



Frasers Hospitality Trust

2Q FY2017 Financial Review for 1 Jan to 31 Mar 2017

28 April 2017

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

Content

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Key Highlights



Fraser Suites Glasgow

Financial Review for 2Q FY2017

S\$m	2Q FY2017	2Q FY2016	Variance
Gross Revenue (GR)	38.7	27.0	▲ 43.1%
Net Property Income (NPI)	28.9	22.2	▲ 29.9%
NPI Margin	74.7%	82.2%	▼ 7.5 ppt
Distribution Income (DI)	22.3	18.4	▲ 21.4%
Distribution Per Stapled Security ¹ (DPS) – restated	1.2063 cents	1.2598 cents ²	▼ 4.2%
DPS – as previously reported	1.2063 cents	1.3274 cents	▼ 9.1%

- GR, NPI and DI were boosted by the addition of Novotel Melbourne on Collins and Maritim Hotel Dresden as well as better performance of Sydney, UK and Malaysia properties.
- FHT's NPI margin was lower y-o-y, averaged down by lower NPI margin of Novotel Melbourne on Collins. As the Melbourne hotel is not master leased, its NPI margin is computed after taking into account its operating costs which are borne by the master lessees in the other properties.
- DPS was 1.2063 cents due to the enlarged Stapled Security base of 1,845.6 million post-Rights Issue.

¹ FHT issued 441,549,281 Rights Stapled Securities at S\$0.603 per Stapled Security on 14 October 2016 (Rights Issue).

² DPS and the number of Stapled Securities entitled for distribution have been adjusted to reflect the effect of bonus element in relation to the Rights Issue.

Financial Review for 1H FY2017

S\$m	1H FY2017	1H FY2016	Variance
GR	78.2	58.4	▲ 33.9%
NPI	59.4	48.6	▲ 22.3%
NPI Margin	76.0%	83.2%	▼ 7.2 ppt
DI	46.7	42.1	▲ 11.1%
DPS ¹ – restated	2.5321 cents	2.8952 cents ²	▼ 12.5%
DPS – as previously reported	2.5321 cents	3.0506 cents	▼ 17.0%

- GR, NPI and DI were boosted by the addition of Novotel Melbourne on Collins and Maritim Hotel Dresden as well as better performance of Sydney and the UK properties.
- Singapore properties also recorded better performance due to the return of full room inventory (post-renovation) in InterContinental Singapore.
- These were partially offset by the soft performance of Japan and Malaysia properties.
- DPS was 2.5321 cents due to the enlarged Stapled Security base of 1,845.6 million post-Rights Issue.

¹ FHT issued 441,549,281 Rights Stapled Securities pursuant to the Rights Issue.

² DPS and the number of Stapled Securities entitled for distribution have been adjusted to reflect the effect of bonus element in relation to the Rights Issue.

