Frasers Hospitality Trust

Business Updates for 1Q FY2021

28 January 2021



InterContinental Singapore

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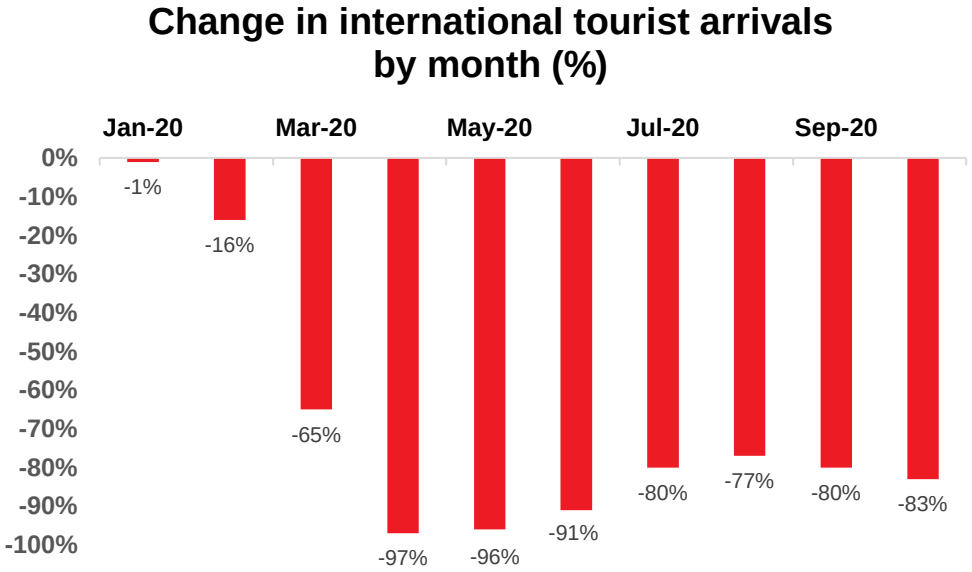
- COVID-19 impact on global tourism & hospitality industries
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COVID-19 impact on global tourism & hospitality industries

Sofitel Sydney Wentworth

COVID-19 impact on global tourism industry



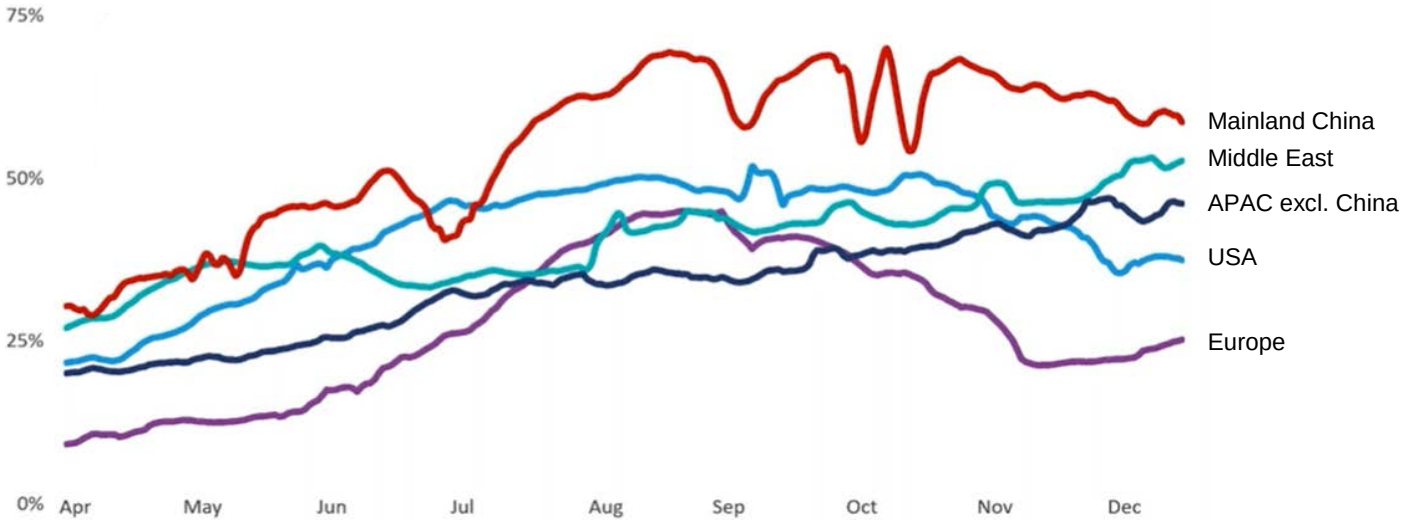
- According to the World Tourism Organization (**UNWTO**), international tourist arrivals fell by 72% in Jan-Oct 2020 over the same period a year ago.
- Despite slight improvements recorded in the months of Jul and Aug 2020, the change in international tourist arrivals worsened at the end of the Northern Hemisphere summer season due to the resurgence of COVID-19 cases which saw some destinations reintroducing or expanding lockdown restrictions.

