ¹ | 35.5% |
| Net Asset Value per Stapled Security | SGD 0.72 |

| As at 31 Dec 2019 | |
|--|------------|
| Weighted Average Years to Maturity | 4.38 years |
| Unsecured Debt | 96.3% |
| Effective Cost of Borrowing ¹ | 2.4% |
| Borrowings on Fixed Rates | 73.4% |
| Interest Cover ¹ | 5.7 times |
| FHT's Issuer Rating by Moody's | Baa2 |



¹ The impact of FRS116 Leases (adopted with effect from 1 Oct 2019) has been excluded for the purpose of computing gearing, effective cost of borrowing and interest cover.

Market Outlook



The Westin Kuala Lumpur

Australia

- ◆ For the first 9 months of 2019, Tourism Australia reported a yoy increase of 2.5% in international arrivals to 6.8 million.
- ◆ While hotel visitor nights in Sydney and Melbourne have risen, the growth has been offset by new supply¹.
- ◆ In Sydney, approximately 2,300 rooms will be built in the CBD by 2021. This is likely to inhibit rates increase in the short term. However, given the city's global reputation and traditionally strong holiday and corporate visitor demand, the market is expected to absorb the new supply in the medium term¹.
- ◆ In Melbourne, approximately 4,200 rooms are currently under construction and will enter the market from 2020 to 2022. The significant room pipeline and its impact on rates and occupancy levels warrant some cause for concern for hoteliers¹.



Pictures from Sofitel Sydney Wentworth and Novotel Sydney Darling Square

¹ Source: CBRE – MarketView Australia Hotels, Q3 2019 (30 Oct 2019)

Singapore

- ◆ For the period from Jan to Nov 2019, the Singapore Tourism Board reported a 2.9% yoy growth in international visitor arrivals to 17.4 million.
- ◆ The outlook for Singapore's tourism sector continues to be positive as refreshed and new tourism offerings and the introduction of new flight services are expected to support hotel trading performance¹.
- ◆ Additionally, Singapore will play host to biennial and sizeable inaugural MICE (meetings, incentives, conferences and exhibitions) events in 2020.
- ◆ Supply is also anticipated to remain limited for the next 3 years, growing at a compound annual growth rate of 0.7% from end-2019 to end-2022¹.



Pictures from InterContinental Singapore and Fraser Suites Singapore
1 Source: JLL – Asia Pacific Property Digest Q3 2019 (20 Nov 2019)

UK

- ◆ According to VisitBritain, the UK welcomed 29.2 million overseas visitors in the first 9 months of 2019, up 2.0% yoy. Business visits were 1.0% below levels seen in 2018 while holiday visits were up 3.0% yoy.
- ◆ Looking ahead, the weak macroeconomic outlook and Brexit uncertainty may continue to impact business sentiment and corporate bookings. Hotel performance is expected to vary by geography and segment¹.
- ◆ However, London is anticipated to hold on to some growth, with the weak pound continuing to support inbound leisure demand and events such as the Farnborough International Airshow and UEFA Euro 2020 providing further boost¹.



Pictures from ibis Styles London Gloucester Road and Park International London
1 PwC – UK Hotels Forecast 2019-2020 (Sep 2019)

Japan

- ◆ For the period from Jan to Nov 2019, Japan National Tourism Organization reported a 2.8% yoy increase in foreign visitors to 29.4 million.
- ◆ Moving forward, the Tokyo Olympics is expected to drive inbound visitors to reach the 2020 goal of 40.0 million¹.
- ◆ Hotel supply, on the other hand, is anticipated to soften, which should provide some breathing room for hoteliers¹.



Picture from IHG ANA Crowne Plaza Kobe

¹ Source: Savills – Spotlight: Japan Hospitality Aug 2019 (9 Aug 2019)

Malaysia

- ◆ For the first 9 months of 2019, Tourism Malaysia reported a yoy growth of 3.7% in tourist arrivals to 20.1 million, with Singapore, Indonesia and China being the biggest contributors of tourist arrivals to Malaysia. For 2019, Tourism Malaysia aims to achieve tourist arrivals of 28.1 million.
- ◆ In Kuala Lumpur, hotel trading performance in the near term is expected to remain subdued due to the ongoing room supply glut. However, new supply may be partially absorbed by continued visitor growth¹.

