

# Frasers Hospitality Trust

## Financial Results for 1H FY2022

29 April 2022



Intercontinental Singapore

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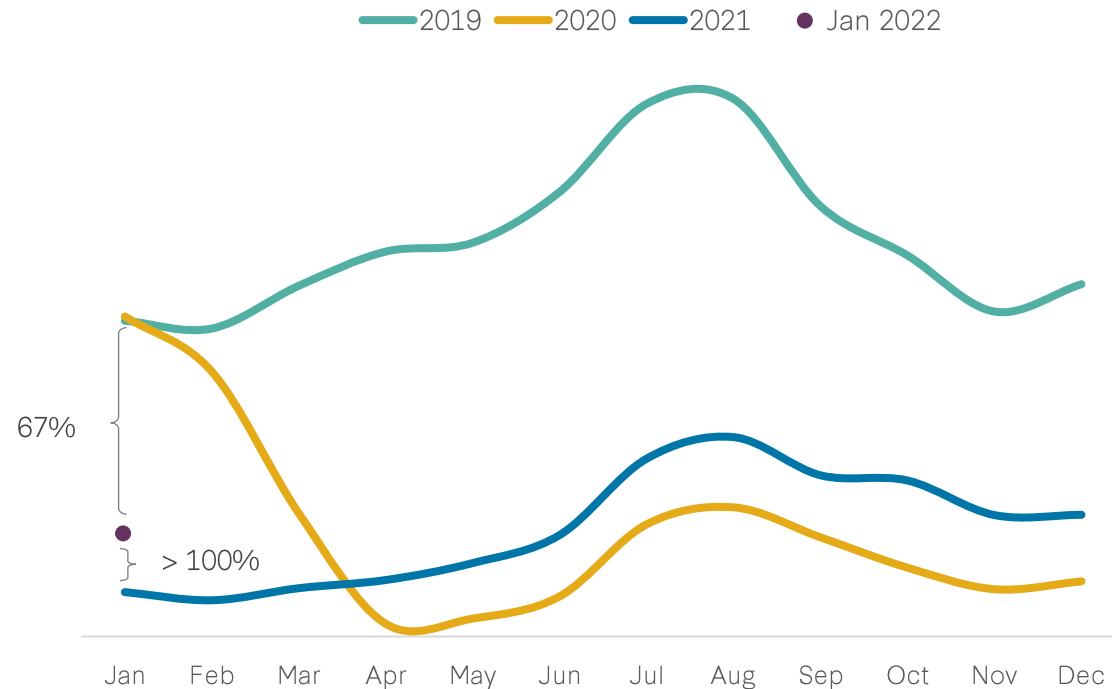




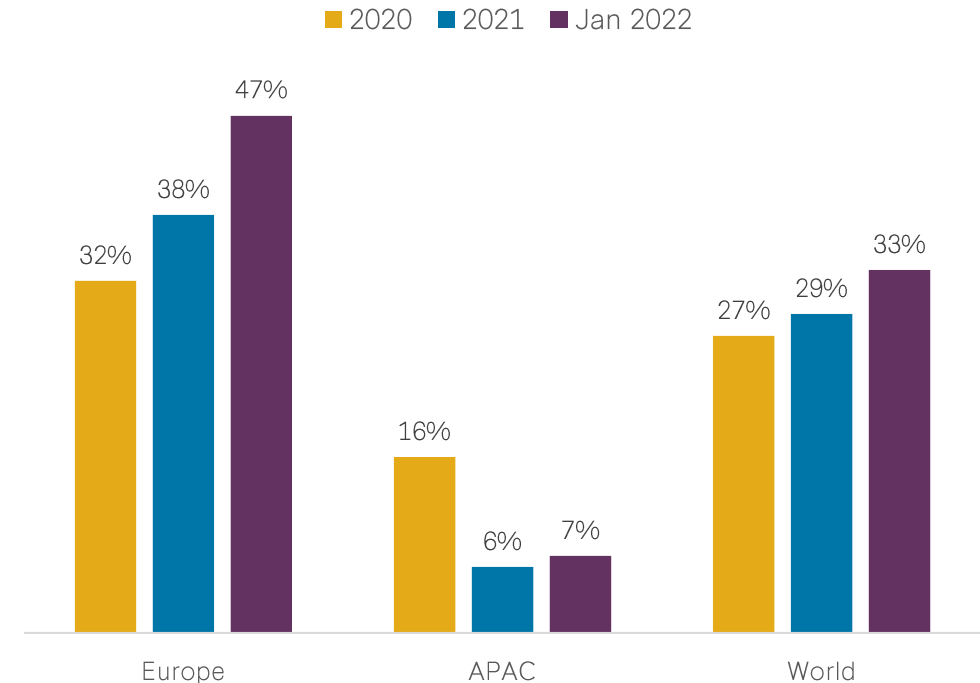
# Key Market Updates

# Gradual recovery on the horizon for international travel

## International Tourist Arrivals (mil)



## International Tourist Arrivals, % of 2019 level



- International arrivals more than doubled in Jan 2022 compared to 2021 level and reached 33% of pre-pandemic level
- Europe continued to record better performance in Jan 2022 with >100% increase YoY and reached 47% of pre-pandemic level, albeit at a slower pace due to impact from the emergence of the Omicron variant and consequently, the re-introduction of travel restrictions in several destinations
- APAC region recorded 44% YoY increase in Jan 2022 but remained significantly below pre-pandemic level as many countries continued to enforce travel restrictions

# Borders have re-opened in most of FHT's key markets



**Singapore** has launched the Vaccinated Travel Framework to replace the existing Vaccinated Travel Lane (VTL) and re-opened its borders to all vaccinated travellers from 1 Apr 2022



**Australia's** international borders have fully re-opened to vaccinated travellers since the end of Feb 2022



**UK** has dropped all COVID-related travel restrictions since mid Mar 2022 for all travellers as part of the government's "Living with Covid" plan



**Japan** lifted nationwide *quasi* state of emergency curbs towards the end of Mar 2022 but the entry of foreigners remains suspended to curb the spread of Omicron variant of COVID-19