Distribution Details

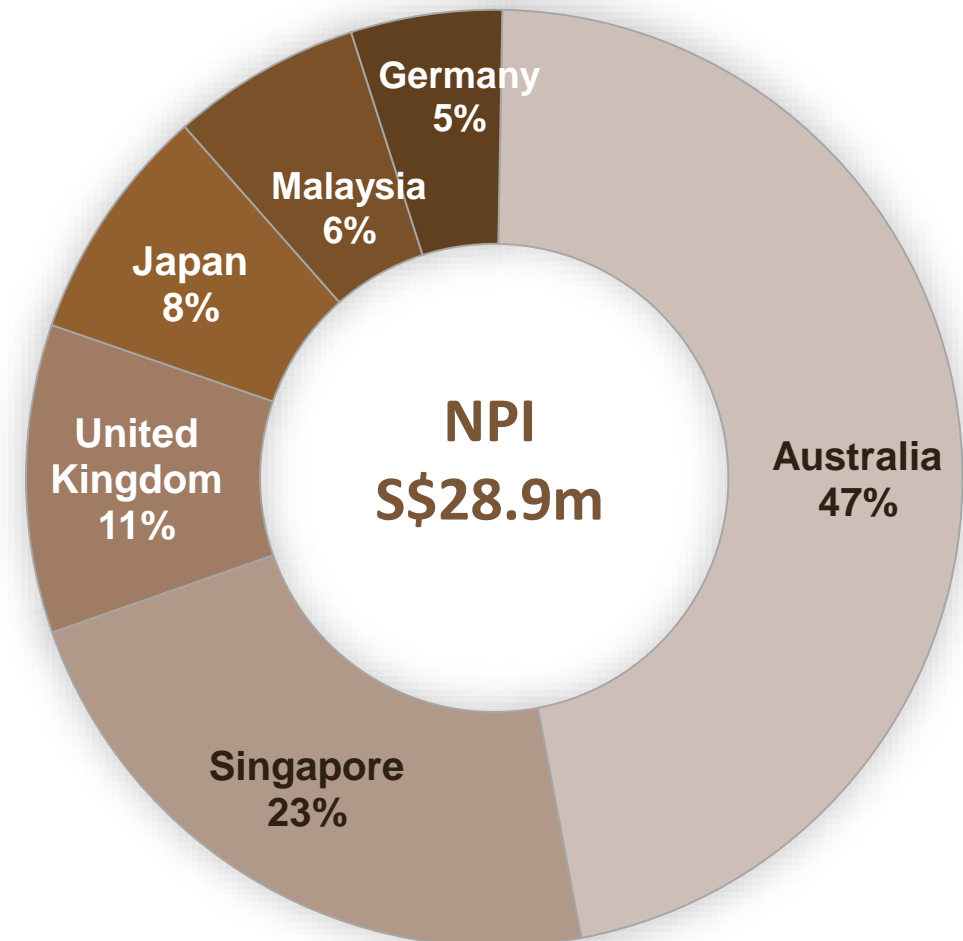
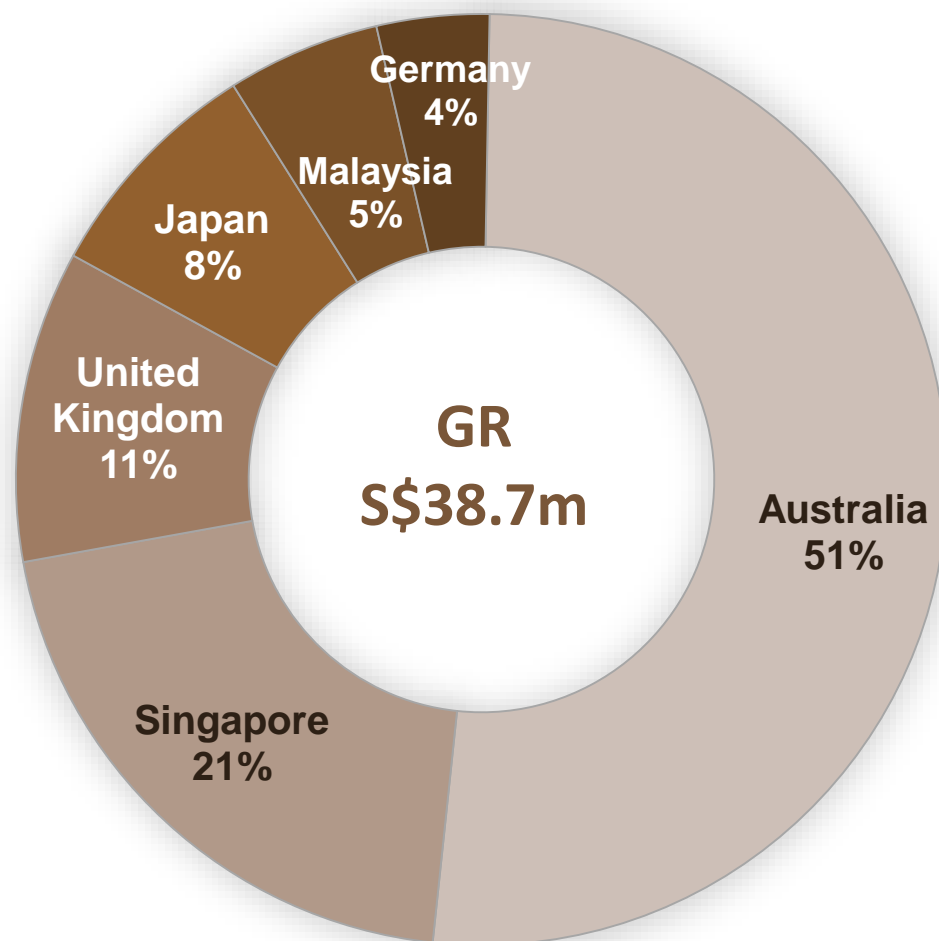
Distribution Period	1 Oct 2016 to 31 Mar 2017
Distribution Rate	2.5321 cents per Stapled Security
Last Day of Trading on “Cum” Basis	4 May 2017
First Day of Trading on “Ex” Basis	5 May 2017
Book Closure Date	9 May 2017
Distribution Payment Date	29 Jun 2017

Portfolio Performance



Sofitel Sydney Wentworth

Portfolio Contribution by Country – 2Q FY2017



Portfolio Highlights By Country – 2Q FY2017

Country	2Q FY2017			
	Gross Operating Revenue (GOR)		Gross Operating Profit (GOP)	
	Local Currency (m)	Variance (yoy)	Local Currency (m)	Variance (yoy)
Australia	32.7	▲ 46.1%	16.3	▲ 70.6%
Singapore	22.1	▲ 1.6%	8.9	▼ 1.5%
UK	5.0	▲ 10.1%	2.4	▲ 9.6%
Japan	1,425.4	▼ 5.2%	325.1	▼ 9.7%
Malaysia	24.0	▲ 12.7%	8.2	▲ 25.9%
Germany ¹	1,802.7	n.a.	418.7	n.a.

¹ Refers to Maritim Hotel Dresden which was acquired on 15 Jun 2016.

Portfolio Highlights By Country – 1H FY2017

Country	1H FY2017			
	GOR		GOP	
	Local Currency (m)	Variance (yoy)	Local Currency (m)	Variance (yoy)
Australia	65.7	▲ 38.4%	31.2	▲ 49.4%
Singapore	43.7	▲ 2.8%	17.5	▲ 1.8%
UK	11.1	▲ 4.6%	5.7	▲ 1.6%
Japan	3,187.9	▼ 4.2%	876.3	▼ 2.4%
Malaysia	48.3	▲ 0.7%	16.0	▼ 1.5%
Germany ¹	4,756.1	n.a.	1,817.1	n.a.

