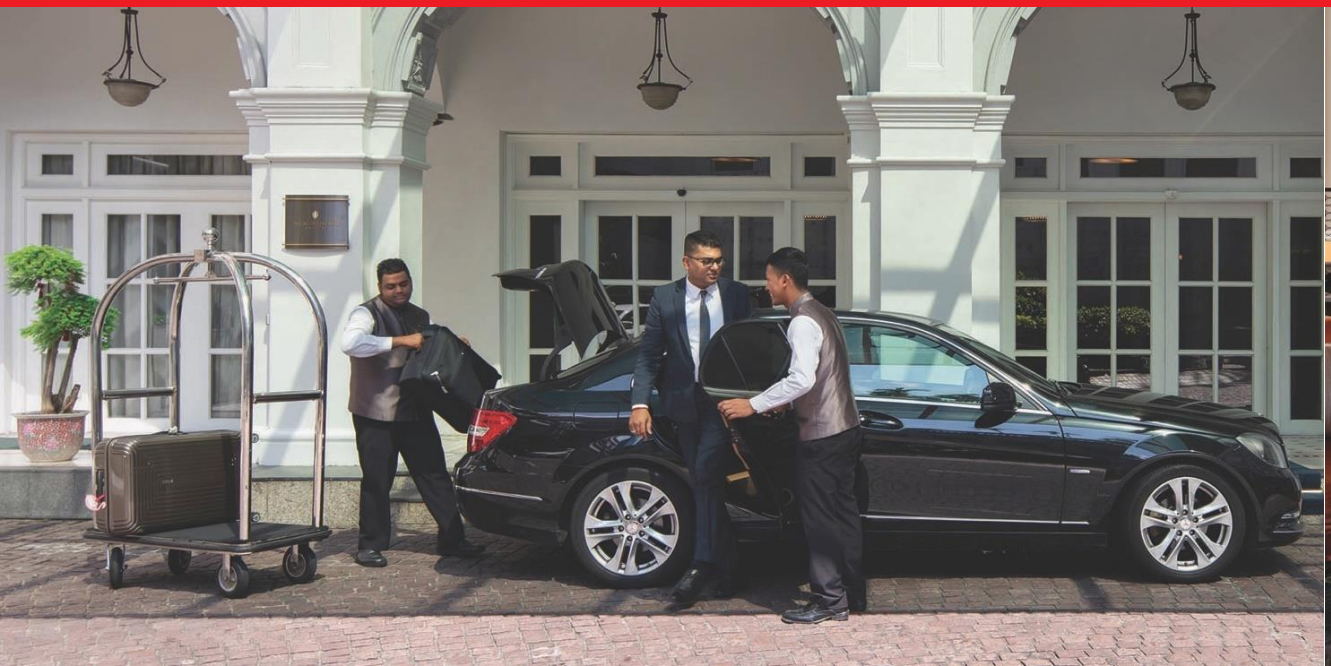
# Frasers Hospitality Trust

## 4th Annual General Meeting

22 January 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

- FY2018 in Review
- Portfolio Review
- Asset Enhancement Initiatives




*Fraser Suites Sydney*

FRASERS HOSPITALITY TRUST

# FY2018 in Review

# FY2018 Financial Results

| SGD m | FY2018 | FY2017 | Variance |
|---|---|---|---|
| **Gross Revenue (GR)** | 155.9 | 158.7 | ▼ 1.8% |
| **Net Property Income (NPI)** | 117.0 | 120.2 | ▼ 2.6% |
| **Distribution Income (DI)** | 89.4 | 93.5 | ▼ 4.4% |
| **Distribution Per Stapled Security (DPS)** | 4.7613 cents | 5.0458 cents | ▼ 5.6% |

- GR and NPI declined yoy due to weaker performance from the Australia and Malaysia portfolios and unfavourable foreign exchange impact (especially AUD) which were partially offset by better performance from the Singapore and Germany portfolios.
- Lower NPI and higher finance costs from refinancing loans with longer term notes led to lower DI and DPS.
- Based on year-end closing price of 70 cents, DPS of 4.7613 cents translates to DPS yield of 6.8%.