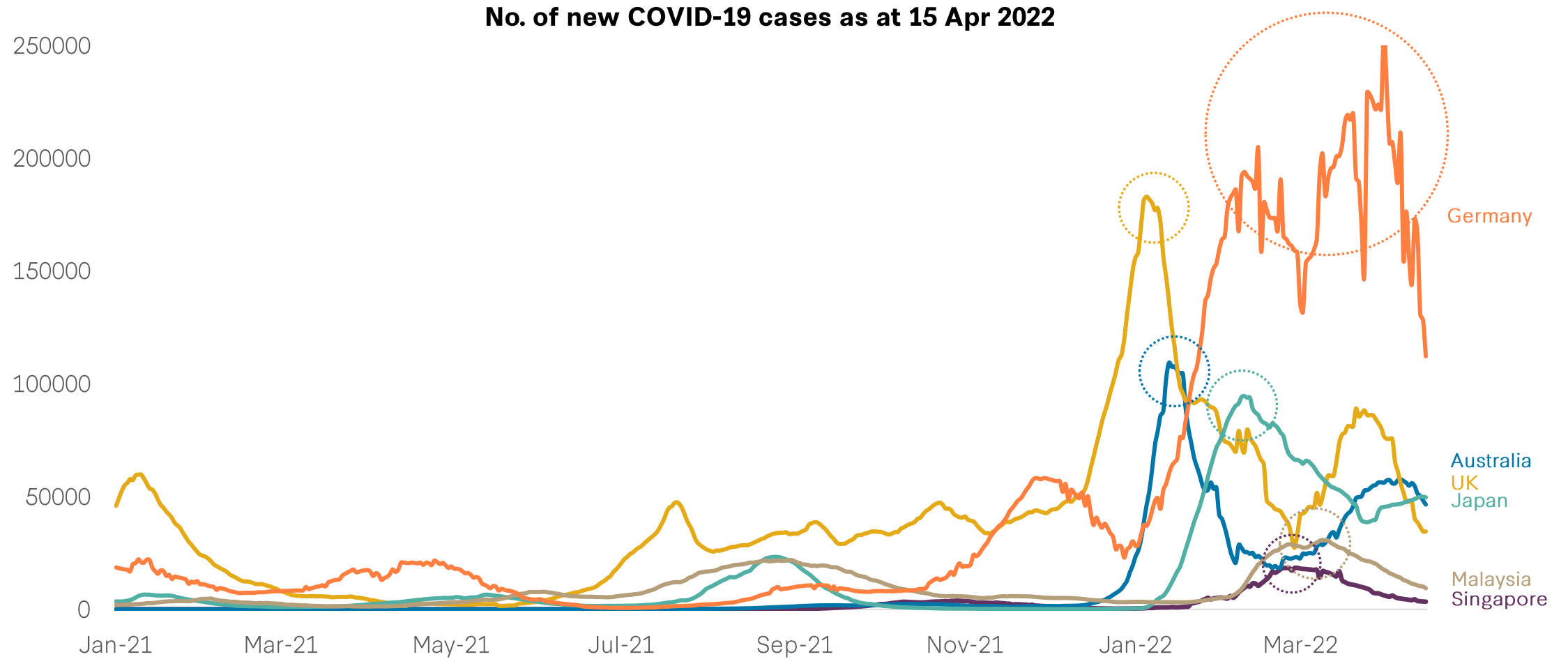


**Malaysia** has fully re-opened international borders from 1 Apr 2022 as part of its transition to endemic phase



**Germany** re-opened borders to vaccinated travellers since Jul 2021 and ended major protective measures from early Apr 2022

# Omicron wave reached its peak between Jan - Feb 2022



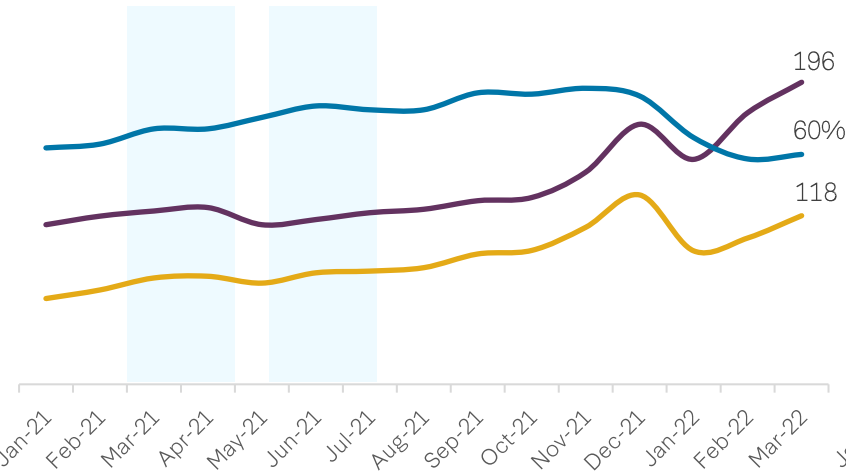


# Omicron surge dampened recovery pace across FHT's key markets

## Hospitality market performance by country

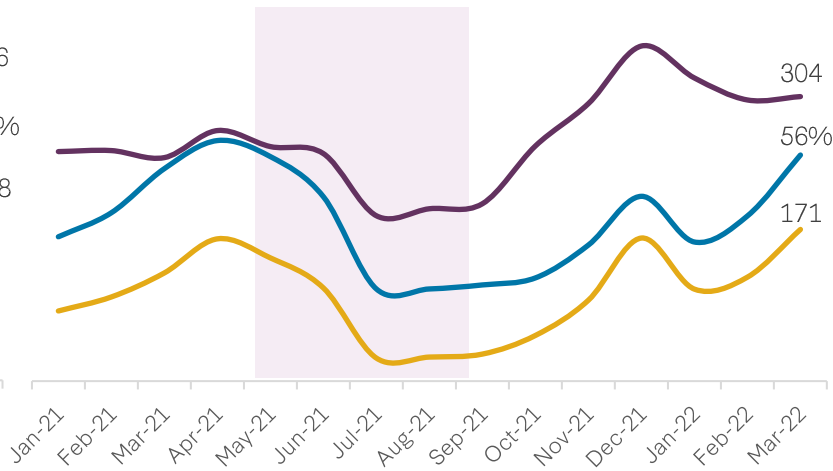
— ADR — Occupancy — RevPAR    Heightened alert    Lockdown

Singapore



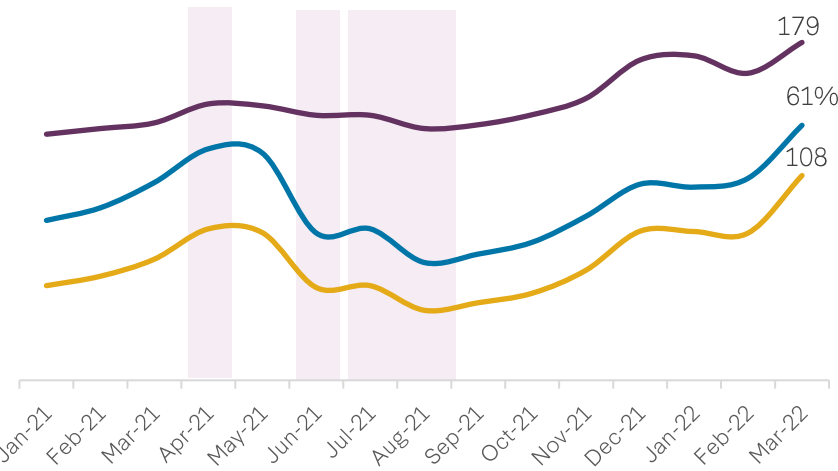
Singapore's hotel market recorded softer performance with reduced government quarantine business, and lower tourist arrivals after a 1-month VTL suspension

Sydney (Luxury & upscale segment)



Sydney's hotel market performance was impacted by the Omicron surge in Jan 2022 but showed signs of recovery as international borders fully re-opened from Feb 2022

Melbourne (Upscale & upper-midscale)



Melbourne's hotel market performance has been trending upwards as it was supported by the Australian Open in Jan 2022 and the re-opening of international borders from Feb 2022

