

Frasers Hospitality Trust

Annual General Meeting

20 January 2021, 10.00 a.m.

InterContinental Singapore

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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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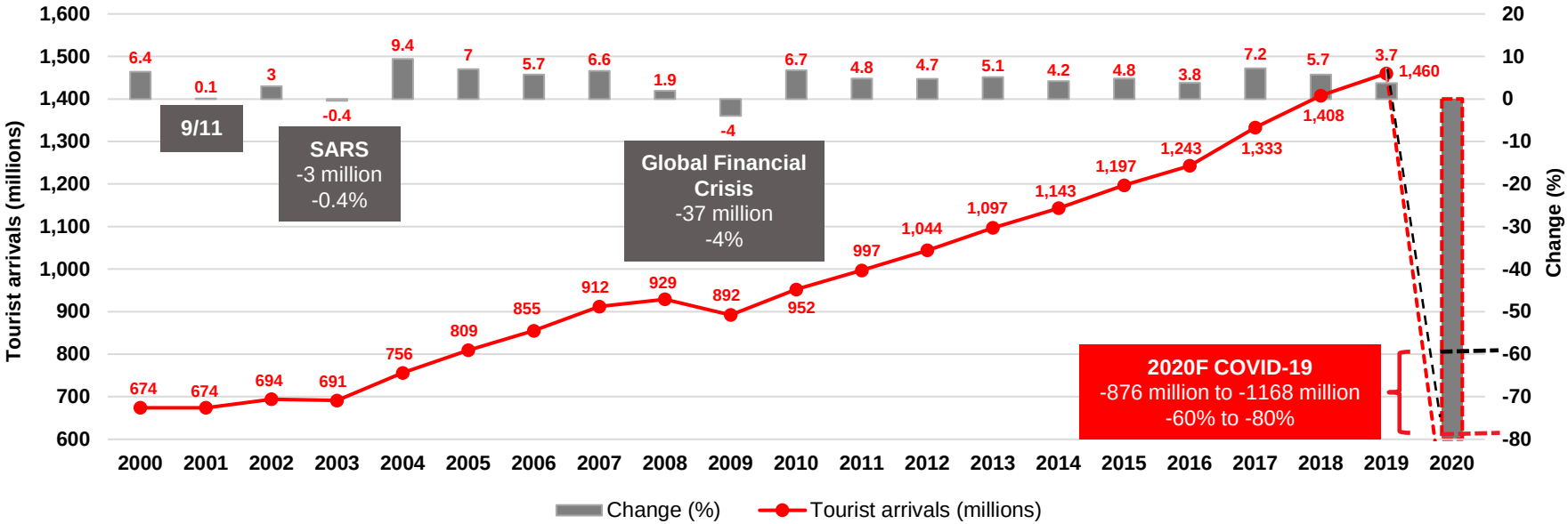
COVID-19 impact on global tourism and hospitality industries

InterContinental Singapore

COVID-19 impact on global tourism industry

Decline is expected to be much sharper than previous crises

2020 forecast – international tourist arrivals (millions)



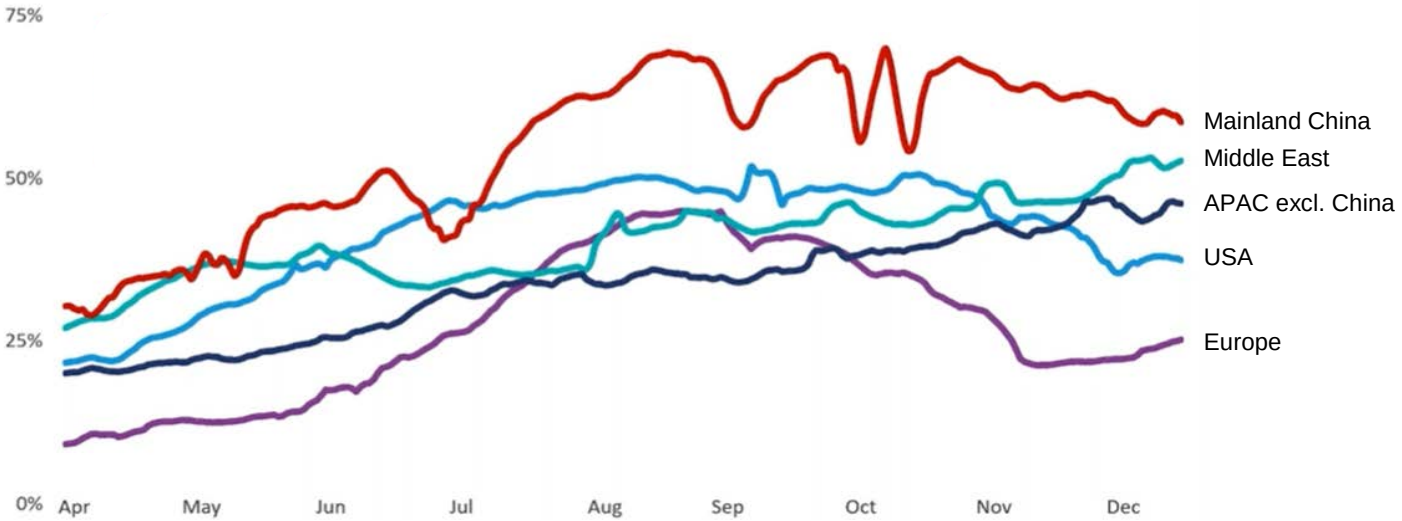
- International tourist arrivals for 2020 are expected to decline between 60% and 80% yoy.

