

Frasers Hospitality Trust

Business Updates for 1Q FY2024

1 February 2024



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This presentation has not been reviewed by the Monetary Authority of Singapore (**MAS**).

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

1Q FY2024 Highlights

Improved Portfolio Performance



- > RevPARs of all country portfolios were higher YoY in 1Q FY2024 except for Singapore and the UK.
- > Japan, Malaysia and Germany portfolios saw YoY improvements across all operating metrics.

Prudent Capital Management



- > Healthy leverage ratio of 34.5%.
- > Effective cost of borrowing at 3.3%.
- > Borrowings on fixed rates at a high of 73.8%.
- > Interest coverage ratio remained healthy at 3.4 times.

Progress in ESG



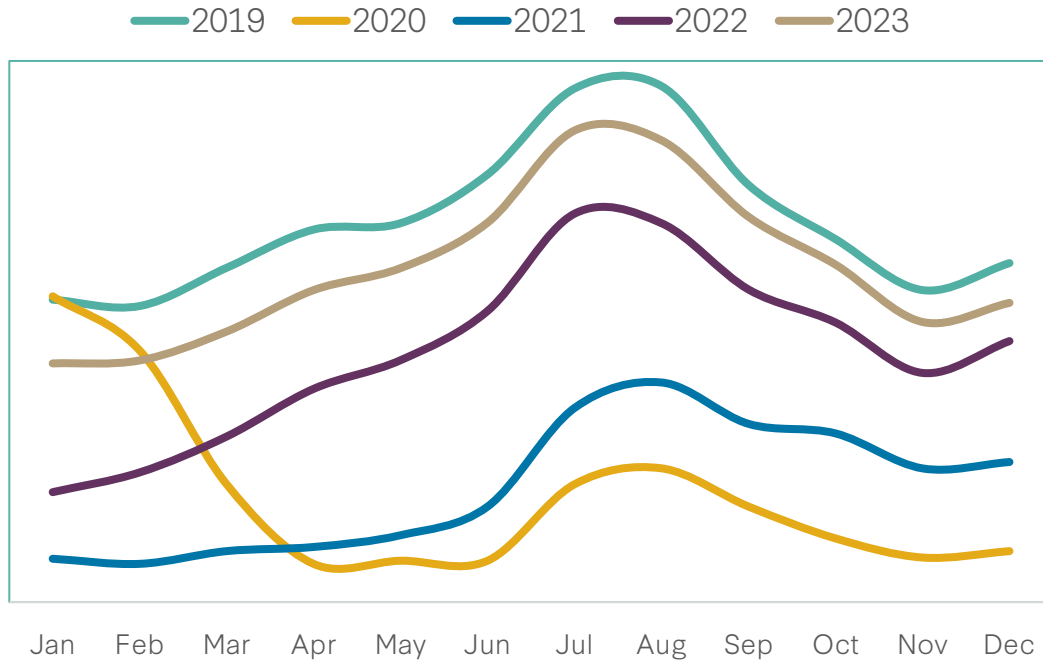
- > All 6 properties in the UK attained BREEAM In-Use certification in end Nov-23.
- > FHT published its 9th ESG report in Dec-23.