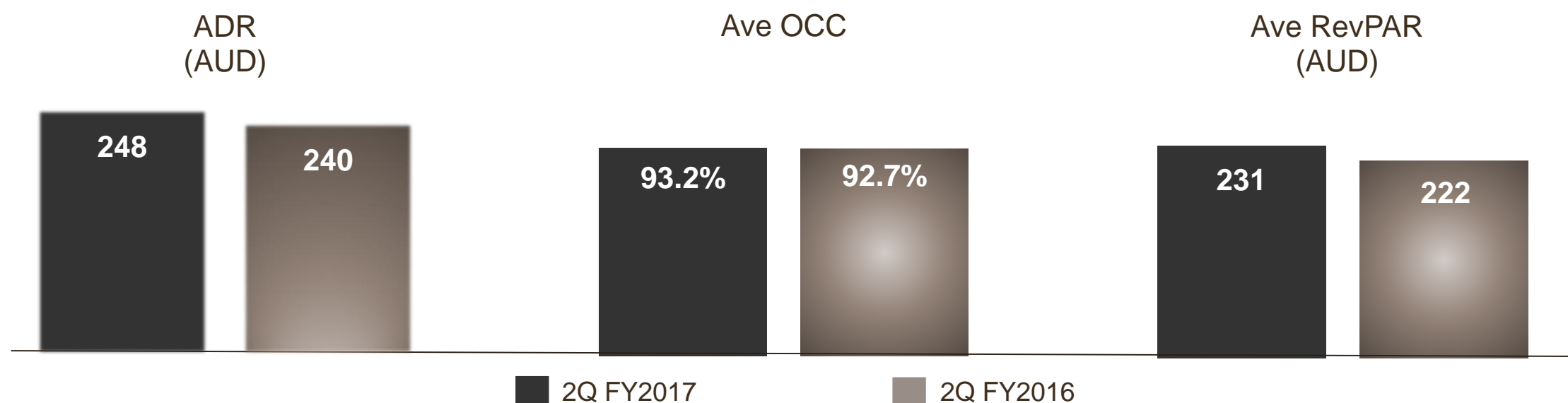
¹ Refers to Maritim Hotel Dresden which was acquired on 15 Jun 2016.

Australia Portfolio Performance

AUD (m)	2Q FY2017	2Q FY2016	Variance
GOR	32.7	22.4	▲ 46.1%
GOP	16.3	9.5	▲ 70.6%

- ❖ Novotel Melbourne on Collins (NMOC)
- ❖ Novotel Rockford Darling Harbour (NRDH)
- ❖ Fraser Suites Sydney (FSS)
- ❖ Sofitel Sydney Wentworth (SSW)

- Addition of NMOC contributed to the significant increase in GOR and GOP of the Australia portfolio.
- RevPAR for the portfolio rose 4.1% in 2Q FY2017, with RevPAR for Sydney and Melbourne increasing by 11.3% and 4.7% respectively.
- Sydney and Melbourne continue to enjoy a busy events calendar, with Sydney in particular benefitting from the completion of the International Convention Centre in Dec 2016.



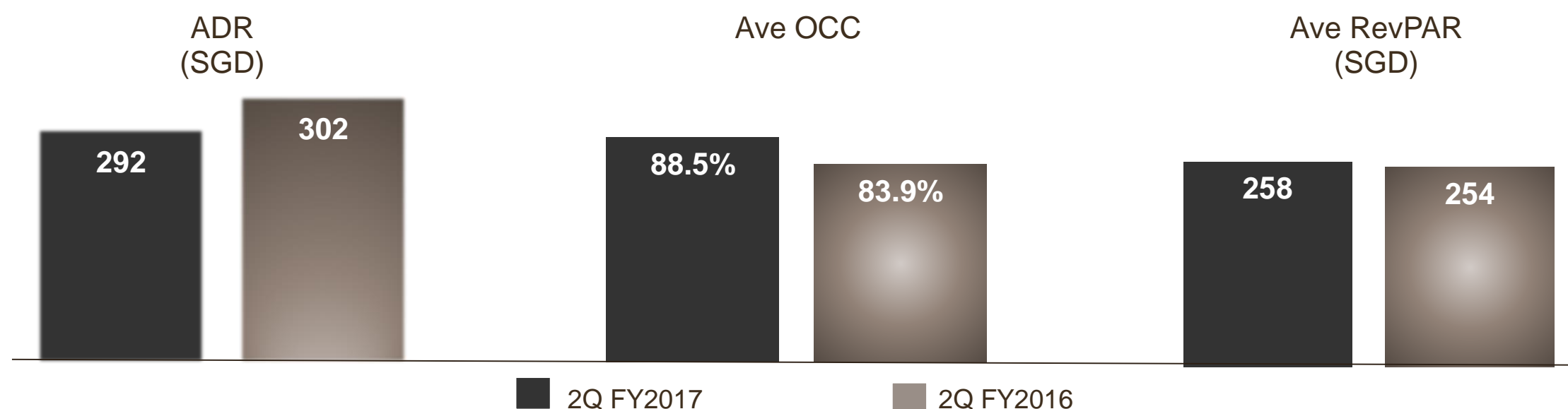
Singapore Portfolio Performance

SGD (m)	2Q FY2017	2Q FY2016	Variance
GOR	22.1	21.7	▲ 1.6%
GOP	8.9	9.1	▼ 1.5%

❖ Fraser Suites Singapore (FSSG)

❖ InterContinental Singapore (ICSG)

- Higher GOR for Singapore properties was due to higher occupancy levels recorded at ICSG following completion of the renovation in 2Q FY2016. Decline in GOP was mainly attributed to higher costs incurred by FSSG.
- ICSG continued its stride to reach optimal performance with higher RevPAR and food and beverage revenue.
- FSSG turned in flat RevPAR due to continued weakness in corporate demand from oil and gas and banking industries. It is actively pursuing new accounts from engineering, government and manufacturing industries.