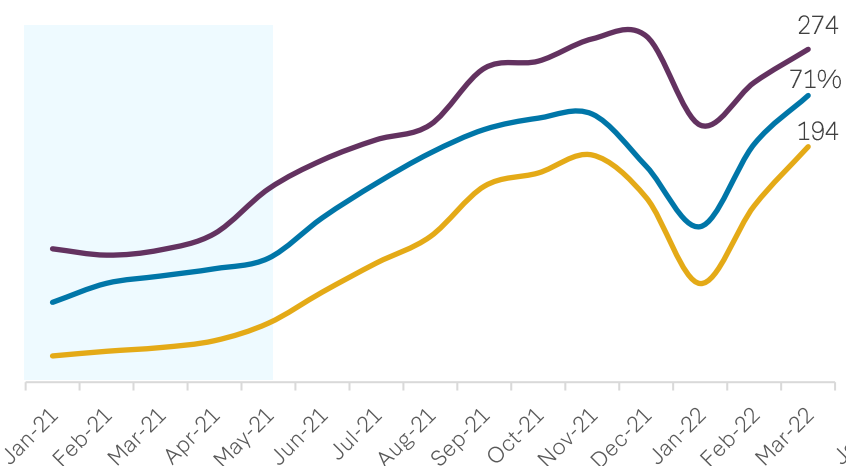
\*Average daily rate (ADR) and revenue per available room (RevPAR) are in local currencies  
Sources: STR; Business Times, "Singapore visitor arrivals fall month on month to 57,140 in January; hotel takings down", Feb 2022; STR, "Sydney hotel occupancy stable in February amid COVID concerns", Mar 2022 and "Melbourne hotel rates reached pandemic-era highs in January", Feb 2022

# Omicron surge slowed recovery pace across FHT's key markets

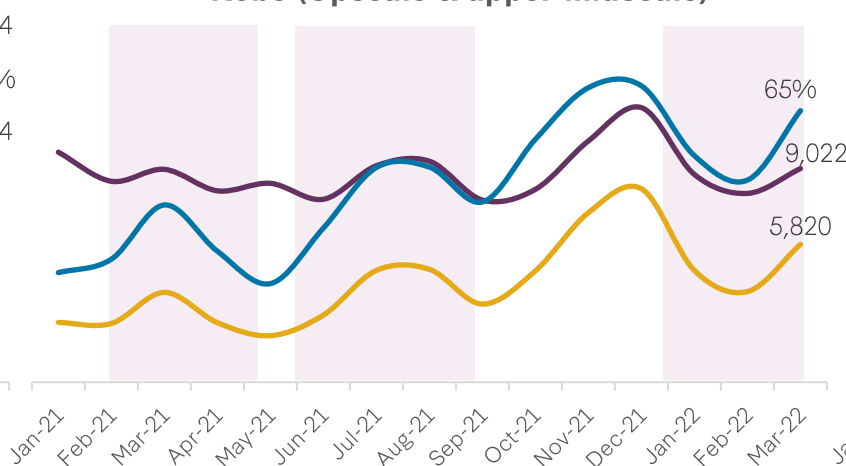
## Hospitality market performance by country

— ADR — Occupancy — RevPAR    Phased exit    Lockdown / state of emergency / movement control orders

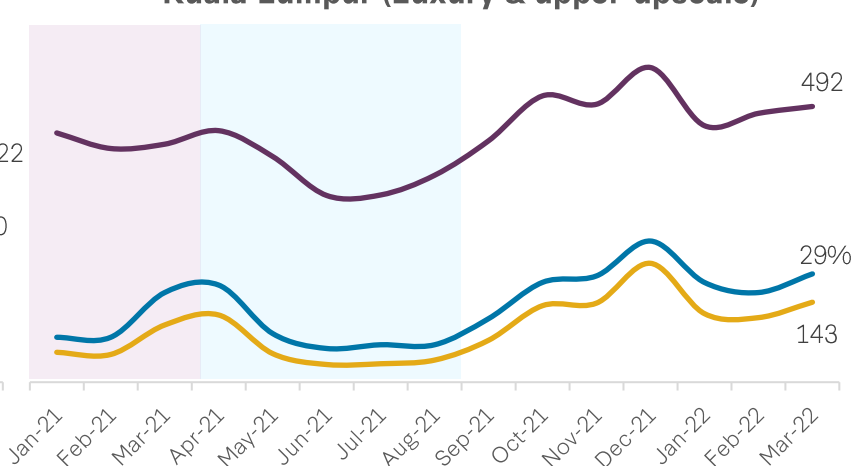
London



Kobe (Upscale & upper-midscale)



Kuala Lumpur (Luxury & upper-upscale)



London's hotel market performance has rebounded sharply following a 2-month decline amidst the emergence of the Omicron variant which peaked in Dec-21 to Jan-22

Kobe's hotel market performance remained bumpy with a dip recorded amidst the *quasi* state of emergency arising from the Omicron surge between Jan - Mar-22

Kuala Lumpur's hotel market's performance was similarly impacted by the Omicron surge which dampened the pace of the recovery trajectory

\*All average daily rates (ADR) and revenues per available room (RevPAR) are in local currencies  
Sources: STR; STR, "London hotel performance improved in February", Mar 2022; Nikkei Asia, "Japan to tighten curbs as COVID cases hit record", Jan 2022 and The Star, "Omicron wave wreaks havoc on hotel occupancy", Feb 2022





# Financial Review & Distribution

# YoY improvement in 1H FY2022 Financial Performance

SGD m	1H FY2022	1H FY2021	YoY Change	2H FY2021	HoH Change
Gross revenue (GR)	44.1	39.9	▲ 10.4%	45.6	▼ 3.3%
Net property income (NPI)	31.7	26.7	▲ 18.4%	30.9	▲ 2.5%
Income available for distribution (DI)	15.1	8.6	▲ 75.0%	12.4	▲ 21.2%
Distribution to Stapled Securityholders	13.6 <sup>1</sup>	3.4 <sup>2</sup>	▲ >100%	15.5 <sup>3</sup>	▼ 12.5%
Distribution per Stapled Security (DPS)	0.7039 cents	0.1790 cents	▲ >100%	0.8041 cents	▼ 12.5%