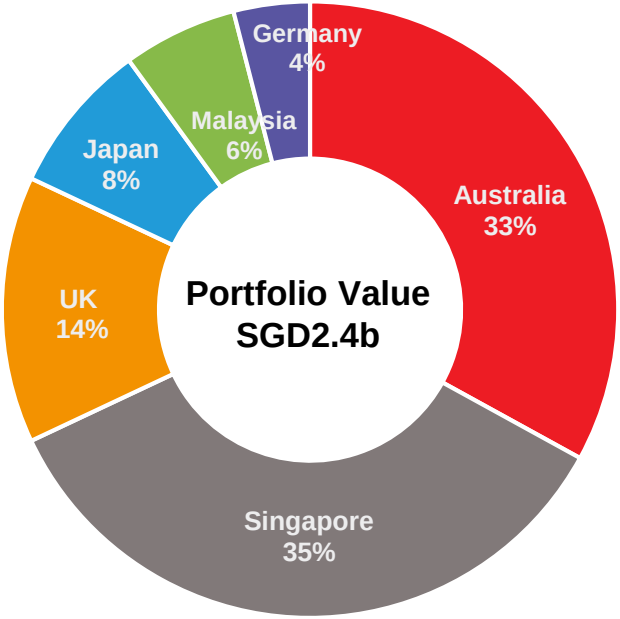
# Well-Diversified Portfolio of Quality Assets




| 15 properties | 9 cities | 3,913 keys | SGD2.4b portfolio value |
|---|---|---|---|

# Resilient Portfolio Performance

- All country portfolios, except for Singapore and Malaysia, reported higher valuation (in local currency) compared to a year ago.
- Portfolio value as at 30 Sep 2018 declined 1.6% yoy due mainly to the weakening of most foreign currencies against SGD except for JPY and MYR.

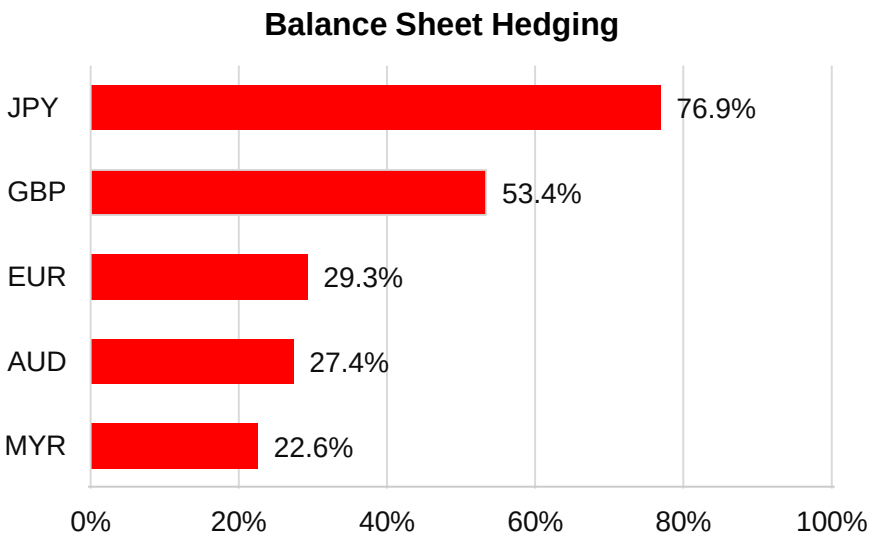



| Country | Valuation as at 30 Sep 2018 (SGD m) | Valuation as at 30 Sep 2017 (SGD m) | Variance in SGD (%) | Variance in Local Currency (%) |
|---|---|---|---|---|
| **Australia** | 793.6 | 842.7 | -5.8% | 1.4% |
| **Singapore** | 832.0 | 840.0 | -1.0% | -1.0% |
| **UK** | 337.1 | 331.2 | 1.8% | 4.1% |
| **Japan** | 194.7 | 189.2 | 2.9% | 2.5% |
| **Malaysia** | 138.7 | 138.2 | 0.3% | -2.3% |
| **Germany** | 104.2 | 98.2 | 6.2% | 7.4% |
| **Total** | **2,400.3** | **2,439.5** | **-1.6%** | **-** |

# Disciplined Approach in Capital Management

- Healthy gearing of 33.6%.
- Natural hedging for overseas assets through borrowings and cross currency swaps in foreign currencies to achieve loan-to-valuation range of 20% to 80%.