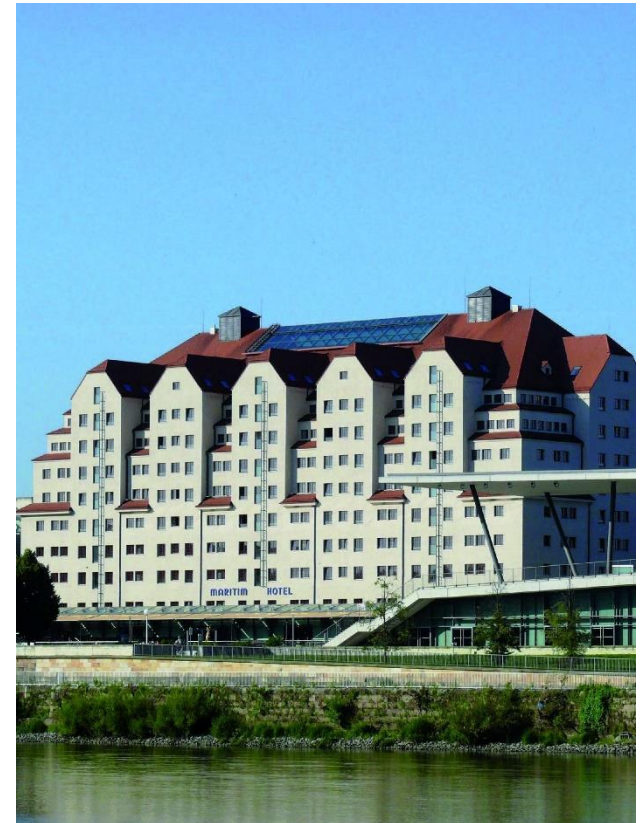


Picture from The Westin Kuala Lumpur

¹ Source: JLL – Asia Pacific Property Digest, Q2 2019 (19 Aug 2019)

Germany

- ◆ For the period of Jan to Nov 2019, the Federal Statistical Office of Germany recorded a 3.7% yoy increase in the number of overnight stays by domestic and foreign visitors¹.
- ◆ In Dresden, the total number of domestic and foreign visitors for the first 9 months of 2019 rose 1.2% yoy².
- ◆ Dresden, the capital city of the Free State of Saxony, continues to grow its pipeline of MICE events for 2020 including HAUS (construction and energy fair), Bauen Kaufen Wohnen (real estate and construction fair), 25th Congress of the International Commission for Optics, Hematology and Oncology Conference, and International Conference on Metal-Organic Frameworks and Open Framework Compounds.