Source: UNWTO World Tourism Barometer, Dec 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 virus resurgence during winter.

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

Portfolio update

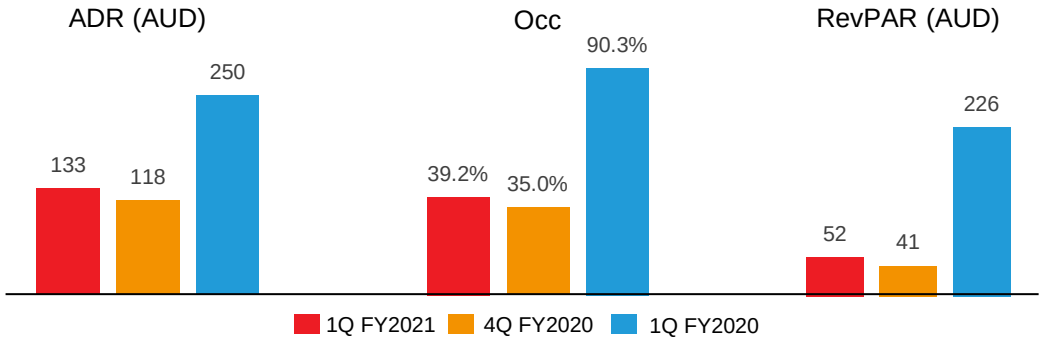


InterContinental Singapore

Australia portfolio update

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

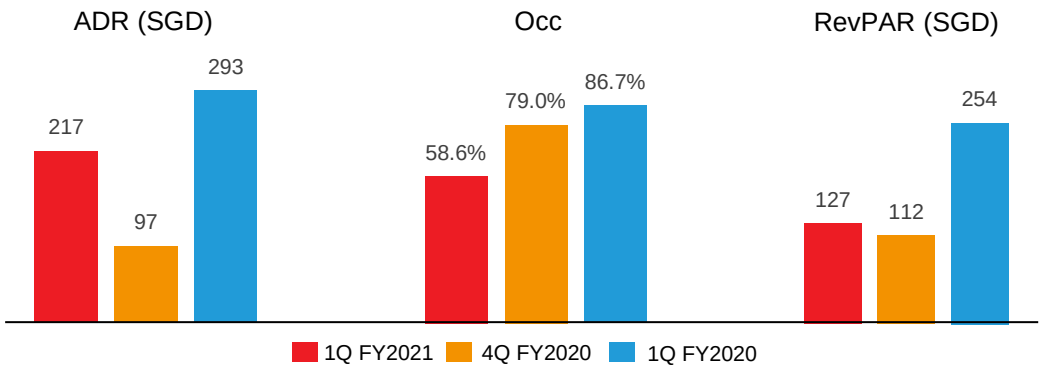
- According to Tourism Australia, international tourist arrivals for Jan to Nov 2020 fell year-on-year (**yoy**) by 78.3% to 1.8 million.
- Both NMOC and SSW secured further contracts for the isolation business, starting from 1 Oct 2020. This led to a quarter-on-quarter (**qoq**) improvement of 26.1% in the Australia portfolio revenue per available room (**RevPAR**) for 1Q FY2021.
- However, on a yoy comparison, the portfolio RevPAR declined 77.0% as portfolio occupancy and average daily rate (**ADR**) declined by 51.1 ppts and 46.9% respectively. The Australia portfolio continued to benefit from the government's JobKeeper payment in 1Q FY2021.
- Victoria's state of emergency has been extended till 29 Jan 2021. It has closed its border for entry from New South Wales.