UK Portfolio Performance

GBP (m)	2Q FY2017	2Q FY2016	Variance
GOR	5.0	4.5	▲ 10.1%
GOP	2.4	2.2	▲ 9.6%

❖ Fraser Suites Edinburgh (FSE)

❖ Fraser Suites Glasgow (FSG)

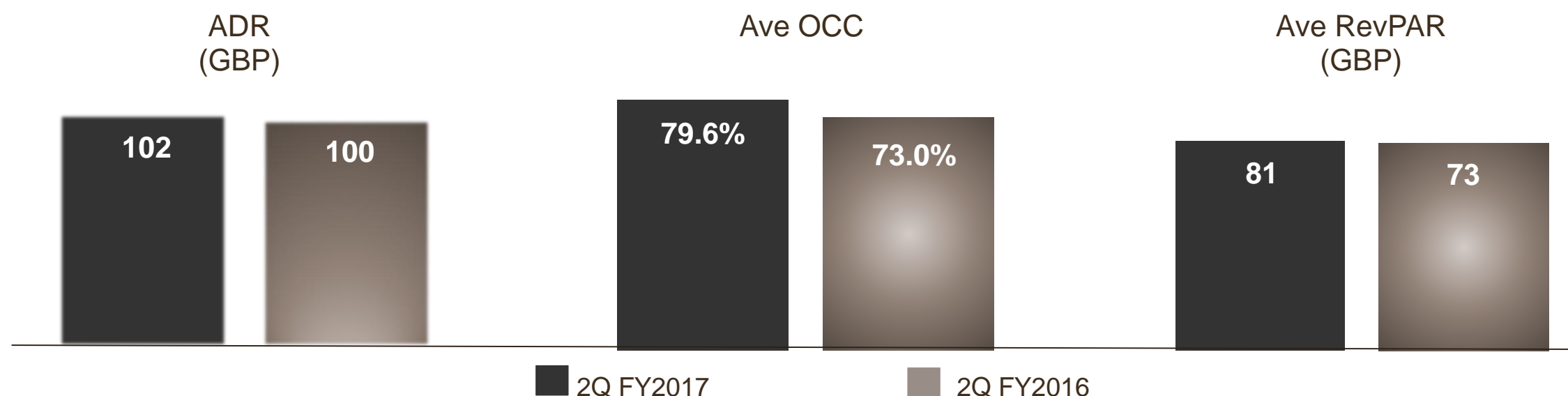
❖ Fraser Suites Queens Gate (FSQG)

❖ Fraser Place Canary Wharf (FPCW)

❖ Best Western Cromwell London (BWCL)

❖ Park International London (PIL)

- GOR and GOP of the UK portfolio increased 10.1% and 9.6% yoy respectively due mainly to a softer 2Q last year arising from heightened security and Brexit concerns.
- Higher ADR and occupancy contributed to 11% growth in RevPAR.
- The properties remained cautious on the back of the impending effect of Brexit.

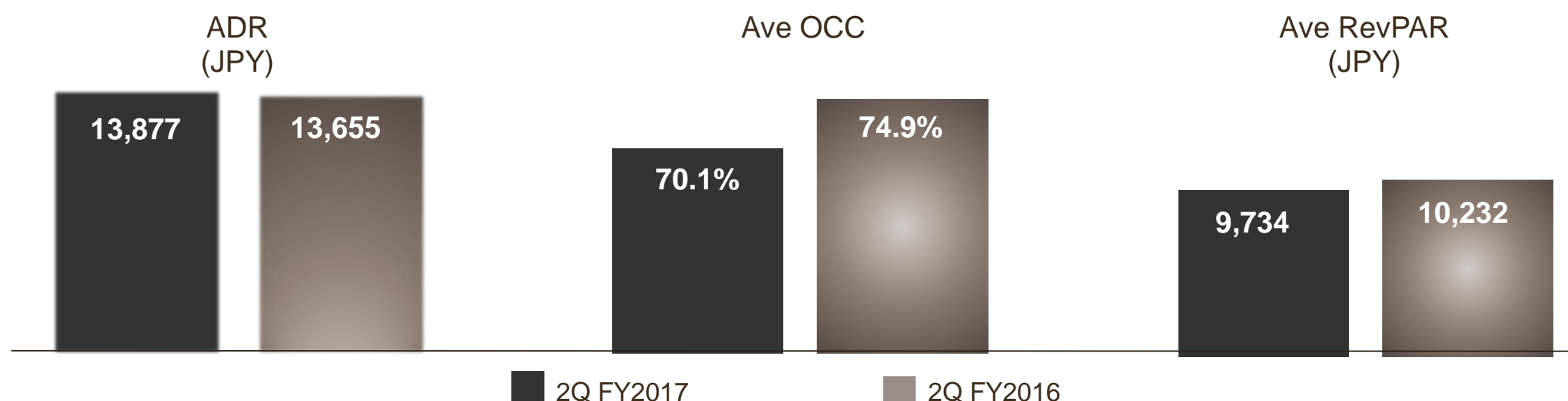


Japan Portfolio Performance

JPY (m)	2Q FY2017	2Q FY2016	Variance
GOR	1,425.4	1,503.5	▼ 5.2%
GOP	325.1	359.9	▼ 9.7%