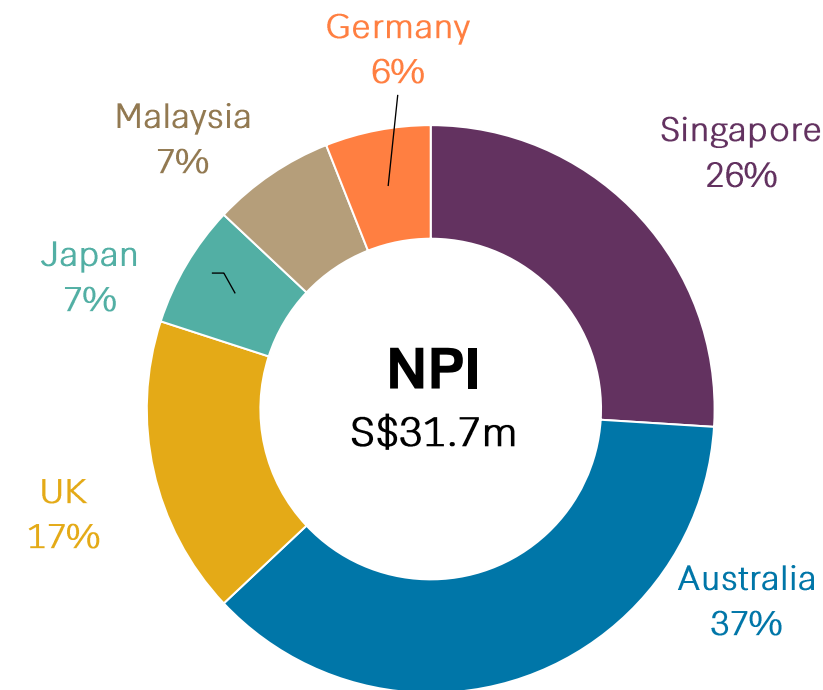
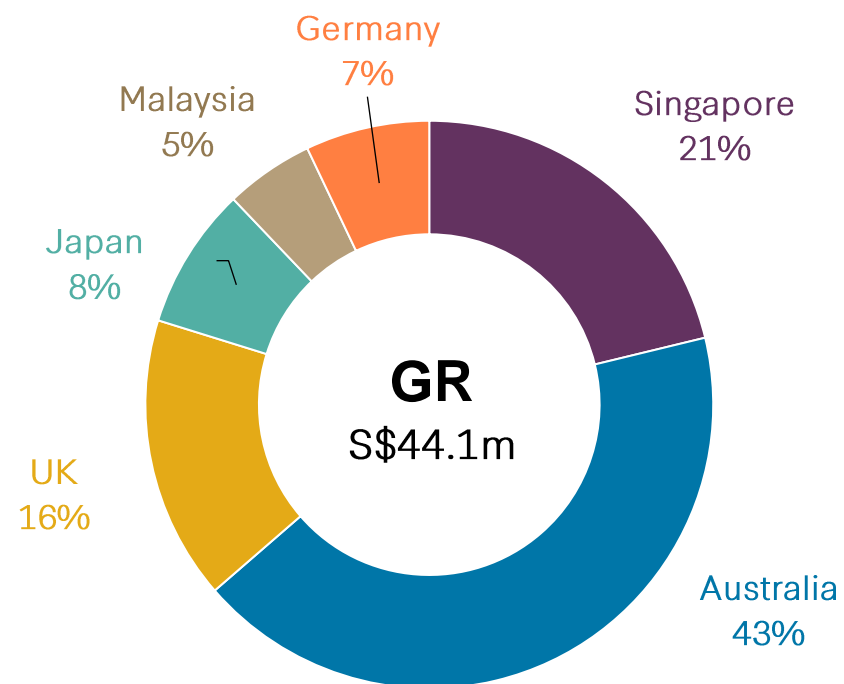
- GR and NPI improved 10.4% and 18.4% year-on-year (YoY) respectively due to improved operating environment with relaxed travel restrictions and higher vaccination rates as compared to the same period in FY2021, partially offset by the Omicron surge across FHT's key markets which hampered the portfolio's recovery pace in 2Q FY2022
- Comparing against 2H FY2021, GR declined slightly by 3.3% due to the adverse impact of Omicron variant on the key markets and cessation of government quarantine business
- NPI and DI increased half-on-half (HoH) due to lower property tax expenses arising from lower assessed annual values of Singapore properties and lower impairment of receivables

<sup>1</sup> Distribution to Stapled Securityholders in 1H FY22 is based on 90% payout of the income available for distribution

<sup>2</sup> Distribution in 1H FY21 at 40% payout with remaining balance distributed in 2H FY21. The 40% payout was net of potential Malaysia tax issues and 10% retention for working capital

<sup>3</sup> Distribution to Stapled Securityholders for 2H FY21 included approximately SGD 4.3m of the SGD 5.2m DI retained in 1H FY2021

# Portfolio contribution for 1H FY2022





# 1H FY2022 Distribution details

1 Oct 2021 – 31 Mar 2022	
Distribution rate	0.7039 cents per stapled security
Last day of trading on “cum” basis	9 May 2022
First day of trading on “ex” basis	10 May 2022
Record date	11 May 2022
Distribution payment date	29 Jun 2022



# Portfolio Performance

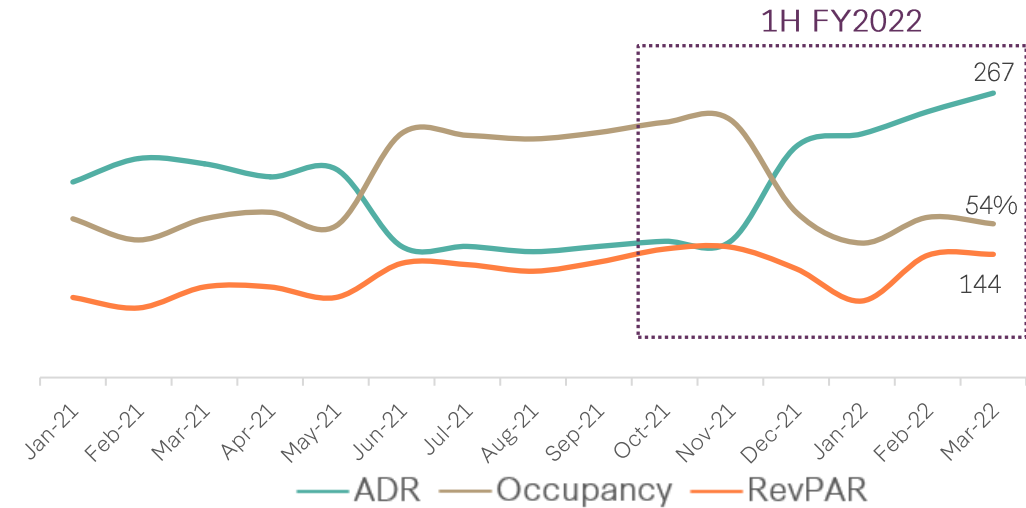
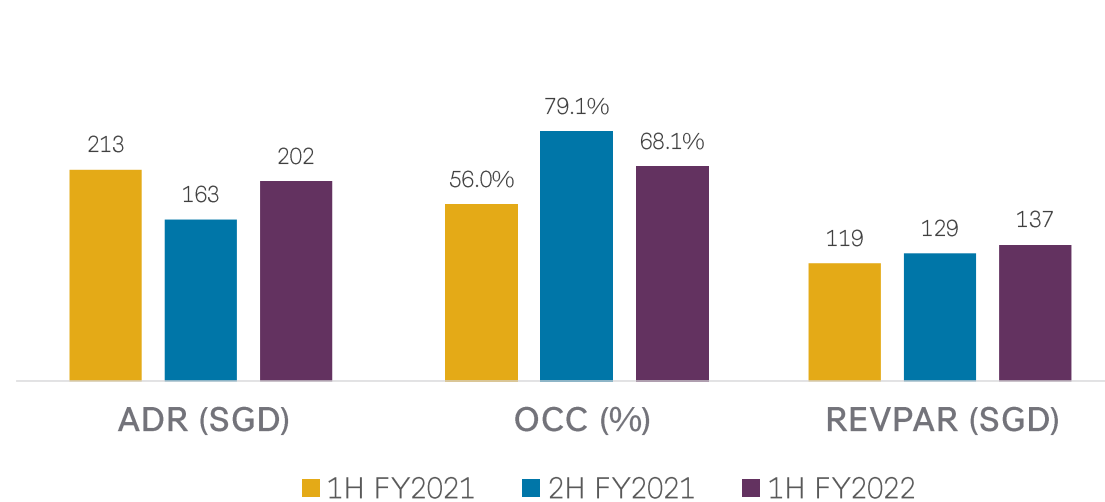
# Improved portfolio contribution YoY for 1H FY2022

Country	Gross Operating Revenue (GOR)			Gross Operating Profit (GOP)		
	Local currency (m)	YoY change	HoH change	Local currency (m)	YoY change	HoH change
Singapore	23.1	▲ 9.0%	▲ 8.1%	8.8	▲ 23.1%	▲ 5.5%
Australia	30.6	▲ 13.1%	▼ 5.0%	14.7	▲ 7.2%	▼ 10.2%
UK	8.7	▲ >100%	▲ 64.5%	3.3	N.M	▲ 63.4%
Japan	1,342.0	▲ 28.5%	▲ 24.9%	377.7	▲ >100%	▲ 34.4%
Malaysia	13.6	▲ >100%	▲ >100%	(0.4)	N.M	N.M
Germany	2.9	▲ >100%	▼ 21.6%	0.8	▲ >100%	▼ 46.0%