Sources: UNWTO, May 2020, Tourism Economics, through JLL Global Hotel Market Update and Investment Trends, Aug 2020

COVID-19 impact on global hospitality industry

APAC has posted slightly more encouraging hotel performance so far

2020 average hotel occupancy rate by region



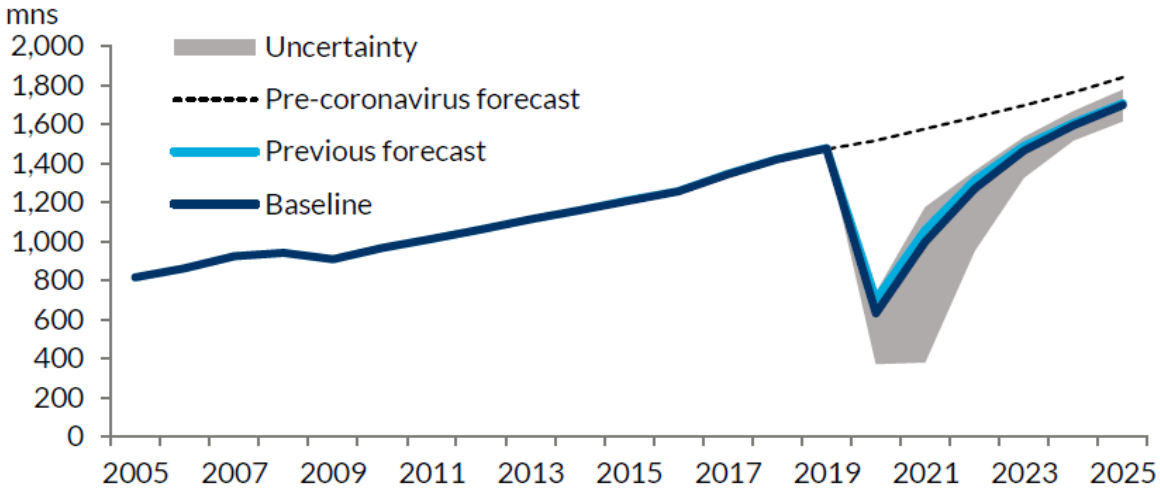
- Supported by better virus containment, less stringent lockdowns and earlier easing of lockdown measures, APAC has posted less severe declines in occupancy.
- Europe recovery, on the other hand, accelerated during the summer months due to easing of lockdown restrictions and domestic travel but has been set back by the resurgence of COVID-19 cases during winter.

Sources: STR, 17 Dec 2020 and Tourism Economics, City Travel Falls and Recovery, Sep 2020

COVID-19 impact on global tourism and hospitality industries

Recovery remains uncertain

Inbound arrivals by scenario, 2005-25



Note: Inbound arrivals is sum of country's total tourist arrivals, including intra-regional flows

- COVID-19 outbreak has devastated the travel and tourism sectors. Rebound is only expected by 2H 2021.
- Large increase in COVID-19 cases in Europe has led to renewed lockdowns. Second wave in many developed markets would further devastate travel demand and protract travel recovery.
- While positive news on vaccine is expected to gradually increase consumer confidence and lead to easing of travel restrictions, international arrivals are not expected to surpass 2019 levels until 2024.