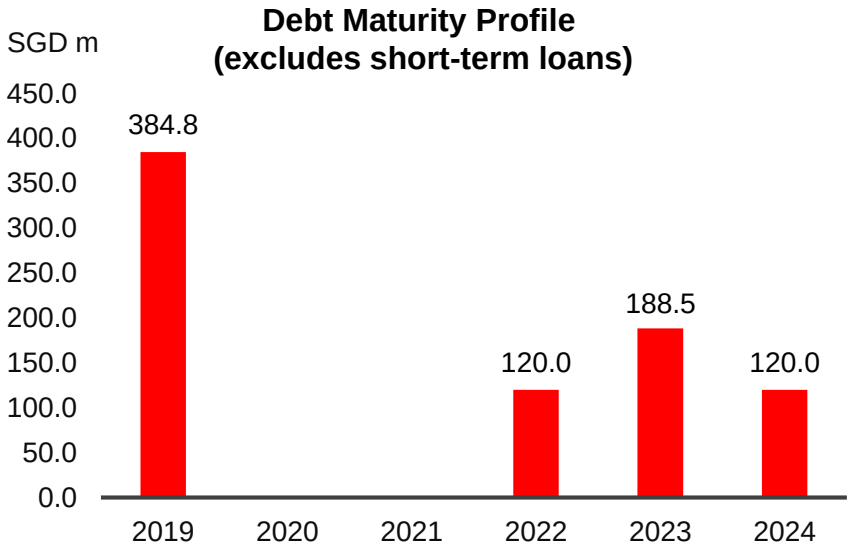
| As at 30 Sep 2018 | |
|---|---|
| **Investment Properties** | SGD2,151.9m |
| **Property, Plant and Equipment** | SGD248.4m |
| **Total Assets** | SGD2,494.7m |
| **Total Borrowings** | SGD835.0m |
| **Gearing** | 33.6% |
| **Net Asset Value per Stapled Security** | SGD0.7770 |



# Prudent Risk Management

- Weighted average term to maturity at 2.91 years.
- Nearly all assets are unencumbered which provide financial flexibility.
- High proportion of fixed-rate debt of 73.3% reduces exposure to rising interest rates.
- Healthy interest cover ratio of 5.0 times.
- Continue to work towards refinancing the SGD384.8m borrowings ahead of their maturities to attain a well-spread debt maturity profile and reduce financing risks.

| As at 30 Sep 2018 | |
|---|---|
| **Weighted Average Years to Maturity** | 2.91 years |
| **Unsecured Debt** | 96.1% |
| **Effective Cost of Borrowing** | 2.6%[1] |
| **Borrowings on Fixed Rates** | 73.3% |
| **Interest Cover** | 5.0 times |
| **FHT's Issuer Rating by Moody's** | Baa2<br>Investment Grade |



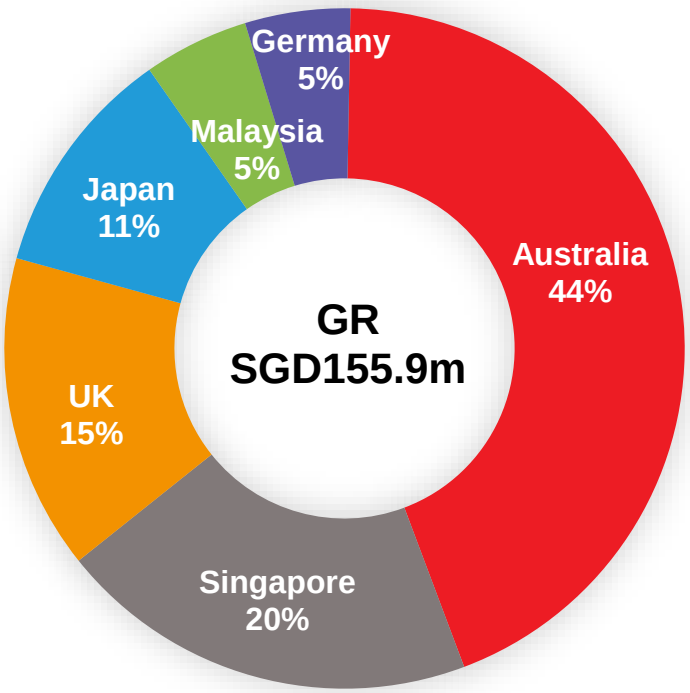

1 Effective cost of borrowing includes full amortisation of the debt upfront cost which relates to the partial prepayment of term loan facility (please refer to SGX announcement dated 14 Mar 2018). Excluding the effect of this one-time amortisation cost, the effective cost of borrowing is 2.55% per annum.