# Singapore

Intercontinental Singapore (ICSG) | Fraser Suites Singapore (FSSG)



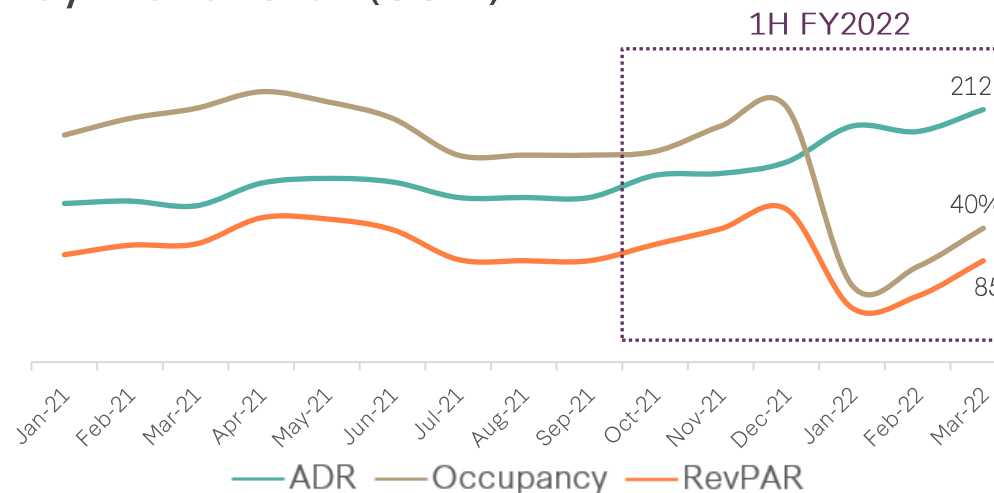
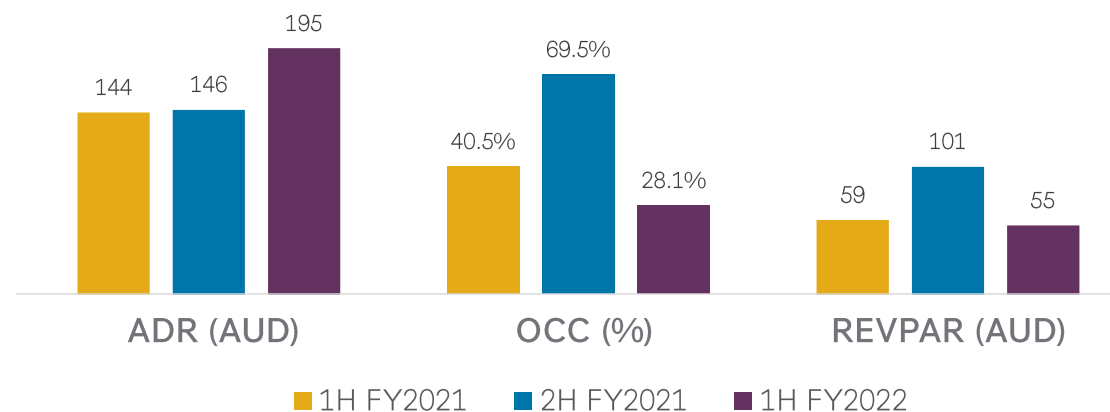
## Slight improvement in RevPAR, supported by long-stay business

- > Singapore portfolio's RevPAR increased 15.3% YoY and 6.8% HoH in 1H FY2022
- > ICSG was under government quarantine business in Oct 2021 - early Dec 2021 and re-opened to public following a short transition period for deep-cleaning
- > FSSG's performance remained stable due to long-stay business
- > Singapore has launched the Vaccinated Travel Framework to replace existing VTL and re-opened its borders to all vaccinated travellers from 1 Apr 2022
- > Airlines such as Singapore Airlines and Scoot have expanded their network to increase its flight schedules to all eligible customers from 1 Apr 2022

# Australia

Novotel Melbourne on Collins (NMOC)  
Fraser Suites Sydney (FSS)

Novotel Sydney Darling Square (NSDS)  
Sofitel Sydney Wentworth (SSW)



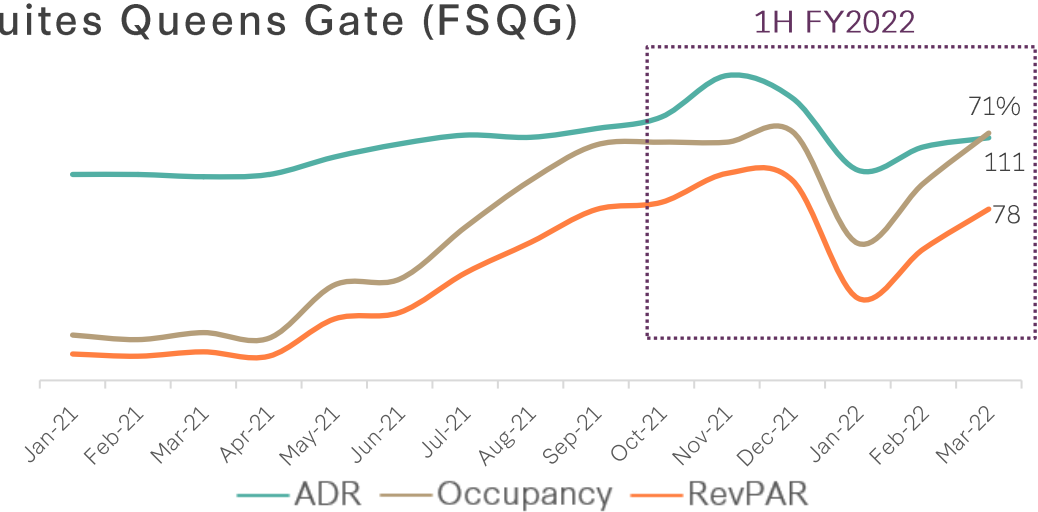
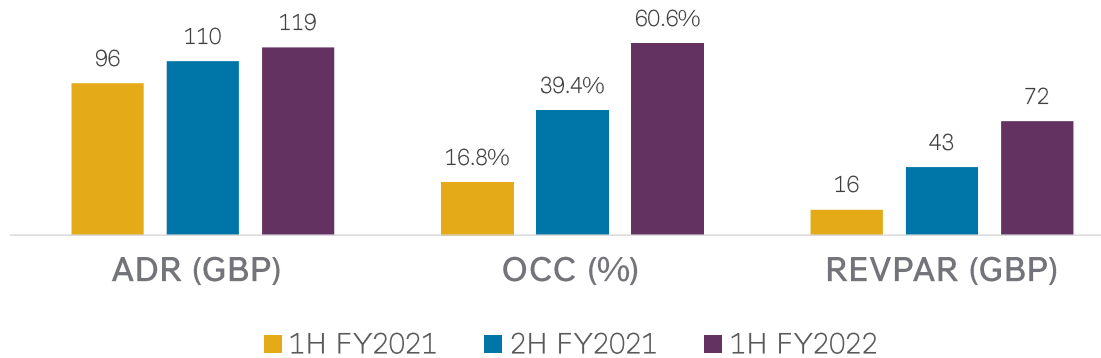
## Recovery pace hampered by Omicron surge and absence of quarantine business in 2Q FY2022