2020	ADR (AUD)	OCC (%)	RevPAR (AUD)
Oct	126	30.5	38
Nov	125	43.0	54
Dec	144	44.3	64

Singapore portfolio update

- **InterContinental Singapore (ICSG)**
  - For 2020, Singapore Tourism Board recorded 2.7 million international visitor arrivals, down 85.7% yoy.
  - In 1Q FY2021, the Singapore portfolio recorded a lower RevPAR yoy due mainly to lower occupancy. However, as compared with 4Q FY2020, the portfolio RevPAR was 13.6% higher on the back of improved ADR as ICSG ceased serving as a dedicated Stay-Home Notice facility.
  - The Singapore government's Job Support Scheme, which has been extended till 31 Mar 2021, has helped the properties preserve jobs and conserve cashflow.
  - Since 28 Dec 2020, Singapore has entered Phase 3 of its reopening. Short-term visitors are still not allowed entry into the city state, except those coming in under the Green and Fast Lane and the Air Travel Pass arrangements.
- **Fraser Suites Singapore (FSSG)**

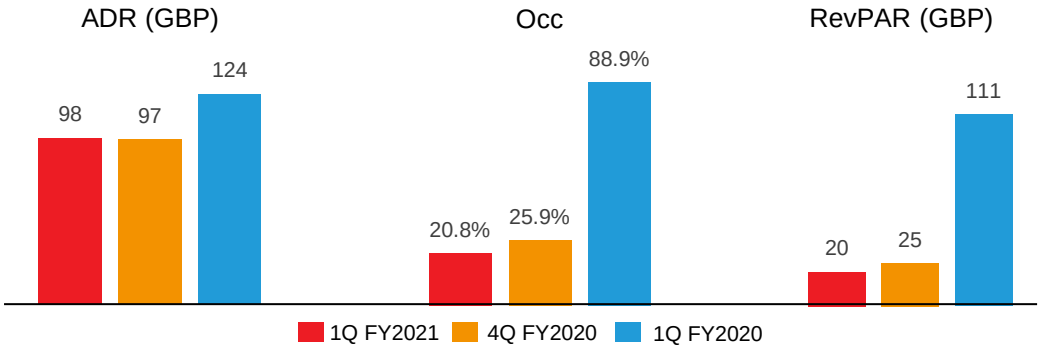


2020	ADR (SGD)	OCC (%)	RevPAR (SGD)
Oct	206	55.8	115
Nov	209	56.0	117
Dec	232	63.9	148

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)**

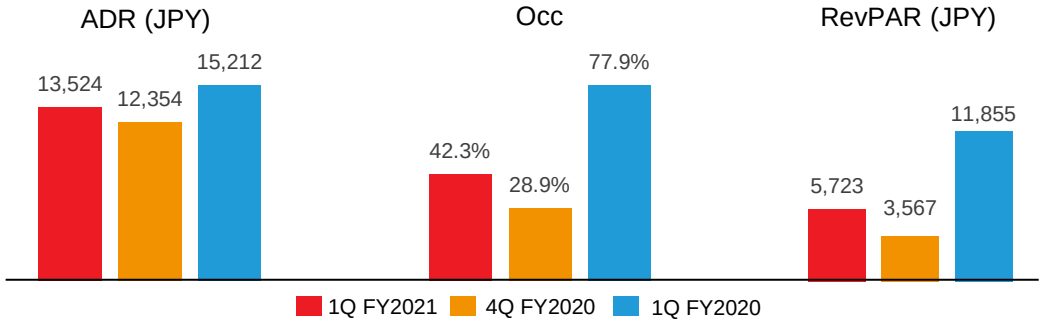
- During 1Q FY2021, ISLG remained closed as transient business travel has yet to pick up.
- The UK portfolio RevPAR declined yoy by 81.6%. On a qoq comparison, it declined 19.3% on the back of lower occupancy due to the resurgence of COVID-19 cases in the UK. All properties continued to benefit from the government's furlough scheme which has been extended till end Apr 2021.
- With the third national lockdown coming into force from 5 Jan 2021, businesses providing accommodation cannot accept new guests. As such, PIL and FSE have joined ISLG in temporarily suspending their operations.