Sources: Tourism Economics, GTS Global Highlights and Risks, Sep 2020 and UNWTO World Tourism Barometer, Dec 2020

FHT – FY2020 in review



Novotel Melbourne on Collins

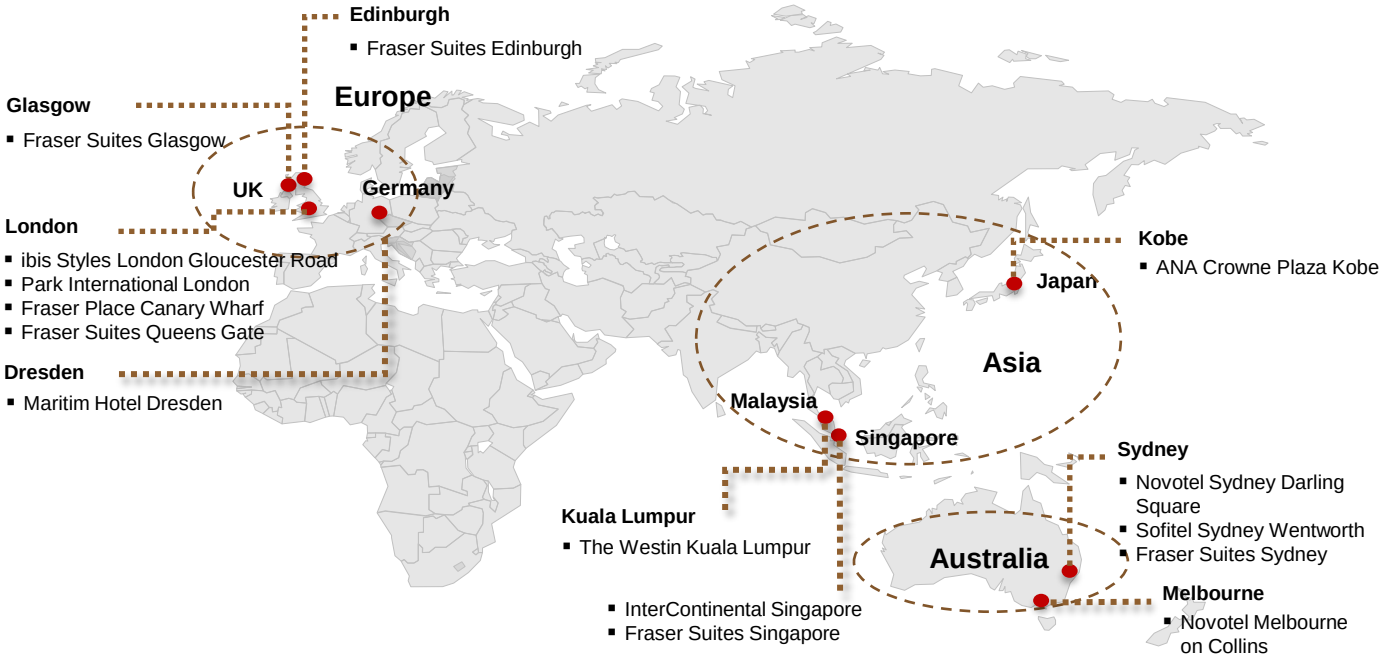
Diversified portfolio across geography

9
Cities

15
Properties

3,913
Keys

SGD 2.25 b
Appraised portfolio value[1]