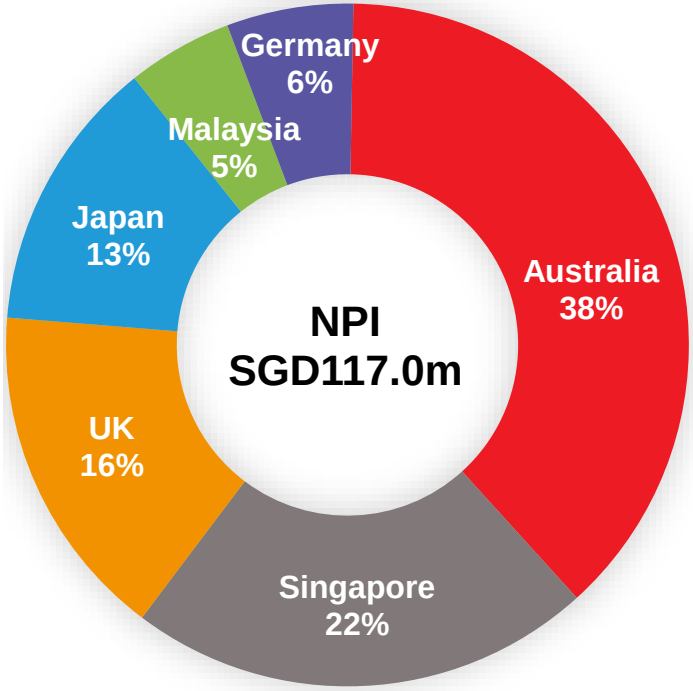


*InterContinental Singapore*

# Portfolio Review

# Portfolio Contribution by Country for FY2018



# Portfolio Highlights By Country for FY2018

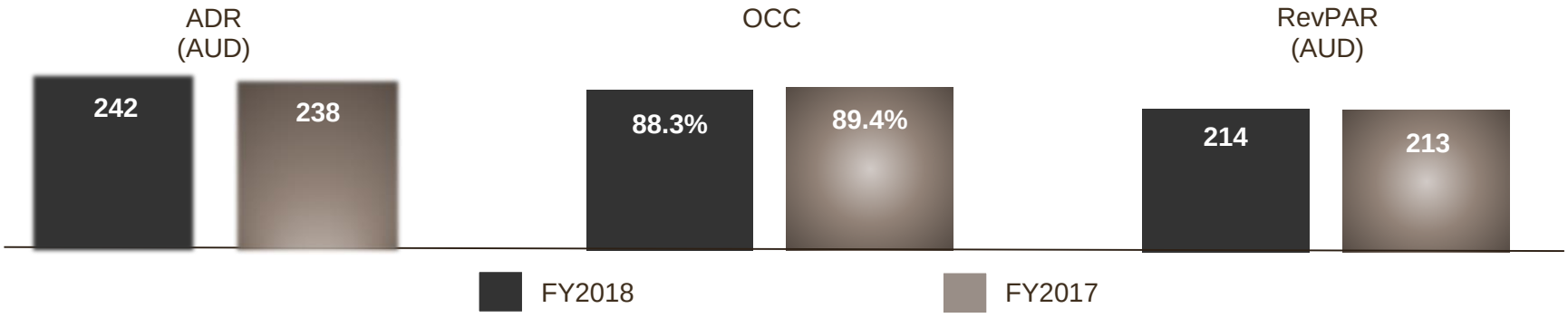
| Country | FY2018 | | | |
|---|---|---|---|---|
| | Gross Operating Revenue (GOR) | | Gross Operating Profit (GOP) | |
| | Local Currency (m) | Variance (yoy) | Local Currency (m) | Variance (yoy) |
| **Australia** | 128.0 | ▼ 0.5% | 55.4 | ▼ 5.0% |
| **Singapore** | 88.1 | ▼ 0.6% | 35.8 | ▲ 2.5% |
| **UK** | 25.0 | ▲ 0.3% | 13.4 | ▼ 2.1% |
| **Japan** | 6,075.8 | ▼ 3.7% | 1,729.8 | - |
| **Malaysia** | 88.6 | ▼ 8.1% | 27.4 | ▼ 15.9% |
| **Germany** | 11.3 | ▲ 8.3% | 4.8 | ▲ 10.6% |