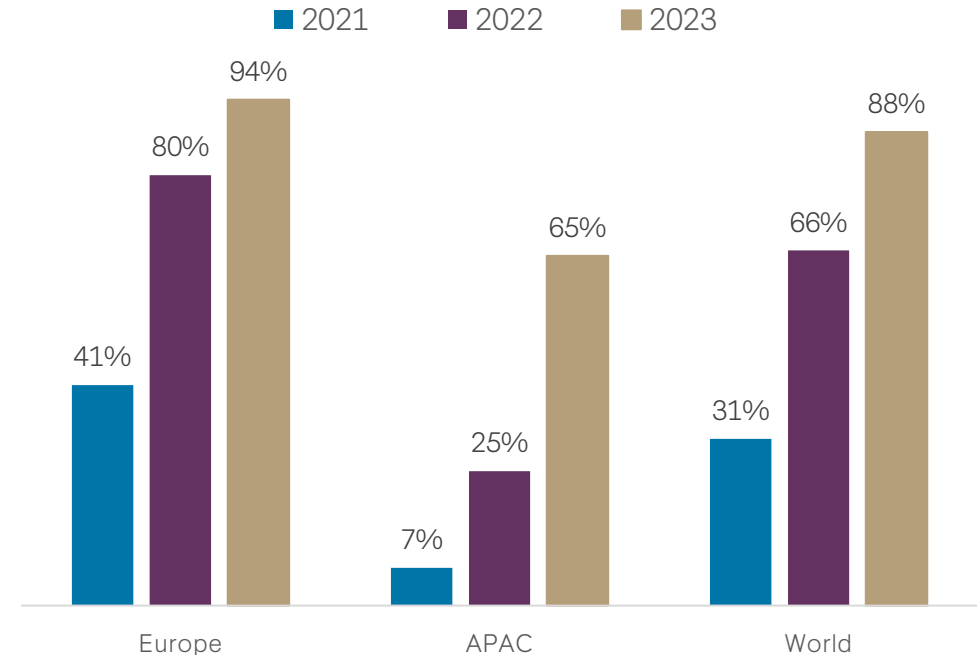
Key Market Updates

Tourism demand continued to show remarkable resilience

International Tourist Arrivals (mil)



International Tourist Arrivals, % of 2019 levels



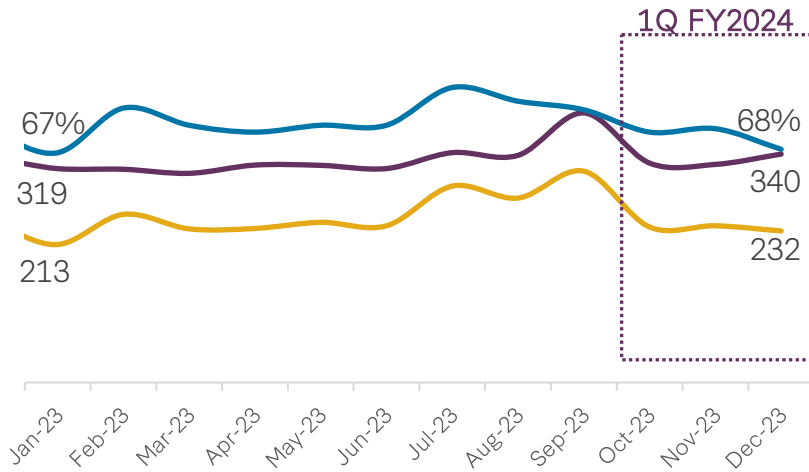
- According to World Tourism Organization (UNWTO), global tourism ended 2023 at 88% of pre-pandemic levels, with international tourist arrivals growing 34% YoY to 1.3 billion.
- APAC reached 65% of pre-pandemic levels in 2023 following the reopening of several markets and destinations. However, performance was mixed, with South Asia recovering 87% of 2019 levels and North-East Asia around 55%.
- Europe reached 94% of 2019 levels, supported by intra-regional demand and travel from the US.