1. As at 30 Sep 2020..

Financial review

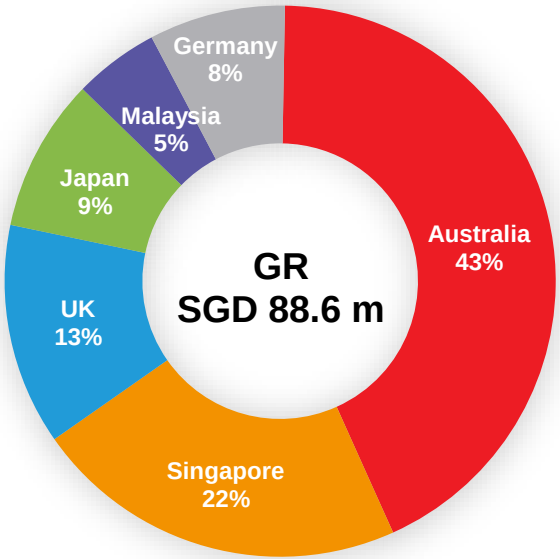


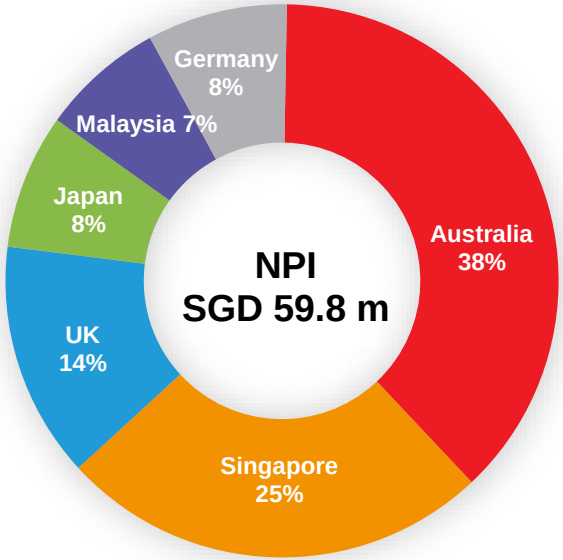
InterContinental Singapore

SGD m	1Q FY2020	Change	FY2020	Change
Gross revenue (GR)	42.4	▲ **4.3%**	88.6	▼ **40.9%**
Net property income (NPI)	33.2	▲ **6.8%**	59.8	▼ **46.4%**
Income available for distribution (DI)	25.5	▲ **7.4%**	29.9	▼ **64.4%**
Distribution to stapled securityholders	25.5	▲ **7.4%**	26.9	▼ **67.9%**
Distribution per stapled security (DPS)	1.3301 cents	▲ **6.1%**	1.3982 cents	▼ **68.3%**

- The better performance in 1Q FY2020 helped partially mitigate the detrimental impact of the COVID-19 outbreak on FY2020 performance.
- Additionally, FH-REIT was entitled to the contractual fixed rent under the master lease structure when some of the properties temporarily suspended operations and/or operated below their optimal performance level. This provided downside protection during the COVID-19 outbreak.
- To conserve cash, FHT retained SGD 3.0 m or approximately 10% of DI for working capital purposes, leading to a DPS of 1.3982 cents for FY2020.

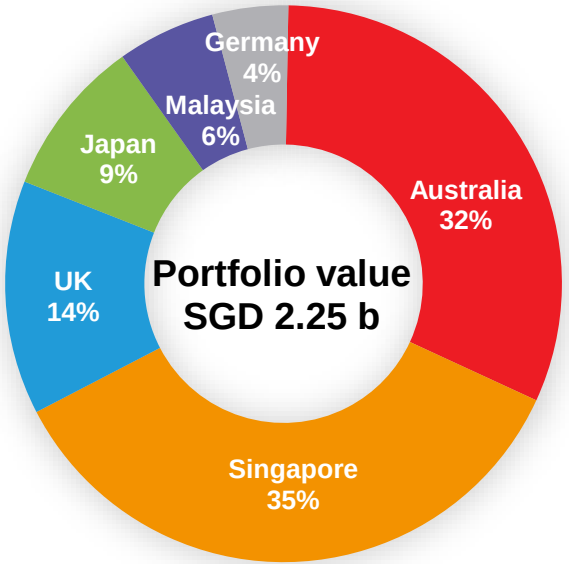
Portfolio contribution by country for FY2020





Portfolio valuation

Country	Valuation as at 30 Sep 2020 (SGD m)	Valuation as at 30 Sep 2019 (SGD m)	Variance in SGD	Variance in Local Currency
Australia	709.9	709.2	0.1%	-4.7%
Singapore	798.0	837.0	-4.7%	-4.7%
UK	306.3	326.4	-6.2%	-9.7%
Japan	207.5	215.0	-3.5%	-5.4%
Malaysia	127.2	138.2	-8.0%	-8.3%
Germany	98.7	104.5	-5.6%	-11.0%
Total	**2,247.6**	**2,330.3**	**-3.5%**	