❖ ANA Crowne Plaza Kobe (CPK)

- The strength of the Japanese yen has impacted international arrivals in the Kansai region. This has led to less spill-over traffic from Osaka and lower occupancy levels for Kobe market-wide.
- GOR and GOP dropped 5.2% and 9.7% respectively as a result of lower room and banquet revenues.
- CPK will continue to focus on increasing revenue from conferences and events to improve performance.

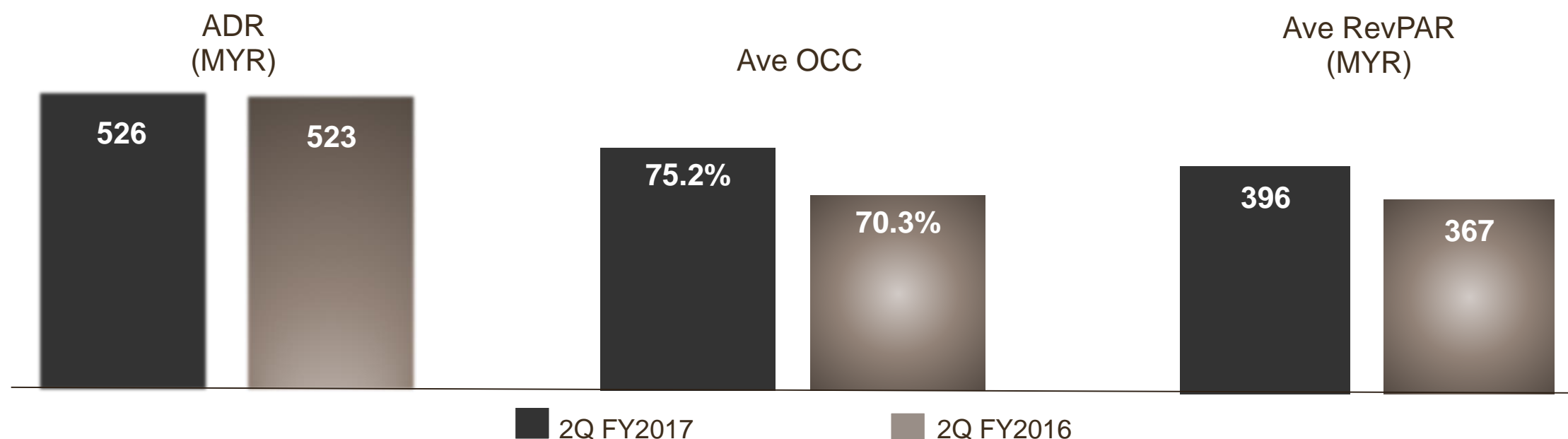


Malaysia Portfolio Performance

MYR (m)	2Q FY2017	2Q FY2016	Variance
GOR	24.0	21.3	▲ 12.7%
GOP	8.2	6.5	▲ 25.9%

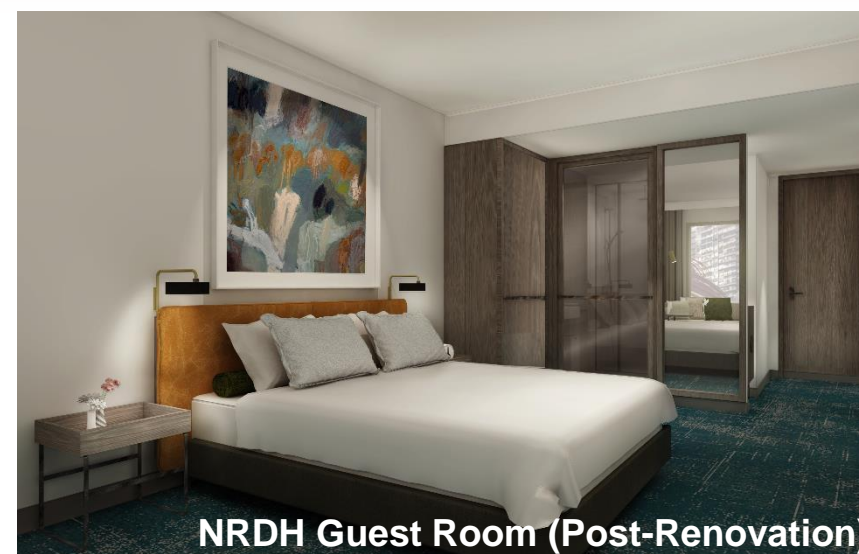
❖ The Westin Kuala Lumpur (TWKL)

- Coming off a low base, the KL market recorded strong growth in RevPAR yoy in 2Q.
- RevPAR was 7.9% higher yoy on the back of higher occupancy due to stronger transient and corporate demand. This, together with better banquet performance, contributed to the higher GOR and GOP.
- In the face of a continued uncertain demand outlook, TWKL will continue to focus its efforts on increasing banquet revenue through government and social events.



