

Frasers Hospitality Trust Business Update

for the third quarter ended 30 June 2020

6 August 2020

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

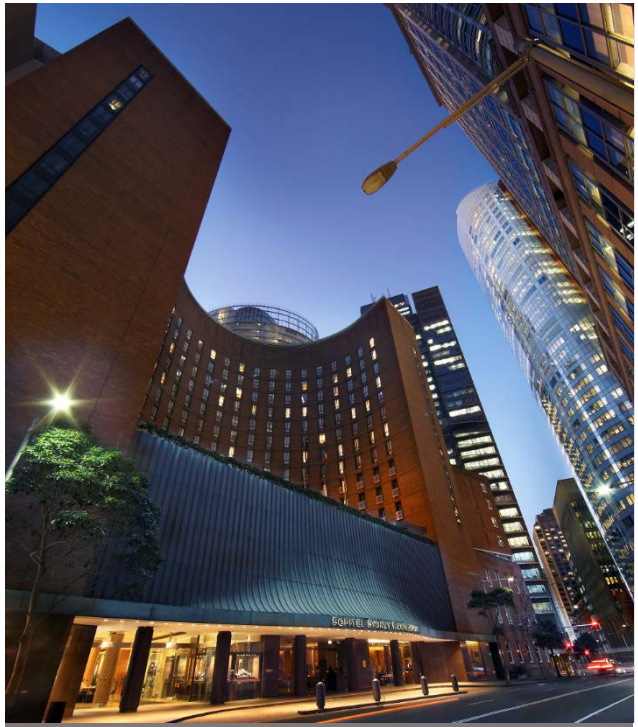
Any discrepancies in the figures included herein between the listed amounts and total thereof are due to rounding.

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- COVID-19 update
- Portfolio update
- Risk & capital management
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FRASERS
HOSPITALITY
TRUST
COVID-19 update

COVID-19 update for 3Q FY2020



Sofitel Sydney Wentworth

The COVID-19 pandemic:

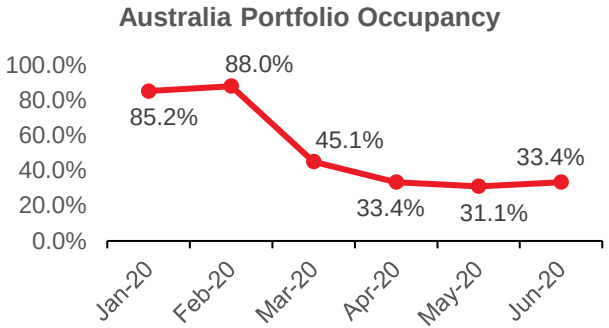
- Global travel has come to a standstill as many countries, including those which FHT has presence in, have closed their borders to international tourism and imposed movement restrictions to flatten the virus spread.
- According to the World Tourism Organization (UNWTO), international tourist arrivals in Apr and May 2020 fell yoy by 97% and 98% respectively. As such, demand for accommodation has plunged globally.

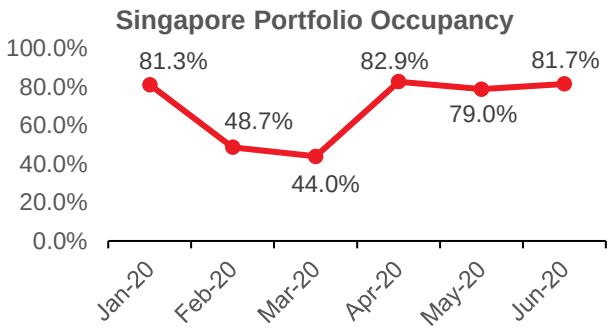
Key updates on FHT's portfolio:

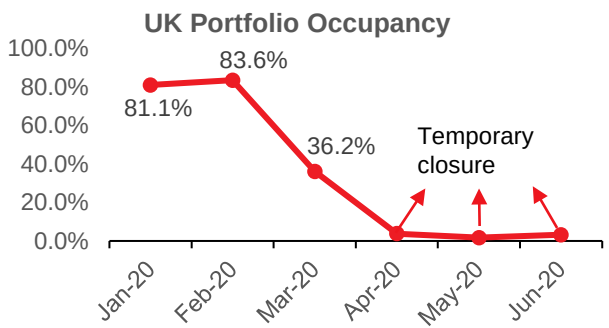
- During the entire quarter, all 6 UK properties of FHT were closed while The Westin Kuala Lumpur has temporarily ceased operations since May 2020.
- On the other hand, Novotel Melbourne on Collins, Sofitel Sydney Wentworth and InterContinental Singapore, with their prime locations and established protocols, have for the full quarter hosted returning residents serving quarantine orders.

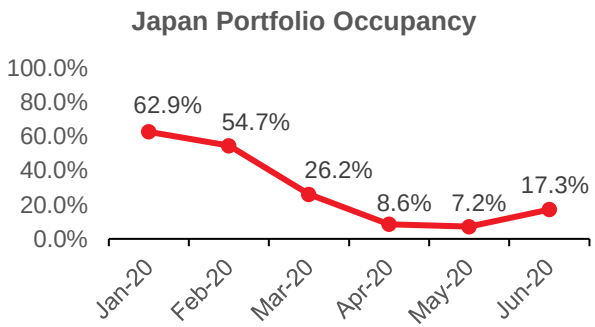
COVID-19 update for 3Q FY2020

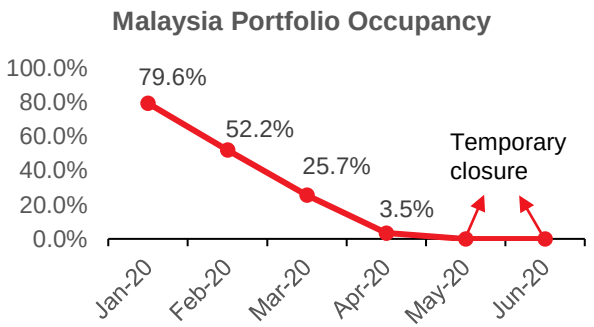
FHT's portfolio occupancy by country:











COVID-19 update for 3Q FY2020



The Westin Kuala Lumpur

Proactive recovery and liquidity preservation measures:

- FHT's asset management team, together with the operators and property teams, continues to review the operations for further cost rationalisation and develop recovery plans for each property which include positioning those properties, which are predominantly domestic-market driven, for recovery and seizing new revenue opportunities with the easing of lockdown restrictions.
- The asset management team also scrutinises monthly operating performance to conserve cashflow while reviewing the appropriate time to reopen those properties that have been closed.
- FHT continues to have sufficient liquidity to meet its operational and financial commitments.
- Gearing stays at a healthy 35.9% (36.0% as at 31 Mar 2020) and there are no loans due until FY2022.