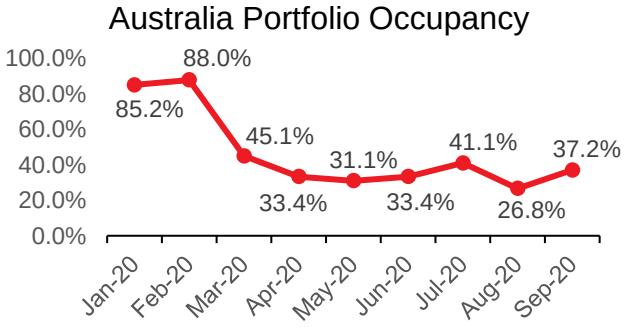
- While the cap rates and discount rates were either unchanged or largely similar to those of last year, all country portfolios saw yoy decline in valuation in local currency terms.
- However, compared to last year, all functional currencies have appreciated against SGD this year, leading to a smaller yoy decline of 3.5% in total portfolio valuation in SGD terms.

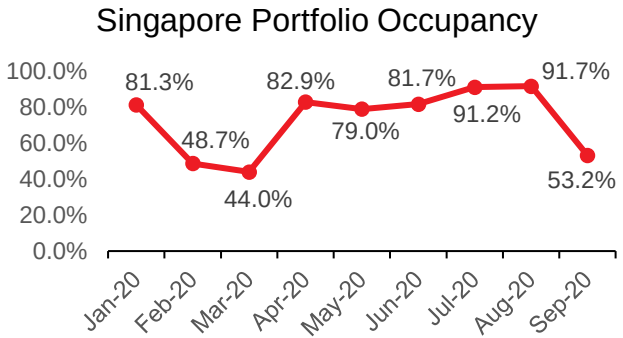
COVID-19 impact on FHT portfolio performance

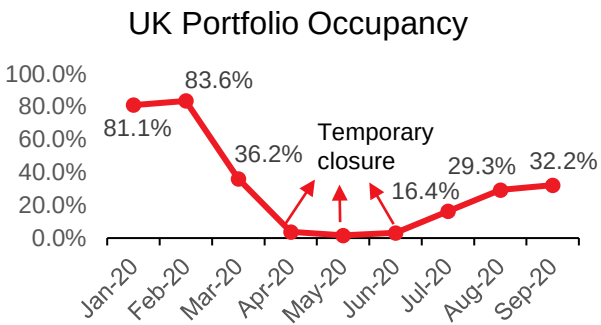


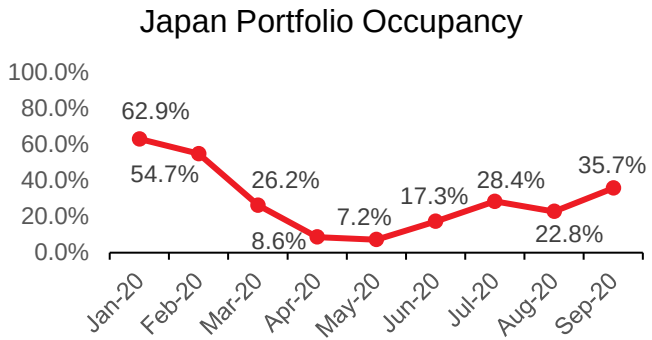
Sofitel Sydney Wentworth

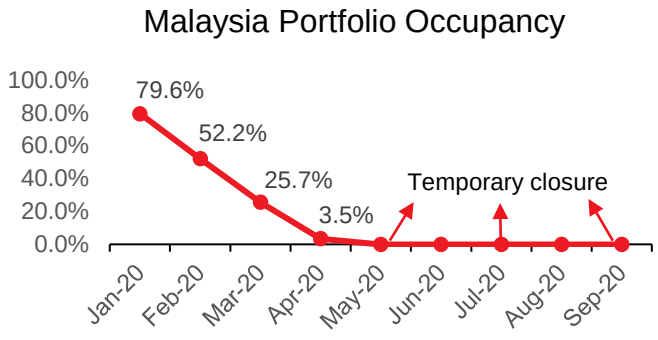
COVID-19 impact on portfolio occupancy (by country)











COVID-19 impact on portfolio performance for FY2020

Country	FY2020 GOR		FY2020 GOP	
	Local currency (m)	Variance (%)	Local currency (m)	Variance (%)
Australia	77.8	▼ 38.4	32.0	▼ 40.0
Singapore	54.5	▼ 39.1	21.9	▼ 40.9
UK	13.0	▼ 52.4	4.4	▼ 69.0
Japan	3,220.6	▼ 47.4	623.7	▼ 63.7
Malaysia	37.8	▼ 55.9	1.9	▼ 92.1
Germany	8.8	▼ 23.2	3.2	▼ 30.0