2020	ADR (GBP)	OCC (%)	RevPAR (GBP)
Oct	98	29.8	29
Nov	94	20.1	19
Dec	105	12.4	13

Japan portfolio update

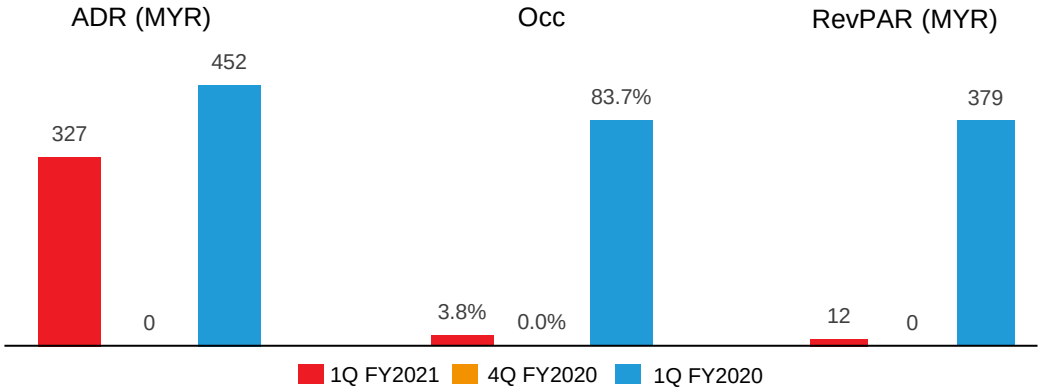
- **ANA Crowne Plaza Kobe (CPK)**
  - For 2020, Japan National Tourism Organization reported a yoy drop of 87.1% in foreign visitors to 4.1 million.
  - CPK's RevPAR for 1Q FY2021 declined 51.7% yoy. Compared to 4Q FY2020, its RevPAR improved 60.4% due mainly to the Japanese government's 'Go To Travel' campaign, a subsidised program which aims to promote domestic tourism.
  - With fewer weddings and smaller events, the hotel's food and beverage (**F&B**) revenue has been slow to recover. Coupled with the cancellation of year-end parties due to the resurgence of COVID-19, its F&B performance in 1Q FY2021 has been further impacted.
  - In a bid to curb the spread of COVID-19 nationwide, the Japanese government has suspended the 'Go To Travel' campaign nationwide from 28 Dec 2020 till 7 Feb 2021. It has also expanded the state of emergency to 7 more prefectures, including Osaka, Kyoto, Hyogo (Kobe) and Fukuoka.



2020	ADR (JPY)	OCC (%)	RevPAR (JPY)
Oct	12,300	42.4	5,212
Nov	14,800	47.8	7,078
Dec	13,328	36.9	4,922

Malaysia portfolio update

- **The Westin Kuala Lumpur (TWKL)**
  - For the first 9 months of 2020, Tourism Malaysia recorded a 78.6% yoy decline in tourist arrivals to 4.3 million.
  - TWKL temporarily suspended operations since May 2020 to conserve cash. It has resumed operations since 18 Dec 2020.
  - Malaysia has placed 5 states and 3 federal territories – including Kuala Lumpur – under movement control order again from 13 to 26 Jan 2021. This has been extended to all states and the federal territories, except Sarawak, until 4 Feb 2021. To curb the spread of COVID-19, it has been in a nationwide state of emergency since 12 Jan 2021.



2020	ADR (MYR)	OCC (%)	RevPAR (MYR)
Oct	0	0	0
Nov	0	0	0
Dec	326	11.3	37

Dresden portfolio update

- **Maritim Hotel Dresden (MHD)**
  - The Federal Statistical Office of Germany reported a yoy drop of 36.4% in the number of overnight stays by domestic and foreign visitors from Jan to Nov 2020 while Dresden's Official Tourist Information Center recorded a 41.2% yoy decline in the total number of domestic and foreign visitors for the first 9 months of 2020.
  - MHD's performance in 1Q FY2021 continued to be affected by the temporary closure of the adjoining International Congress Centre which has been extended with no fixed re-opening date.
  - Germany launched a nationwide partial lockdown on 2 Nov 2020 and imposed a hard lockdown from 16 Dec 2020. The lockdown has been extended till 31 Jan 2021.