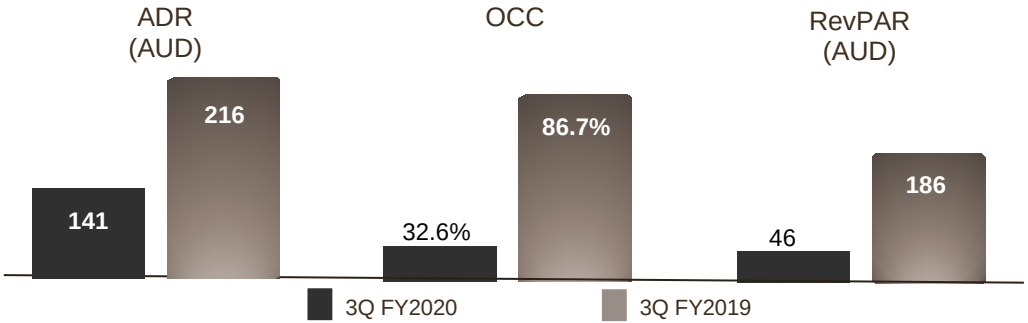


Portfolio update

Australia portfolio update

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

- According to Tourism Australia, international tourist arrivals for Apr and May 2020 fell yoy by 99.7% and 99.5% respectively.
- Since 1 Jun 2020, intra-state travel restrictions have been lifted for residents of New South Wales (NSW) and Victoria. Interstate travel is also allowed[1] but travellers need to comply with the rules of their home state when returning.
- For 3Q FY2020, the occupancy for Australia portfolio declined 62.4% yoy to 32.6%. Coupled with a lower ADR, portfolio RevPAR declined 75.5% yoy.
- All properties benefitted from the government's JobKeeper payment since end-Mar 2020.

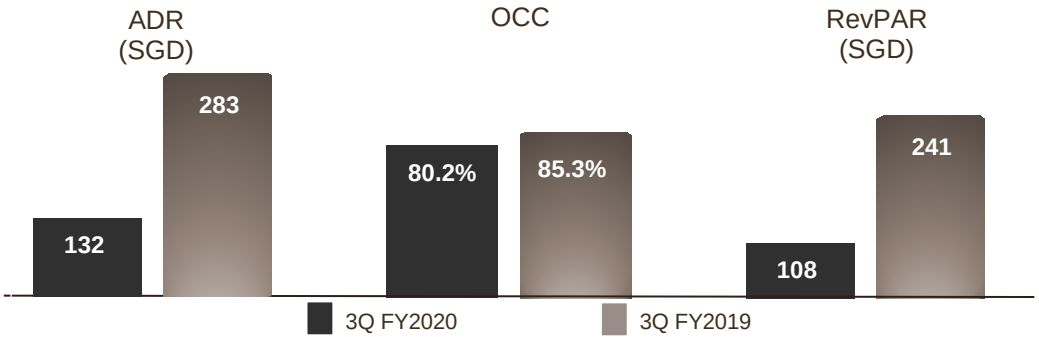


2020	ADR (AUD)	OCC (%)	RevPAR (AUD)
Apr	119	33.4	40
May	215	31.1	67
Jun	92	33.4	31

1. On 8 Jul 2020, the NSW government has temporarily shut its border with the state of Victoria following concerns over the spread of COVID-19 in Melbourne. On 2 Aug 2020, Victoria declared a state of disaster with a 6-week lockdown and imposed a nightly curfew for Melbourne, the capital of Victoria..

Singapore portfolio update

- **InterContinental Singapore (ICSG)**
  - Singapore has implemented border control measures since 16 Mar 2020. As such, the city state remains closed to short-term visitors. However, selective easing of control measures has begun after mid-Jun 2020.
  - According to Singapore Tourism Board, Singapore had 2,170 visitor arrivals in Jun 2020 as compared to 1.6 million arrivals a year ago. Visitors numbered 880 in May 2020 and 750 in Apr 2020.
  - In 3Q FY2020, Singapore portfolio recorded a lower ADR due mainly to the low rates committed for ICSG's stay home notice business. FSSG recorded occupancy of 57.3% as more than 60% of its guests were long stays, which provided support to its occupancy during this challenging period.
  - The government's Job Support Scheme has helped the properties to preserve jobs and conserve cashflow.
- **Fraser Suites Singapore (FSSG)**