Proactive actions taken to mitigate COVID-19 impact



Exploration of new revenue streams
First movers to take in isolation/quarantine business to secure revenue

Cash preservation
Prudent assessment of all expenses and exploration of all possible revenue streams to maintain cash

Cost mitigation
Through operations, payroll, sales & marketing and government support to reduce expenses

Delayed capex
All major capital works deferred to sustain cashflow

Sustained profitability approach
Business evaluation framework assessment for all properties on suspension and continuing operations

Exploration of new revenue streams

Isolation/Quarantine business

- Sofitel Sydney Wentworth hosted returning Australian residents serving quarantine orders for the entire 2H FY2020. It has further secured another contract for the isolation business starting from Oct 2020.
- Novotel Melbourne on Collins had the isolation business for 5 out of 6 months in 2H FY2020. It has also successfully secured further contract starting from Oct 2020.
- InterContinental Singapore had the stay-home notice (**SHN**) business for 5 out of 6 months in 2H FY2020 but ceased serving as an SHN facility in early Sep 2020.



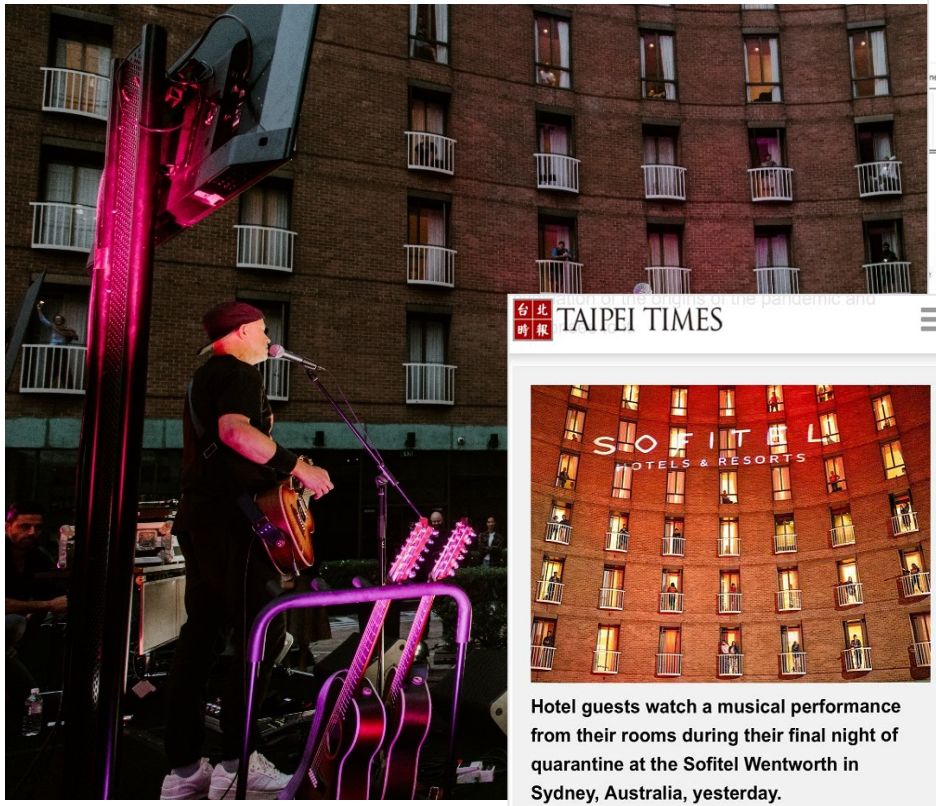






Exploration of new revenue streams

Isolation/Quarantine business







TAIPEI TIMES

Hotel guests watch a musical performance from their rooms during their final night of quarantine at the Sofitel Wentworth in Sydney, Australia, yesterday.