- > Australia portfolio's RevPAR declined 6.5% YoY and 47.5% HoH in 1H FY2022
- > End of government quarantine business: NMOC in Dec 2021 (closed for cleaning in Jan 2022) and SSW in Feb 2022 (closed for cleaning in Mar 2022)
- > Omicron surge in Sydney and Melbourne began towards the end of Dec 2021, which impacted the portfolio's performance adversely, before retreating in Feb 2022
- > Portfolio resumed its recovery trajectory following the re-opening of international borders in Sydney and Melbourne since Feb 2022 to vaccinated travellers without quarantine
- > STR's latest Forward STAR data shows improving occupancy over 2021 levels in the months ahead, particularly in Melbourne with upcoming major events

# UK

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)



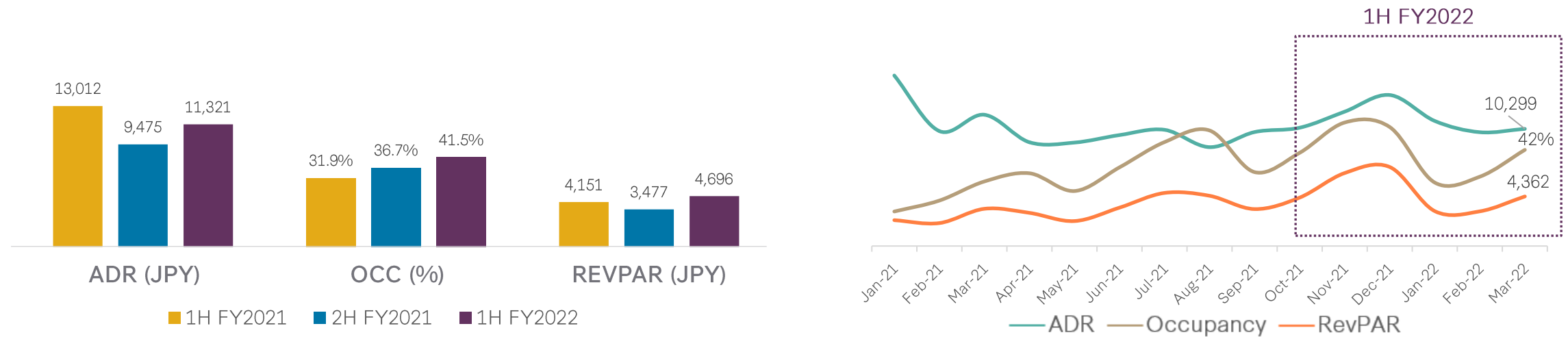
## Sustained recovery across all key operating metrics

- > UK portfolio's RevPAR experienced increase of >100% YoY and 65.1% HoH in 1H FY2022
- > Recovery pace impeded by the Omicron surge since Dec-21 but has since stabilized from the end of Feb-22
- > UK has led Europe into the endemic phase as all COVID-related travel restrictions were lifted since mid Mar 2022 for all travellers as part of the government's "Living with Covid" plan
- > In view of fully lifted restrictions, STR projected a pick-up in hospitality demand in mid-week and weekend business ahead due to strong forecasted leisure travel and gradual resumption of corporate travel



# Japan

## ANA Crowne Plaza Kobe (CPK)

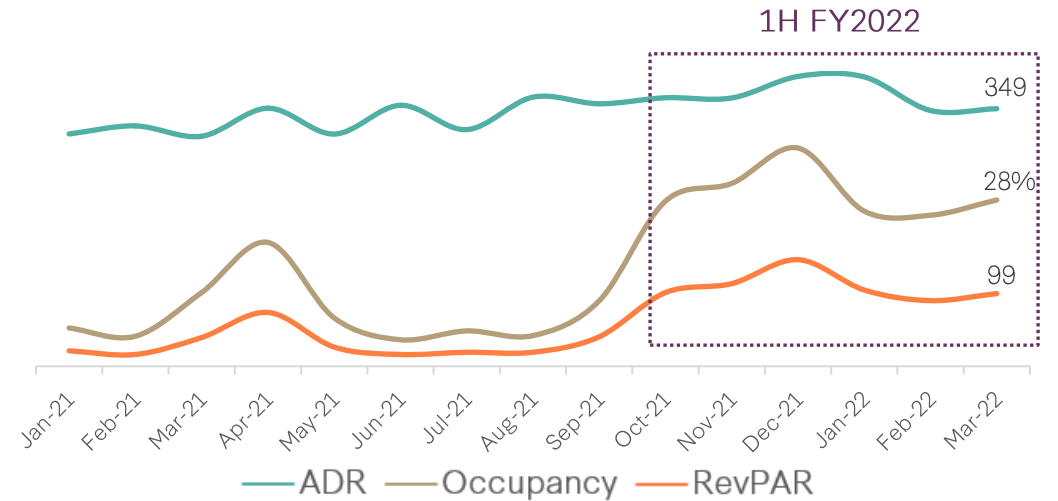
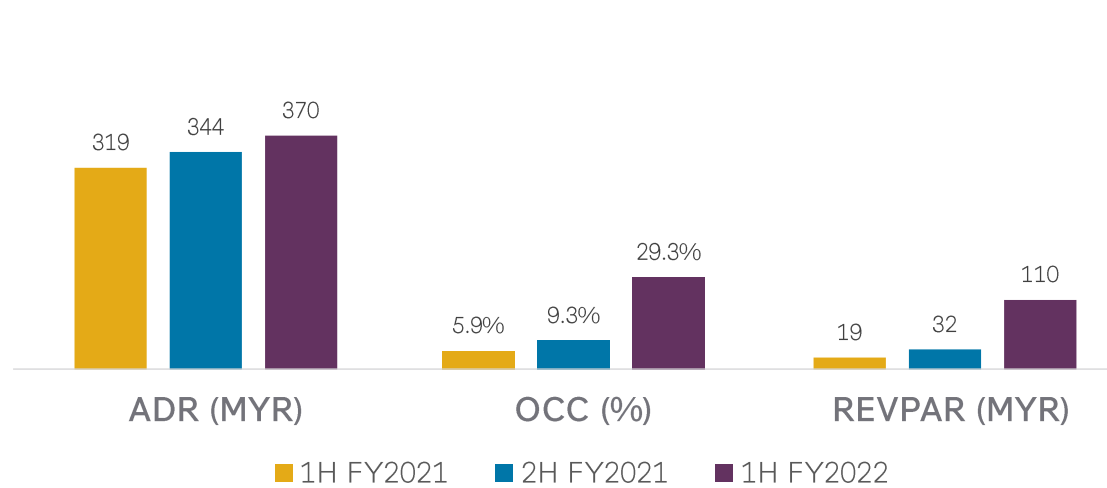


### Positive improvements in occupancy and RevPAR after lifted restrictions

- > CPK's RevPAR increased 12.9% YoY and 34.8% HoH in 1H FY2022
- > Japan was placed on a *quasi* state of emergency in Jan - Mar 2022 due to the Omicron surge which dampened domestic travel demand
- > Japanese government is committed to lift COVID restrictions and plans to resume the "Go To Travel" campaign to promote domestic travel
- > Although international borders remain closed to foreign tourists due to the emergence of Omicron variant, Japan has since relaxed its border entry ceiling to 10,000 people per day from 1 Apr 2022