# Australia Portfolio Performance

| AUD m | FY2018 | FY2017 | Variance |
|---|---|---|---|
| **GOR** | 128.0 | 128.6 | ▼ 0.5% |
| **GOP** | 55.4 | 58.3 | ▼ 5.0% |

- **Novotel Melbourne on Collins (NMOC)**
- **Sofitel Sydney Wentworth (SSW)**
- **Novotel Sydney Darling Square (NSDS)**
- **Fraser Suites Sydney (FSS)**

- The Australia portfolio reported a 0.5% decline in GOR as the trading environment in Sydney turned more competitive due to softer corporate demand. The lower GOP was attributed to higher operating expenses.
- The Sydney properties' GOR and GOP was also affected by NSDS' renovation. Since the completion of the renovation, NSDS has performed better with the return of its full room inventory.
- NMOC continued to perform well, achieving a yoy RevPAR growth of 9.3%.

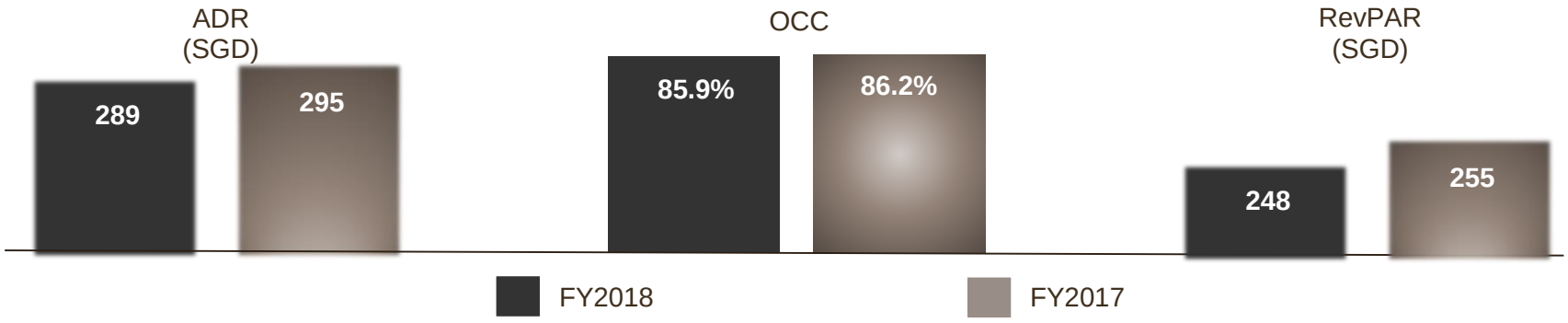


# Singapore Portfolio Performance

| SGD m | FY2018 | FY2017 | Variance |
|---|---|---|---|
| **GOR** | 88.1 | 88.6 | ▼ 0.6% |
| **GOP** | 35.8 | 35.0 | ▲ 2.5% |

- **InterContinental Singapore (ICSG)**
- **Fraser Suites Singapore (FSSG)**

- The Singapore portfolio recorded a 0.6% decline in GOR on the back of lower RevPAR. GOP improved 2.5% yoy due to higher operational efficiencies and better cost management at ICSG and FSSG.
- At the Bugis area which ICSG operates in, increased competition has affected the hotel's room revenue but it was able to achieve higher food and beverage (F&B) revenue on the back of its repositioning efforts post-renovation.
- FSSG reported lower GOR as it pursued an occupancy strategy to secure more long-stay guests.