Photo: EPA-EFE



Exploration of new revenue streams

Effective use of current space to generate new revenue

FRASERS HOSPITALITY TRUST

Sofitel Sydney Wentworth

The Ultimate Luxury Dining Experience

The Ultimate Luxury Dining Experience on Level 5 Garden Court Terrace

- Rent or purchase two igloos to be used on level 5 - location below of the igloos indicated by ★
- 6-10 people per igloo
- Private Dinner - Drinks – Events
- Design your own menu (food or drinks)
- Design your own experience (themed)
- Friday and Saturday Nights - Two seatings per night





THE NEW WORLD – SOFITEL SYDNEY WENTWORTH

InterContinental Singapore

REDEFINING *MEETING EXPERIENCES*



Transform your event possibilities with this state-of the-art, purpose-built virtual and hybrid event studio @ The Green Room of InterContinental Singapore. Located in the heart of town, The Green Room allows you to engage with your international audience LIVE! virtually or through a hybrid setup without the hassle and high cost of setting up a green screen and AV system at a separate location.

Website | Video

Exploration of new revenue streams

Effective use of current space to generate new revenue

Extension of Pumphouse at Novotel Sydney Darling Square

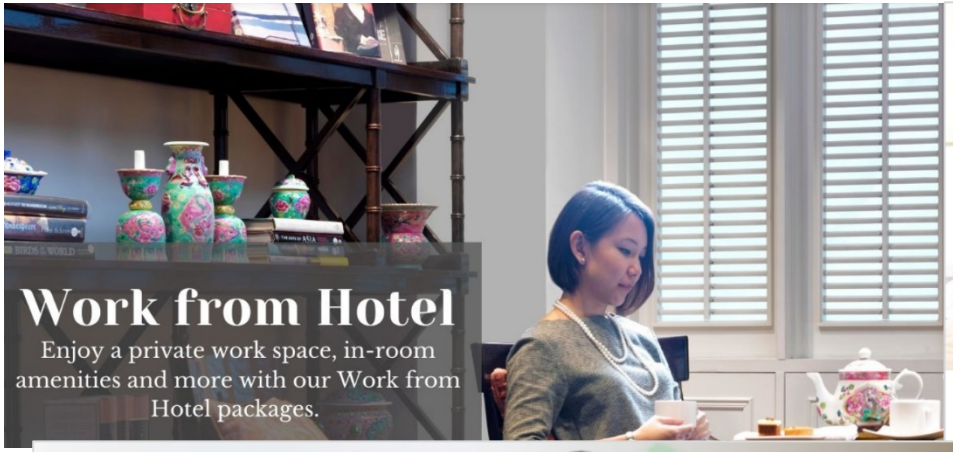






Exploration of new revenue streams

Offerings to serve evolving needs









Cash preservation and cost mitigation

Scale down operations

- Close F&B
- Close amenities
- Close rooms and floors
- Scale back services
- Reassess supply and service contracts

Utilities and maintenance

- ☑ Close off floors, lifts, chillers and amenities
- ☑ Adjust aircon temperature in common areas e.g. lift lobby
- ☑ Reduce maintenance

Supplies and others

- ☑ Reduce F&B inventories
- ☑ Control stock level of all supplies
- ☑ Secure discounts or rebates from suppliers (including 3rd party operators)
- ☑ Negotiate for support from all suppliers

Sales and marketing

- ☑ Suspend all marketing and advertising activities
- ☑ Suspend all roadshows and participation in trade events
- ☑ Negotiate with operators to suspend fixed marketing fees

Government support

- ☑ Wage credit support
- ☑ Property tax rebate or waiver
- ☑ Deferment of VAT/GST payment

Payroll

- ☑ Reduce headcount
  - ☑ Terminate all contract staff and part-timers
  - ☑ Freeze recruitment
- ☑ Freeze overtime
- ☑ Implement staff furlough - shorter work week to lower payroll costs
- ☑ Staff to clear leave and take time-off

Cash preservation and cost mitigation



The Westin Kuala Lumpur

- In the UK, all properties suspended operations from Apr to Jun 2020 by order of the government.
- Except for ibis Styles London Gloucester Road, all UK properties have resumed operations since Jul 2020.
- Similarly, The Westin Kuala Lumpur was temporarily closed from May 2020 to conserve cash. It has reopened since 18 Dec 2020.



ibis Styles London Gloucester Road

Sustainable profitability approach

- Working closely with operators to identify new revenue streams.
- Pre-empting and pushing out promotions to capture different market segments.
- Constantly evaluating business operations.
- Rationalising and improving work processes and procedures as well as collaborating as a group.
- Negotiating with corporate vendors to lower costs and defer payment, where feasible.