Asset Enhancement Initiatives (AEI)

- **NRDH**
 - Renovation to commence in end-Apr 2017.
 - Expected completion by 1Q FY2018.
- **Retail Component of CPK (Kobe Retail Mall)**
 - AEI to reposition and uplift the Kobe Retail Mall is in line with our plan to renovate and rejuvenate the hotel component of CPK.
 - Master lessee has committed to bear and finance the costs of renovating the mall.
 - Addendum to existing master lease agreement has been signed to facilitate the unwinding of the perpetual lease and to fix the termination sum at a cap of JPY4.25 billion, taking into consideration the actual amount to be spent on the AEI.
 - Synergistic benefits expected with the retail and hotel components of CPK being managed as an integrated development.



Capital Management



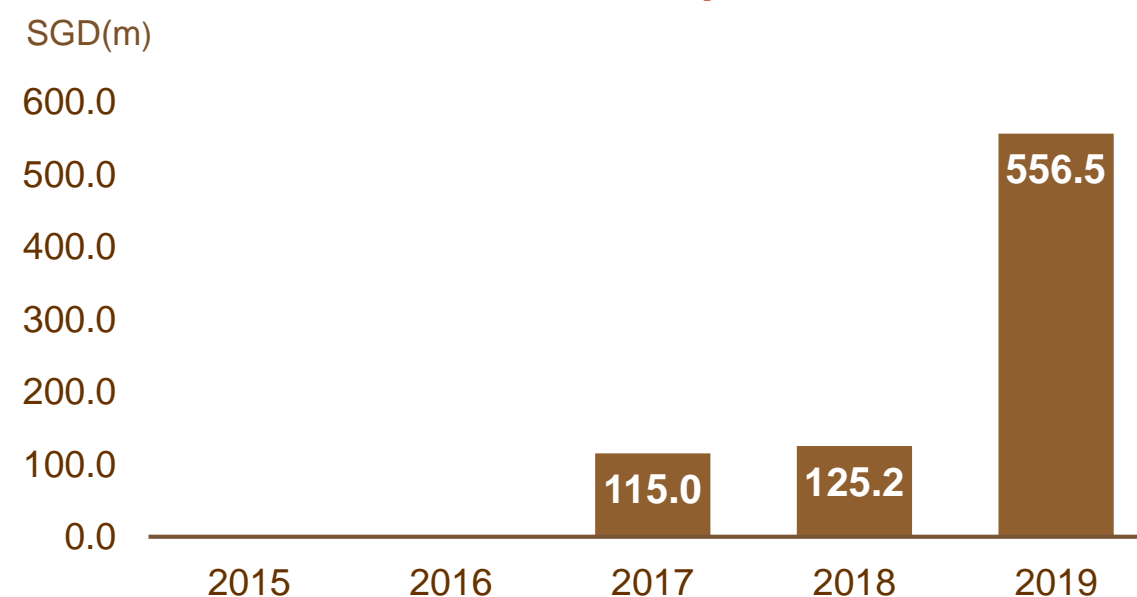
InterContinental Singapore

Risk and Capital Management

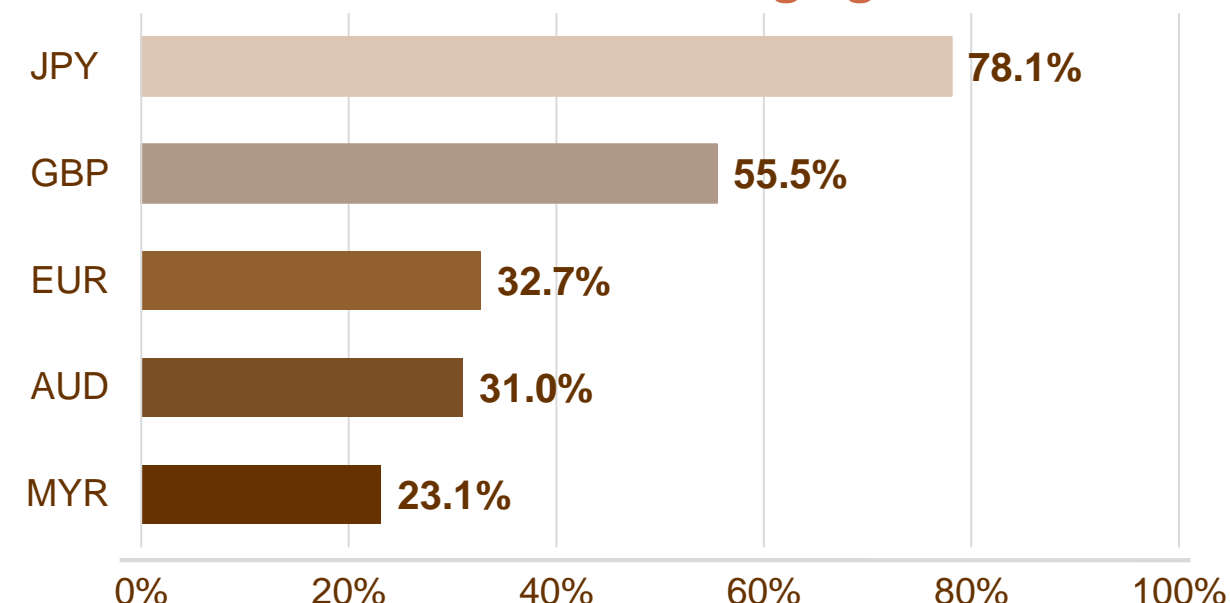
As at 31 Mar 2017	
Investment Properties	S\$2,049.3m
Property, Plant and Equipment	S\$252.1m
Total Assets	S\$2,396.8m
Total Borrowings	S\$796.7m
Gearing	33.4%
Net Asset Value (NAV) per Stapled Security	76.82 cents