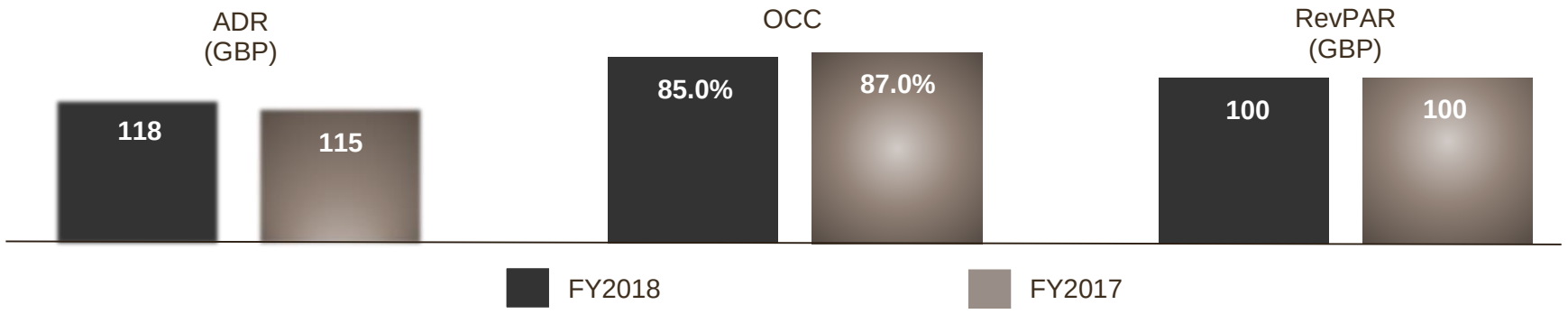


# UK Portfolio Performance

| GBP m | FY2018 | 4FY2017 | Variance |
|---|---|---|---|
| **GOR** | 25.0 | 24.9 | ▲ 0.3% |
| **GOP** | 13.4 | 13.7 | ▼ 2.1% |

- **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)**

- GOR of the UK portfolio was 0.3% higher yoy but GOP declined 2.1% due to the increase in minimum wages in the UK.
- The UK portfolio reported a flat RevPAR notwithstanding ISLG being under renovation since Aug 2018.

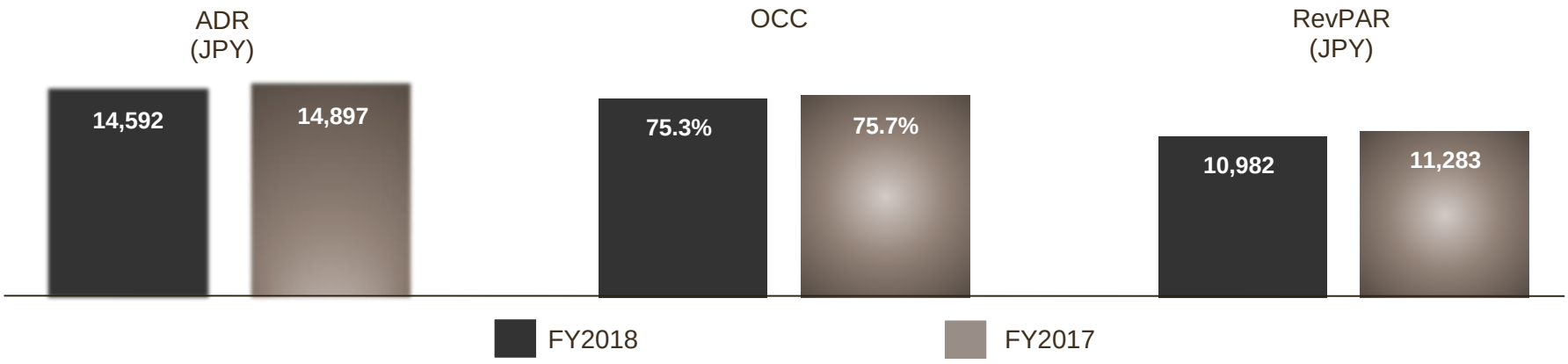


# Japan Portfolio Performance

| JPY m | FY2018 | FY2017 | Variance |
|---|---|---|---|
| **GOR** | 6,075.8 | 6,311.6 | ▼ 3.7% |
| **GOP** | 1,729.8 | 1,731.3 | - |

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

- CPK's GOR declined 3.7% yoy mainly due lower banquet sales. During the year, the hotel undertook a replacement of partition walls which led to the closure of its banquet space for 6 weeks.
- The hotel was also impacted by Typhoon Jebi and Typhoon Cimaron, and as a result, experienced cancellation of rooms and banquet space during the last quarter.
- However, CPK was able to maintain its GOP with improved productivity and efficiency gains achieved by its F&B division.