2020	ADR (SGD)	OCC (%)	RevPAR (SGD)
Apr	142	82.9	119
May	129	79.0	102
Jun	126	81.7	103

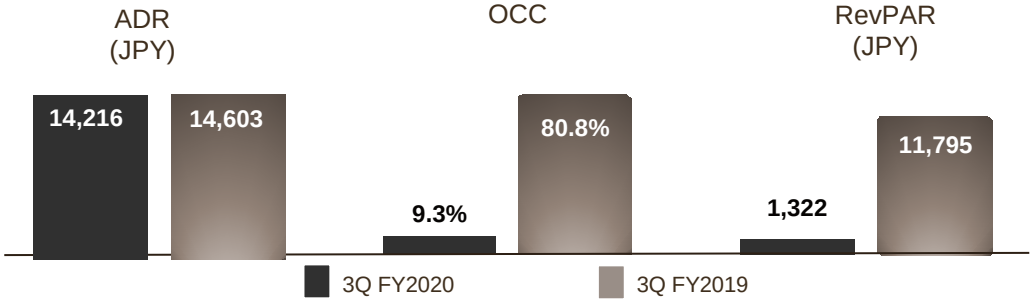
UK portfolio update

- **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)**

- In response to the COVID-19 pandemic, the UK government has implemented, amongst others, measures such as the Job Retention Scheme (JRS) and the deferral of VAT payments for 3 months from Apr to Jun 2020.
- By order of the government, the UK portfolio suspended operations during the entire quarter.
- Property staff on furlough benefitted from the JRS, whereby the government provides an 80% subsidy of the staff's pay (up to a cap of GBP2,500 per month). The JRS runs from 19 Mar 2020 to 31 Oct 2020 but the subsidy will be reduced to 70% in Sep 2020 and to 60% in Oct 2020.

Japan portfolio update

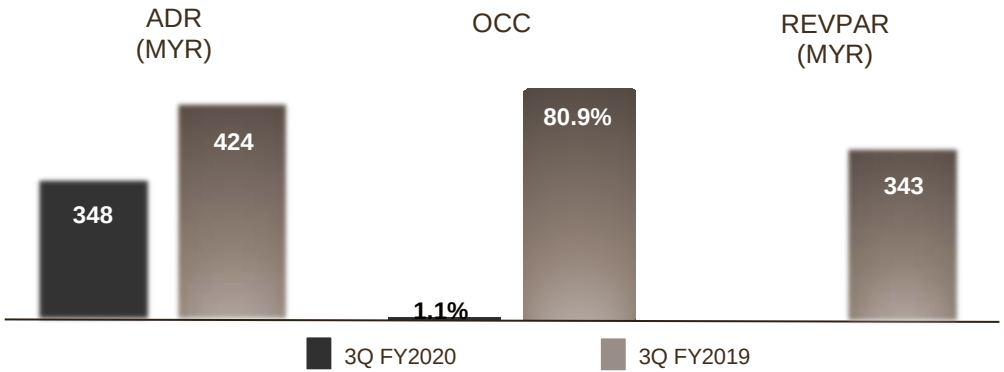
- **ANA Crowne Plaza Kobe (CPK)**
  - On 7 Apr 2020, the Japanese government imposed state of emergency in 7 prefectures including Tokyo, Osaka, Hyogo and Fukuoka. This was extended to nationwide in mid-Apr 2020 and was fully lifted on 25 May 2020.
  - With the COVID-19 outbreak, the government has allowed companies to claim up to 50% of staff salary, subject to a cap of JPY15,000 per staff per day. Deferment of tax payment is allowed for 1 year with no interest imposed.
  - During the quarter, CPK's room revenue was impacted as the government had advised against inter-prefecture travel. However since 19 Jun 2020, restrictions on travel across prefectures have been lifted, paving the way for domestic tourism to return.
  - CPK's general banquet business, which contributes about 30% to its revenue, has also been significantly impacted since Feb 2020, when the government advised that all conferences and gatherings should be avoided. However, its banquet business has been slow in picking up despite the lifting of restrictions.



2020	ADR (JPY)	OCC (%)	RevPAR (JPY)
Apr	13,897	8.6	1,197
May	13,047	7.2	943
Jun	15,842	17.3	2,745

Malaysia portfolio update

- **The Westin Kuala Lumpur (TWKL)**
  - The government of Malaysia has implemented several initiatives to assist businesses in light of the COVID-19 outbreak. They included the exemption of 6% service tax on accommodation and hotel services from 1 Mar 2020 to 31 Aug 2020, the exemption of HR levy from 1 Apr 2020 to 30 Sep 2020 and the provision of MYR600 subsidy per staff per month over a period of 3 months.
  - To conserve cash, TWKL has temporarily suspended operations since May 2020.
  - The property team continues to review the various government schemes that are applicable to tap on.