As at 31 Mar 2017	
Weighted Average Years to Maturity	1.84 years
Unsecured Debt	96.2%
Effective Cost of Borrowing	2.6%
Borrowings on Fixed Rates	87.8%
Interest Cover	5.2 times
FHT's Issuer Rating by Moody's	Baa2

Debt Maturity Profile



Balance Sheet Hedging



Outlook



Park International London

Australia

- Tourism Australia reported that international arrivals to the country grew 11.0% yoy to 8.3 million in 2016, with Chinese visitors growing 16.9% yoy.
- For Jan to Feb 2017, international arrivals rose 6.3% yoy.
- Sydney's hotel market is poised for further growth in 2017. International and domestic travellers are expected to remain strong. The opening of the new International Convention Centre is anticipated to further boost MICE and corporate demand¹.
- Melbourne's calendar of major global events continues to be a draw for visitors to the city. The impact of new supply is likely to be limited as demand is expected to be firm².

Pictures from Fraser Suites Sydney and Sofitel Sydney Wentworth.

¹ Source: Savills – Asia Pacific Hotel Sentiment Survey – 1H2017

² Source: CBRE Research – MarketView Australia Hotels – 3Q and 4Q2016



Singapore

- Singapore Tourism Board reported a 7.7% increase in tourist arrivals for 2016, fuelled in part by a surge in arrivals of Chinese and Indonesian visitors.
- For Jan to Feb 2017, tourist arrivals rose 3.4% yoy.
- Singapore continues to grow its pipeline of MICE events which include IMDEX Asia 2017, BroadcastAsia 2017, CommunicAsia 2017, ITB Asia 2017 and Aviation Week's MRO Asia Conference and Exhibition.
- However, soft corporate demand, pressure arising from supply of new rooms and increasing regional competition are expected to weigh on the hospitality sector.

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



United Kingdom

- According to Visit Britain, inbound visitors to the UK were up 3% yoy to 37.3 million in 2016.
- For Jan to Feb 2017, the UK received 5.2 million overseas visitors, up 6% yoy.
- Positive economic outlook for the UK and a weaker pound is likely to boost travel demand and benefit tourism in London. But performance of the market is also highly dependent on how Brexit negotiations play out during the year¹.
- Outlook for Edinburgh and Glasgow is expected to remain positive in the light of the upbeat Scottish economy and growing tourism demand².

Pictures from Visit London, Fraser Suites Edinburgh and Fraser Suites Queens Gate.

1 Source: PWC – Standing out from the crowd European cities hotel forecasts for 2017 and 2018 – Mar 2017

2 Source: JLL Hotel Intelligence, Sep 2016



Japan

- Japan National Tourism Organization (JNTO) reported 21.8% growth yoy in the number of foreign visitors for 2016.
- For the first quarter of 2017, JNTO reported yoy growth of 13.6% in foreign visitors, with the growth rate for Feb 2017 being the lowest in four years. The number of Chinese visitors grew only by 2.0% in Feb 2017.
- For 2016, hotel occupancies in Osaka fell by 0.9 ppt yoy to 89.8% but RevPAR rose 2.1% on the back of ADR gains. The city is likely to see a jump in new supply in 2017 and room rates are expected to continue rising albeit at a slower pace¹.

Pictures from IHG ANA Crowne Plaza Kobe.

¹ Source: Savills – Spotlight: Japan Hospitality – Feb 2017



Malaysia

- According to Tourism Malaysia, tourist arrivals increased 4.0% yoy to 26.8 million in 2016, with Chinese tourists growing 26.7% yoy.
- For 2017, Tourism Malaysia has set a target to increase tourist arrivals by over 18% to 31.8 million.
- However, significant supply in the pipeline in the coming years is expected to place pressure on hotels to reduce rates¹.
- Weak corporate demand, in the light of the contraction in oil and gas industry and depreciation of the Malaysian Ringgit, remains a concern in an already competitive hotel market¹.

Pictures from The Westin Kuala Lumpur and Tourism Malaysia.

¹ Source: www.jllapsites.com/research/appd-market-report/q4-2016-hotels-kuala-lumpur



Germany

- The Federal Statistical Office of Germany reported a 3% increase in the number of domestic and foreign overnight stays to 447.3 million in 2016¹.
- In Dresden, the total number of domestic and foreign visitors increased marginally by 0.5% to 2.09 million in 2016. For Jan 2017, the number has increased by 7.6% yoy².
- The capital city of the Free State of Saxony continues to enjoy a growing pipeline of MICE events including Eurobrake 2017, The European Wireless Conference, Lab Supply Dresden and Cryogenics Conferences.

Pictures from Semperoper Dresden and Maritim Hotel Dresden.