Sustained recovery continued in FHT's markets

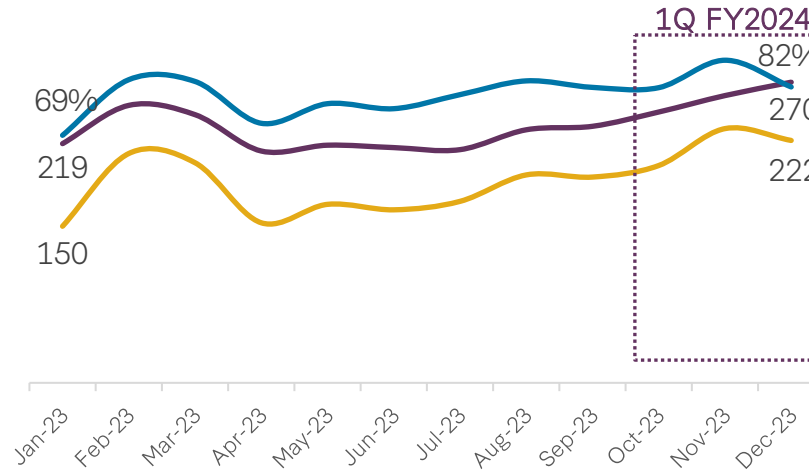
Hospitality market performance by city

— ADR — Occupancy — RevPAR

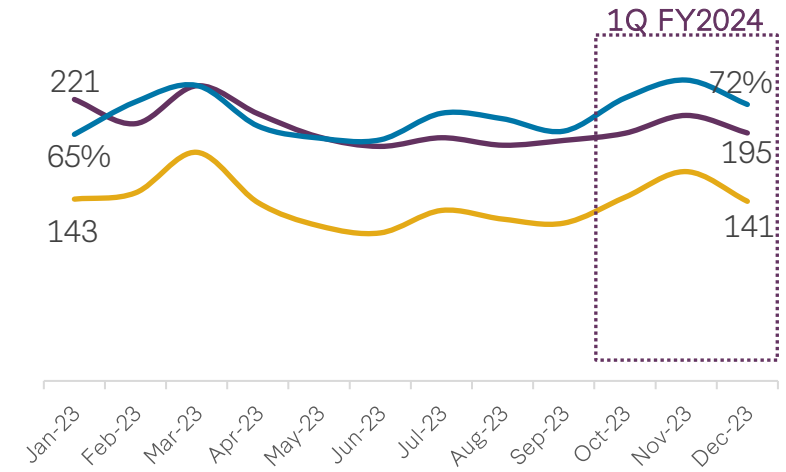
Singapore



Sydney (Upscale & upper-midscale segment)



Melbourne (Upscale & upper-midscale)



While Singapore hotel market has done well, trading performance in 1Q FY2024 has been moderated due to rising competitive pressure from new supply entering the market and the easing of pent-up travel demand.

Sydney hotel market continued to record sustained growth underpinned by a strong calendar of events as well as the return of corporate/MICE demand and inbound visitor arrivals.

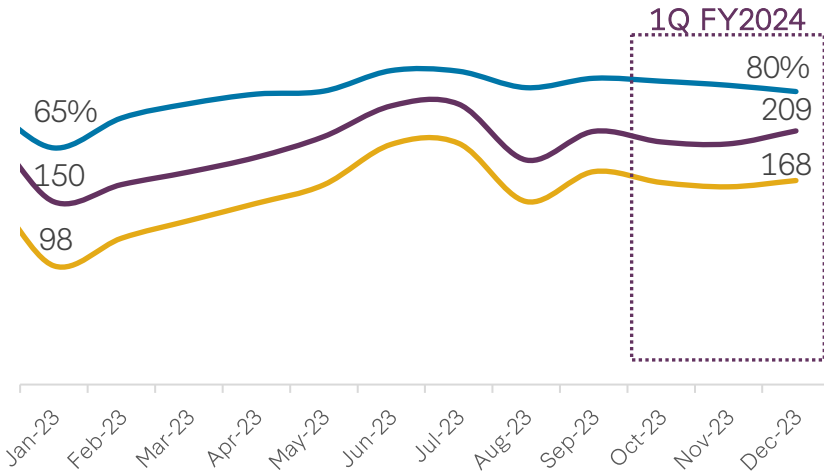
Melbourne hotel market performance has been weighed down by new supply but it has recently witnessed an uplift from the resumption of major events.