# Malaysia

## The Westin Kuala Lumpur (TWKL)



### Strong rebound in occupancy, boosted by pent-up domestic demand

- > TWKL's RevPAR increased >100% YoY and HoH in 1H FY2022
- > Operating performance improved significantly after the Malaysian government lifted travel restrictions in mid-Oct 2021 but the recovery pace was impeded amidst the Omicron surge in Jan 2022
- > Malaysia has fully re-opened international borders from 1 Apr 2022 as part of its transition to endemic phase
- > Domestic airlines have responded with plans to step up flights and restore capacity

# Germany

## Maritim Hotel Dresden (MHD)



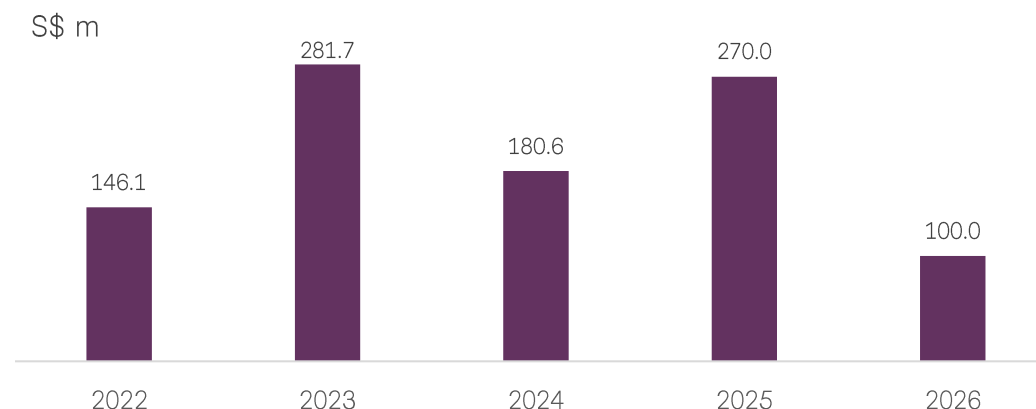
- > MHD's performance showed signs of improvement YoY in 1H FY2022 which was supported by a recovery in domestic travel after travel restrictions were eased
- > However, Germany was impacted by Omicron surge since the end of Nov 2021 which impeded Maritim's performance
- > Recovery pace for MHD continues to be very gradual in the absence of MICE events and international arrivals
- > Germany has eased travel restrictions to allow entry of fully-vaccinated travellers without quarantine and ended major protective measures from early Apr 2022

# Proactive capital management

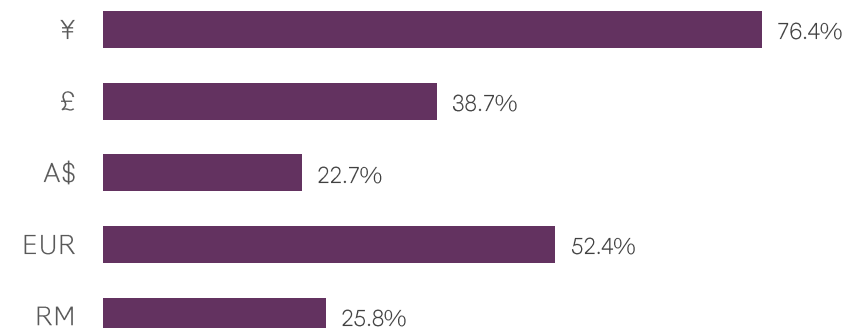
**As at 31 Mar 2022**

Investment properties	S\$1,740.6m
Investment property held for divestment	S\$284.4m
Property, plant and equipment	S\$232.0m
Total assets	S\$2,352.4m
Total borrowings	S\$991.1m
Gearing <sup>1,2</sup>	42.3%
Net asset value per stapled security	S\$0.65
Weighted average debt to maturity	2.03 years
Unsecured debt	96.9%
Effective cost of borrowing <sup>2</sup>	2.2%
Borrowings on fixed rates	77.1%
Interest coverage ratio <sup>3,4</sup>	2.4 times
Adjusted interest coverage ratio <sup>1,3,4</sup>	2.3 times

Debt maturity profile  
(excludes short-term revolving credit facilities)



Balance sheet hedging



1. The gearing (i) should not exceed 50% prior to 1 January 2022; (ii) could exceed 45% (up to a maximum of 50%) only if the adjusted interest coverage ratio exceeds 2.5 times on or after 1 January 2022

2. The impact of FRS 116 Leases has been excluded for the purpose of computing gearing and effective cost of borrowing

3. Interest coverage ratio and adjusted interest coverage ratio are as prescribed under the MAS' Property Funds Appendix (last revised on 1 July 2021)

4. For the purpose of computing interest coverage ratio and adjusted interest coverage ratio, interest expense excludes the unwinding of discounting effect on present value of lease liability and long-term security deposits payable

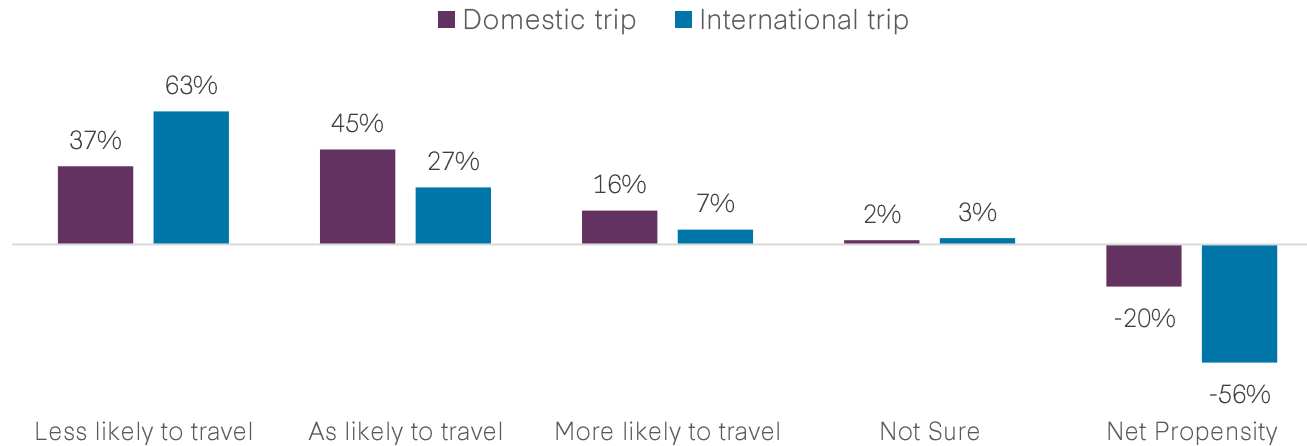


**Looking Ahead**



# Recovery prospect and potential uncertainty

## Propensity to Travel: Current COVID-19 situation



- > Against a backdrop of uncertainty and caution, along with high COVID-19 case rates and consumer wariness, STR reported negative sentiment for both domestic and international travel in the short term in their latest survey in Feb-22
- > However, the post-pandemic travel outlook remains optimistic which reflects a strong pent-up travel demand