¹ Source: www.destatis.de

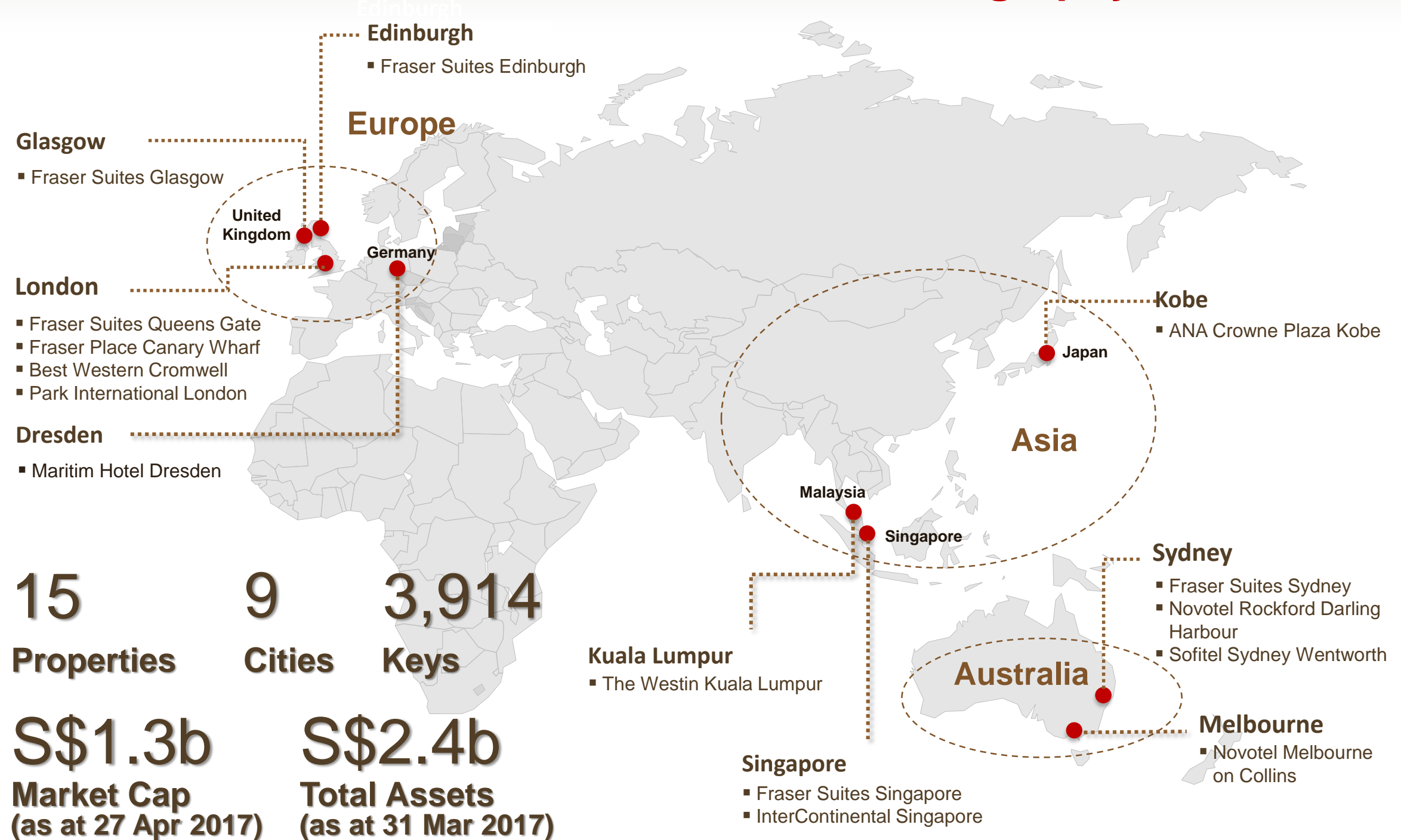
² Source: www.dresden.de










Thank you

Resilient and Diversified Portfolio Across Geography



Portfolio Overview

Hotel Properties Managed by Third-Party Operators

	Property	Country	Description	Tenure	Class	Rooms
	InterContinental Singapore	Singapore	Only 5-star luxury hotel in Singapore to preserve Peranakan heritage in a shop house style setting	75 years	Luxury	406
	Novotel Rockford Darling Harbour	Australia	4.5-star hotel located within close proximity of Sydney's Darling Harbour & Chinatown	84 years	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	Luxury	436
	Novotel Melbourne on Collins	Australia	Strategically located within Melbourne's core CBD area along Collins Street	Freehold	Upscale	380
	Best Western Cromwell London	United Kingdom	Distinctive white Victorian façade located in the heart of London	75 years	Mid-scale	85

Portfolio Overview

Hotel Properties Managed by Third-Party Operators

	Property	Country	Description	Tenure	Class	Rooms
	Park International London	United Kingdom	Elegant hotel ideally located in the heart of Kensington & Chelsea	75 years	Mid-scale	171
	ANA Crowne Plaza Kobe	Japan	Unique panoramic view of Kobe city from Rokko mountain	Freehold	Upper Upscale	593
	Westin Kuala Lumpur	Malaysia	5-star luxury hotel located in the center 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

Portfolio Overview

Serviced Residences Managed by Frasers Hospitality

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