Risk and capital management

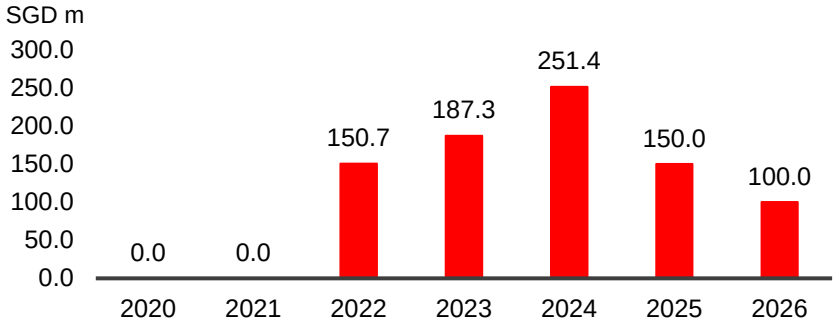


Fraser Place Canary Wharf London

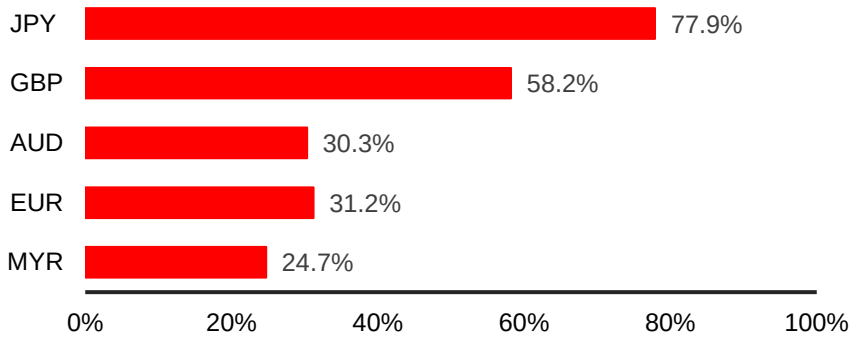
Risk and capital management

As at 30 Sep 2020	
Investment properties	SGD 2,029.6 m
Property, plant and equipment	SGD 221.0 m
Total assets	SGD 2,361.3 m
Total borrowings	SGD 886.4 m
Gearing[1,2]	37.7%
Net asset value per stapled security	SGD 0.65
Weighted average debt to maturity	3.62 years
Unsecured debt	96.3%
Effective cost of borrowing[2]	2.3%
Borrowings on fixed rates	74.9%
Interest cover[3,4]	2.3 times

Debt maturity profile (excludes short-term loans)



Balance sheet hedging



1. On 16 Apr 2020, MAS raised the leverage limit for S-REITs from 45% to 50%.
2. The impact of FRS 116 Leases (adopted with effect from 1 Oct 2019) has been excluded for the purpose of computing gearing and effective cost of borrowing.
3. Interest coverage ratio is as prescribed under the MAS' Property Funds Appendix (last revised on 16 Apr 2020).
4. For the purpose of computing interest coverage ratio, interest expense excludes the unwinding of discounting effect on present value of lease liability and long-term security deposits payable.

Market outlook



The Westin Kuala Lumpur

Market outlook



Sofitel Sydney Wentworth

- According to the World Tourism Organization (**UNWTO**), international arrivals are expected to rebound in 2021, based on the assumption of a gradual reversal of the pandemic, the roll-out of COVID-19 vaccine, significant improvement in traveller confidence and major lifting of travel restrictions by mid-2021.
- The expected rebound is also a consequence of the large pent-up demand after months of closed borders and travel bans. It is expected to continue in 2022 as travel conditions normalise and the pandemic is contained globally. However, international tourism could still take 2.5 to 4 years to return to 2019 levels. UNWTO also expects domestic tourism to return faster and stronger than international travel.
- FHT has a portfolio of 15 quality assets which are in prime locations within key cities of Australia, Asia and Europe. While significant uncertainty remains, FHT is confident in the long-term fundamentals of the markets where it has presence in and will continue to prepare for the eventual recovery of international tourism.
- Given the sizeable domestic tourism markets in Australia, Japan and the UK, a rebound in domestic tourism is likely to help FHT's properties in these countries recover sooner than the rest of its portfolio.
- FHT continues to have ample debt headroom and sufficient liquidity to ride through these extraordinary times. The master lease structure for its properties also helps to mitigate the adverse impact of the pandemic.

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Experience matters.