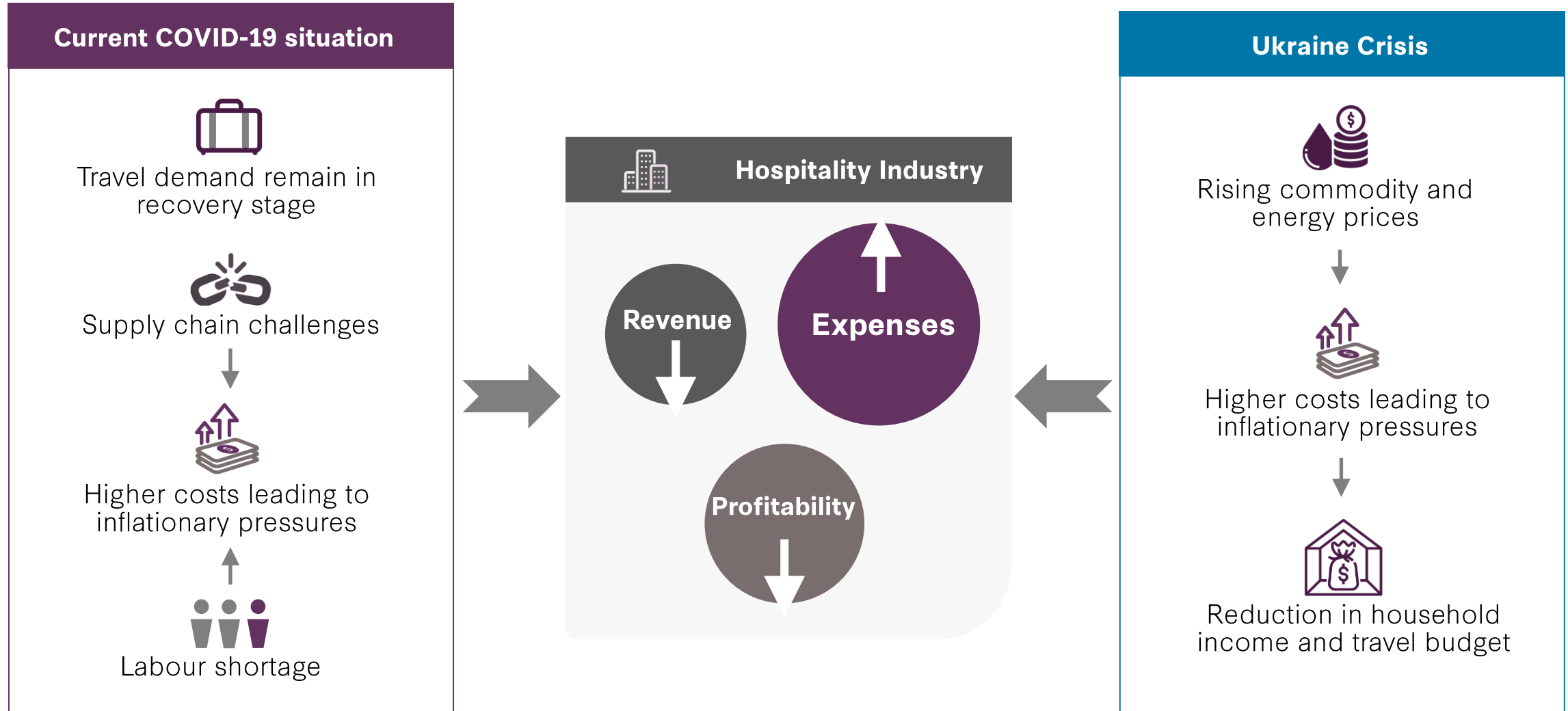


- > STR / Tourism Economics forecasted travel to regather pace in 2022 with significant pent-up demand and growing desire among travellers as restrictions are expected to be eased with further re-opening
- > IATA expects domestic travel to improve its recovery pace with increasing momentum and its forecast placed Europe ahead of Asia Pacific in terms of international travel recovery



- > Ukraine crisis and other global factors may continue to pose near-term inflationary challenges and squeeze on household income which will influence consumer behavior
- > There may be other downside risks on travel recovery, such as new variants, volatile travel conditions, which potentially hamper the return of global consumer and travel confidence






# Uncertainty from Ukraine crisis may further hamper recovery pace



**Inspiring experiences,  
creating places for good.**







# Hotels managed by third-party operators

	Property	Country	Description	Tenure	Class	Rooms	Valuation, 30 Sep 2021
	Novotel Melbourne on Collins	Australia	Strategically located within Melbourne's core CBD area along Collins Street	Freehold	Upscale	380	A\$231.0 m (A\$0.6 m/key)
	Novotel Sydney Darling Square	Australia	4.5-star hotel located within close proximity of Sydney's Darling Harbour and Chinatown	84 years <sup>1</sup>	Mid-scale	230	A\$109.0 m (A\$0.5 m/key)
	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 <sup>2</sup>	Luxury	436	A\$270.0 m (A\$0.6 m/key)
	InterContinental Singapore	Singapore	Only 5-star luxury hotel in Singapore to preserve Peranakan heritage in a shop house style setting	75 years <sup>1</sup>	Luxury	406	S\$506.0 m (S\$1.2 m/key)
	ibis Styles London Gloucester Road	United Kingdom	Distinctive white Victorian facade located in the heart of London	75 years <sup>1</sup>	Mid-scale	84	£19.2 m (£0.2 m/key)

1. Commencing from 14 Jul 2014 (Fraser's Hospitality Trust's listing date)

2. Commencing from 5 Jul 2015







# Hotels managed by Frasers Hospitality and third-party operators

	Property	Country	Description	Tenure	Class	Rooms	Valuation, 30 Sep 2021
	Park International London	UK	Elegant hotel ideally located in the heart of Kensington and Chelsea	75 years <sup>1</sup>	Mid-scale	171	£38.6 m (£0.2 m/key)
	ANA Crowne Plaza Kobe	Japan	Unique panoramic view of Kobe city from Rokko mountain	Freehold	Upper Upscale	593	¥16,200.0 m (¥27.3 m/key)
	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	RM368.0 m (RM0.8 m/key)
	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	EUR59.3 m (EUR0.2 m/key)

1. Commencing from 14 Jul 2014 (Frasers Hospitality Trust's listing date)



# Serviced residences managed by Frasers Hospitality

	Property	Country	Description	Tenure	Class	Rooms	Valuation, 30 Sep 2021
	Fraser Suites Sydney	Australia	First luxury apartments in Sydney designed by internationally renowned architects	75 years <sup>1</sup>	Upper Upscale	201	A\$127.5 m (A\$0.6 m/key)
	Fraser Suites Singapore	Singapore	Luxurious serviced residences in the prime residential district of River Valley	75 years <sup>1</sup>	Upper Upscale	255	S\$292.0 m (S\$1.1 m/key)
	Fraser Suites Edinburgh	UK	Rustic 1750s sandstone building located in the heart of Edinburgh's Old Town	75 years <sup>1</sup>	Upper Upscale	75	£15.0 m (£0.2 m/key)
	Fraser Suites Glasgow	UK	Stunningly restored 1850s building which was formerly the city bank of Glasgow	75 years <sup>1</sup>	Upper Upscale	98	£9.2 m (£0.1 m/key)
	Fraser Suites Queens Gate	UK	Beautiful Victorian apartment hotel in Kensington	75 years <sup>1</sup>	Upper Upscale	105	£54.3 m (£0.5 m/key)
	Fraser Place Canary Wharf	UK	Stunning apartments located by the River Thames, showcasing chic contemporary design	75 years <sup>1</sup>	Upper Upscale	108	£36.7 m (£0.3 m/key)

<sup>1</sup>. Commencing from 14 Jul 2014 (Frasers Hospitality Trust's listing date)