2020	ADR (MYR)	OCC (%)	RevPAR (MYR)
Apr	351	3.5	12
May	0	0	0
Jun	0	0	0

Dresden portfolio update

- **Maritim Hotel Dresden (MHD)**
  - Following the COVID-19 outbreak, a legislation to impose moratorium on rents has been passed in Germany, allowing tenants of both private and commercial leases to defer rental payments for the period between 1 Apr 2020 and 30 Jun 2020 until 30 Jun 2022. Landlords are disallowed to terminate the tenancy if tenants demonstrate the arrears in payment are due to the impact of the outbreak. However, interest on the arrears are to be compensated.
  - MHD's business was impacted due to lockdown in Germany since 22 Mar 2020. Even though progressive lifting of restrictions has started in late Apr 2020, the business has been slow to pick up.
  - MHD has been reliant on conference business to drive revenue but the International Congress Centre next to the hotel has temporarily closed until end-Oct 2020. This has significantly affected MHD's performance.



Risk & capital management

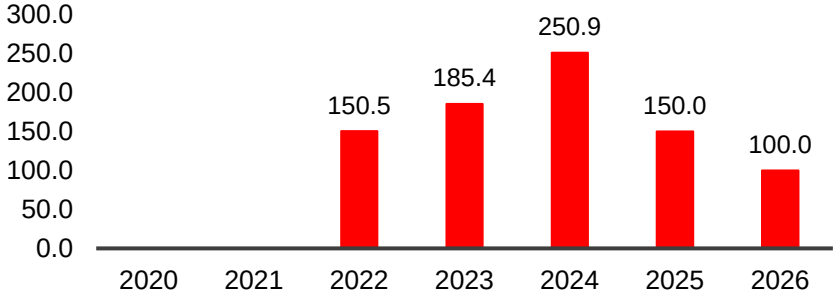
Risk and capital management

- No loans due until FY2022.
- Well spread out debt maturity profile, with no more than 30% borrowings maturing in any one year.
- SGD80m revolving credit facilities available for drawdown as and when necessary.

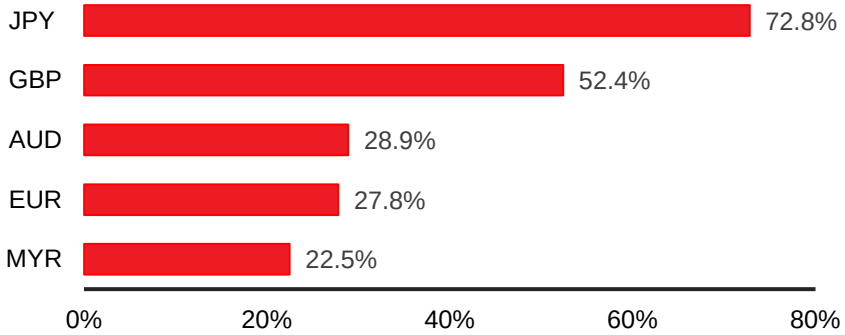
As at 30 Jun 2020

Gearing[1,2]	35.9 %
Weighted average years to maturity	3.88 years
Unsecured debt	96.3%
Effective cost of borrowing[2]	2.3%
Borrowings on fixed rates	71.9%
Interest cover[3,4]	3.2 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 exclude the unwinding of discounting effect on present value of lease liability and long-term security deposits payable.