Risk & capital management



Fraser Place Canary Wharf London

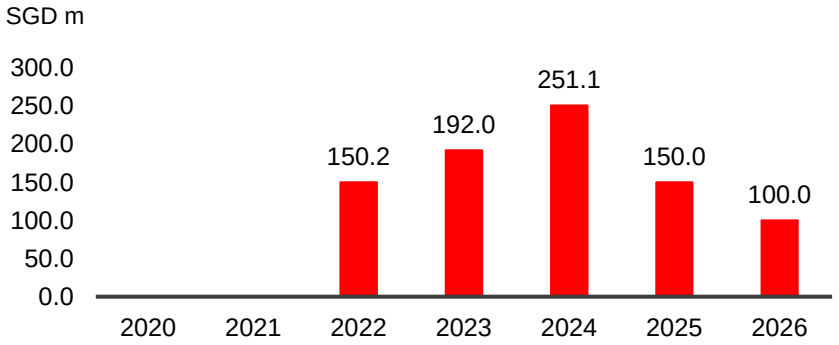
Risk and capital management

As at 31 Dec 2020

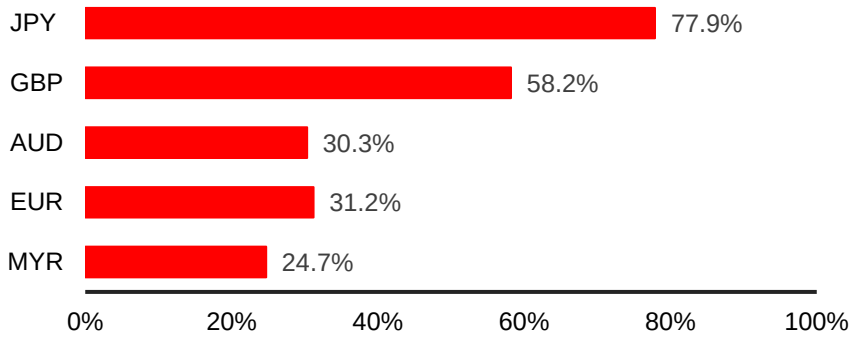
Gearing[1,2]	37.8%
Weighted average debt to maturity	3.37 years
Unsecured debt	96.3%
Effective cost of borrowing[2]	2.2%
Borrowings on fixed rates	74.6%
Interest cover[3,4]	1.4 times

1. On 16 Apr 2020, MAS raised the leverage limit for S-REITs from 45% to 50%.
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 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.

Debt maturity profile (excludes short-term loans)



Balance sheet hedging



Market outlook



The Westin Kuala Lumpur

Market outlook



Sofitel Sydney Wentworth

- According to 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 COVID-19 pandemic.

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Experience matters.

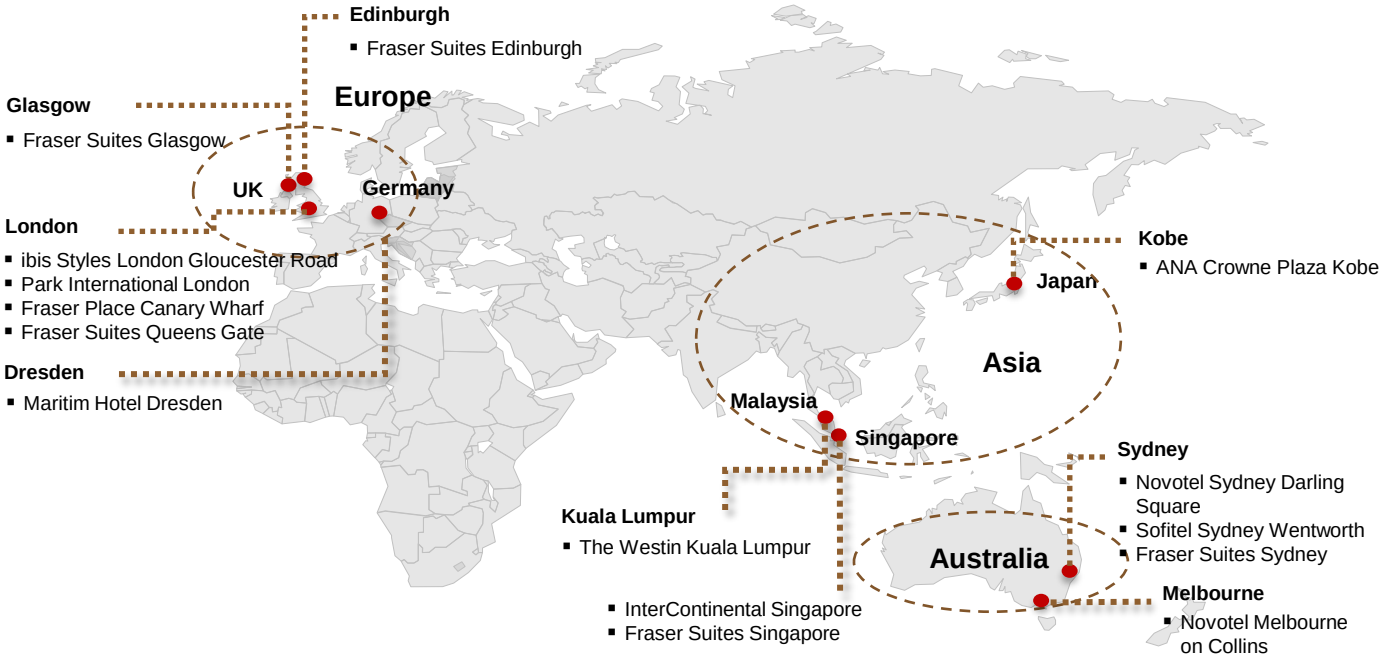
Diversified portfolio across geography

9
Cities

15
Properties

3,913
Keys

SGD 2.25 b
Appraised portfolio value[1]



1. As at 30 Sep 2020..