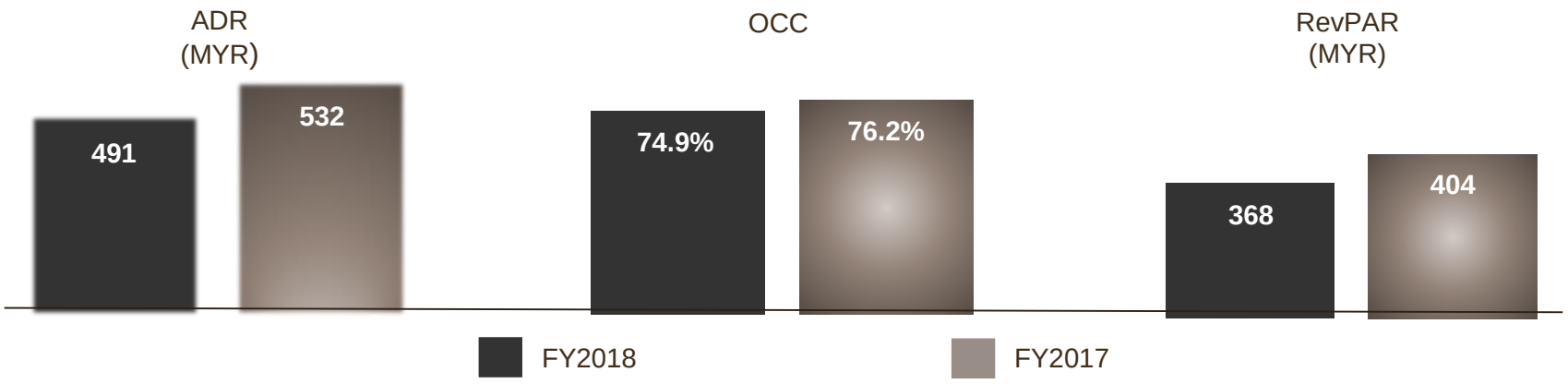


# Malaysia Portfolio Performance

| MYR m | FY2018 | FY2017 | Variance |
|---|---|---|---|
| **GOR** | 88.6 | 96.4 | ▼ 8.1% |
| **GOP** | 27.4 | 32.6 | ▼ 15.9% |

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

- TWKL reported weaker GOR and GOP due to increased competition from new room supply in KL and weaker demand from some of its key corporate accounts, particularly from the consulting and oil and gas sectors.
- Demand was further impacted during the period leading up and after the Malaysia general election in May 2018 which negatively affected the hotel's banquet and conference revenue.
- Notwithstanding the weaker market, TWKL was able to maintain its market share vis-à-vis its peers.






*Fraser Suites Glasgow*

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# Asset Enhancement Initiatives (AEI)

# Ongoing AEI

**Novotel Sydney Darling Square (NSDS) – formerly Novotel Rockford Darling Harbour**

- Renovation for all guest rooms, the lobby, all-day dining restaurant and meeting rooms was completed in Feb 2018.
- Works on driveway extension and replacement of awning are on schedule to complete by Mar 2019.
- Renovation for the Pumphouse restaurant is expected to commence in 2019.
- The franchise agreement with AccorHotels has been converted to a management agreement since 1 Jan 2018.



NSDS Deluxe King Bedroom



NSDS Pier St. Kitchen & Lobby Bar

# Ongoing AEI

**ibis Styles London Gloucester Road (ISLG) – formerly Best Western Cromwell London**

- Conversion from Best Western (franchised) to ibis Styles (AccorHotels managed) since 1 Jan 2018.
- Renovation to reposition the hotel, in line with the ibis Styles brand, commenced since Aug 2018. Cost of renovation: GBP2.2m.
- Renovation timeline:
  - Aug – Dec 2018: all guest rooms
  - Jan – Mar 2019: public areas including the lobby and breakfast room



ISLG façade


ISLG new double room

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**Experience matters.**