Picture from Maritim Hotel Dresden

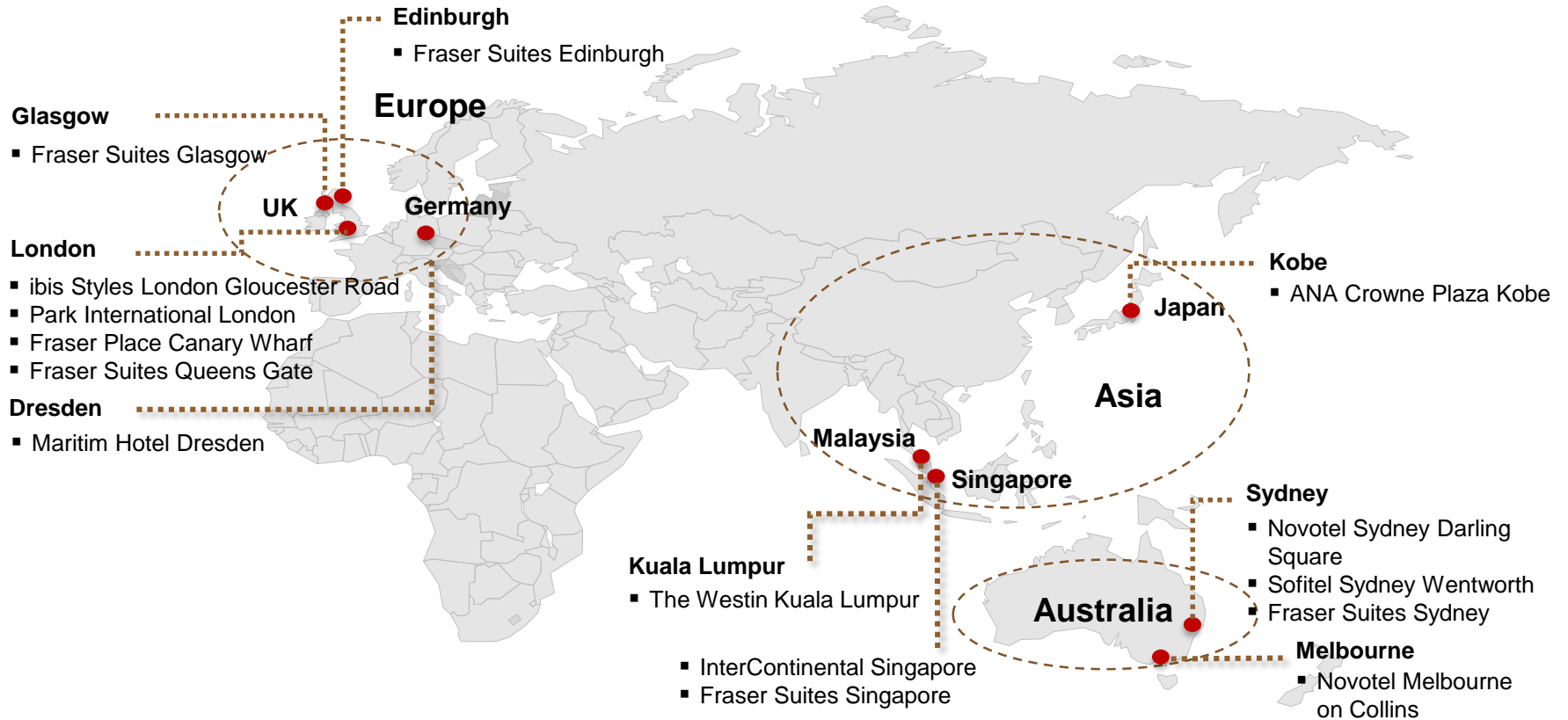
1 Source: www.destatis.de

2 Source: www.dresden.de

**Experience
matters.**



Well-Diversified Portfolio Across Geography








15
properties

9
cities

3,913
keys

SGD 2.33 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 Jul 2014 (listing date)







2 Commencing from 5 Jul 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 Jul 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 Jul 2014 (listing date)

Sustainability

- ◆ For FHT to remain relevant in this disruptive landscape, it needs to develop strategic responses to ESG (environment, social and governance) issues and implement sustainability practices anchored on strong corporate governance.
- ◆ FHT's sustainability strategy is closely aligned with that of its sponsor, Frasers Property (or the Group). While it is guided by the Sustainability Framework of its sponsor which sets out the Group's sustainability priorities towards 2030, FHT has the flexibility to tailor its sustainability undertakings to its hospitality business and operations.

| Group Sustainability Framework Pillars | FHT's FY2019 Sustainability Performance |
|--|--|
| Acting Progressively | <ul style="list-style-type: none"> • Developed Board Diversity and Investor Relations policies which have been effective since 1 Oct 2019. • No confirmed incidents of bribery and corruption. • FHT has been a constituent of both iEdge Singapore ESG Leaders Index and iEdge Singapore ESG Transparency Index since Mar 2019. |
| Consuming Responsibly | <p>Achieved:</p> <ul style="list-style-type: none"> • 5.6% yoy decline in electricity intensity; • 4.9% yoy reduction in carbon emission intensity; • 2.9% yoy decline in water intensity; and • Waste recycling rate of 11.8%. |
| Focusing on People | <p>Achieved:</p> <ul style="list-style-type: none"> • Zero incidents of non-compliance with regulations concerning customer health and safety; • Average of 100 training hours per employee in FY2019, up from 70 hours in FY2018 and higher than the internal target of 40 hours; and • Zero incidents of non-compliance with health and safety regulations. |