Market outlook

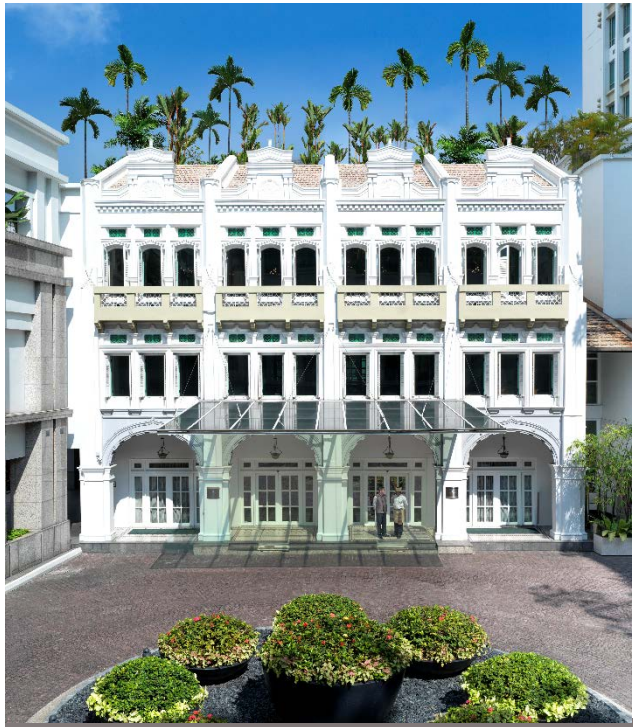
Market outlook



Fraser Suites Glasgow

- Due to the deeper than anticipated contraction arising from lockdowns, the International Monetary Fund has, in Jun 2020, further lowered its global growth forecast for 2020 to -4.9%, 1.9 percentage points below its forecast in Apr 2020.
- For the first 5 months of 2020, the UNWTO reported that international tourist arrivals declined 56% yoy. For the full year, it expects drop in arrivals of between 58% to 78% yoy.
- With most international borders remaining closed, the highly challenging hotel trading environment in the near term will continue to severely impact FHT's portfolio performance.
- Notwithstanding, the lifting of domestic travel restrictions could possibly help FHT's properties in Australia, Japan and the UK to recover sooner than the rest of its portfolio as these countries have sizeable domestic travel markets. While there are some early signs of recovery, concerns remain over a second global wave of the virus which would lead to further disruptions.
- Presently, FHT's properties in the UK have all resumed operations, except ISLG, which is expected to reopen in mid-Aug 2020. TWKL remains the only property that is temporarily closed.

Market outlook



InterContinental Singapore

- Given that the duration of the COVID-19 outbreak remains highly uncertain, FHT expects its FY2020 financial performance to be materially and adversely impacted. As it will be assessing the asset portfolio for revaluation at the end of the financial year, this could further weigh on its total return for FY2020. However, any change in valuation will not have any impact on FHT's distribution income.
- The eventual distribution payout for FY2020 would take into consideration the available distribution income for FY2020 after setting aside funds for critical and mandatory capital commitments relating to health, safety and regulations, and to support NMOC which has no third–party master lease protection.
- For the avoidance of doubt, FH-REIT will maintain its policy of distributing at least 90% of its distributable income to FHT Stapled Securityholders.
- FHT will continue to closely monitor the situation and provide material updates as and when they arise and in accordance with the listing manual of the SGX-ST.

FRASERS HOSPITALITY TRUST



Experience matters.

Well-diversified portfolio across geography

15
Properties

3,913
Keys

9
Cities

SGD 2.33 b
Appraised portfolio value[1]



1. As at 30 Sep 2019.

Hotels 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

Hotels 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, we need to develop strategic responses to ESG (environment, social and governance) issues and implement sustainability practices anchored on strong corporate governance.
- Our sustainability strategy is closely aligned with that of our sponsor, Frasers Property (or the Group). While we are guided by the Sustainability Framework of our sponsor which sets out the Group's sustainability priorities towards 2030, we have the flexibility to tailor our sustainability undertakings to our hospitality business and operations.

Group Sustainability Framework Pillars	FHT's FY2019 Sustainability Performance
Acting Progressively	• 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	Achieved: • 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	Achieved: • 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.