Sustained recovery continued in FHT's markets

Hospitality market performance by city

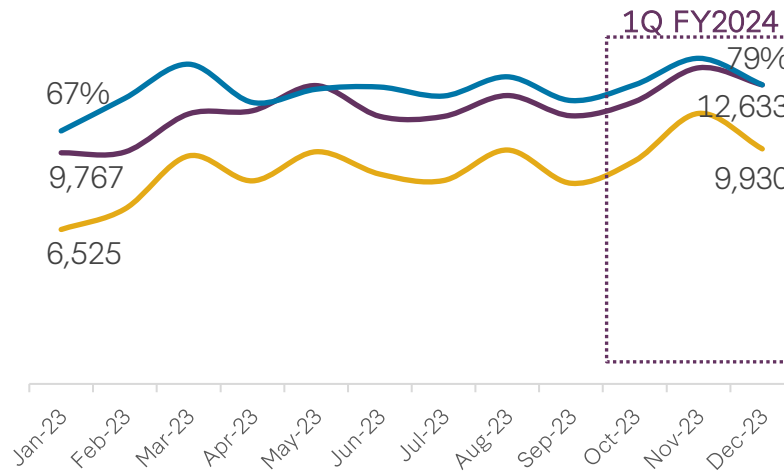
— ADR — Occupancy — RevPAR

London



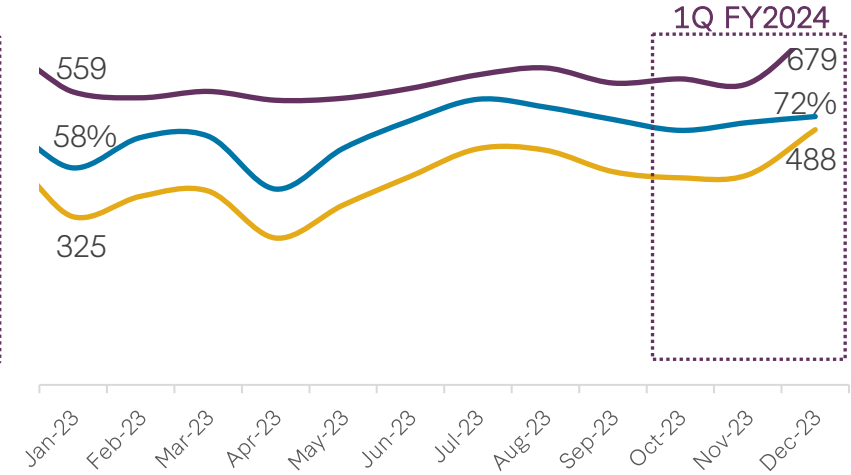
London hotel market performance continued its recovery trend, boosted by ADR growth. Occupancy was higher, supported by the return of overseas visitors.

Kobe (Upscale & upper-midscale)



Kobe hotel market performance continued its recovery, underpinned by higher ADR and Occupancy. The market is expected to remain buoyant, underpinned by Expo 2025 in Osaka.

Kuala Lumpur (Luxury & upper-upscale)



Kuala Lumpur hotel market has continued to perform well, on the back of strong domestic corporate demand and sustained recovery in leisure demand.

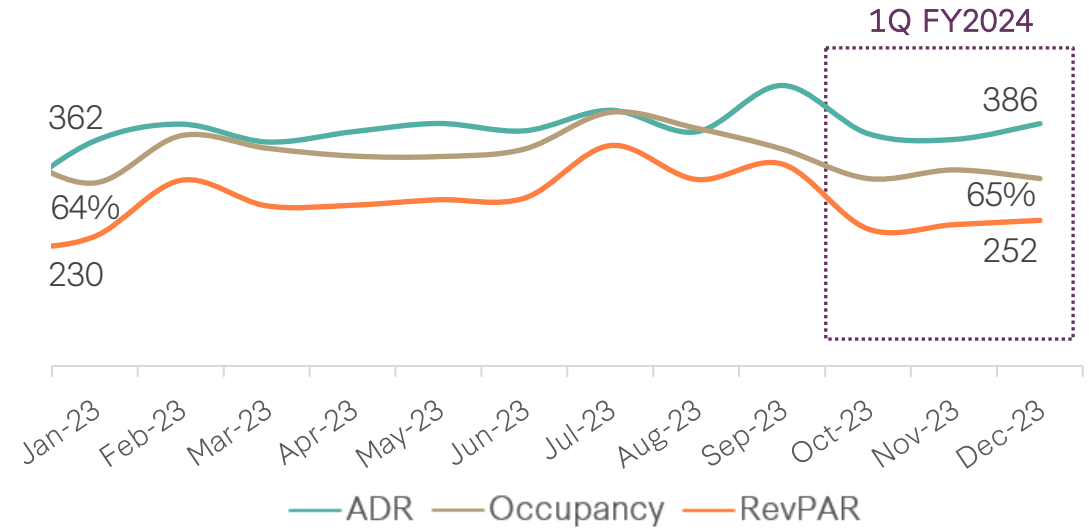
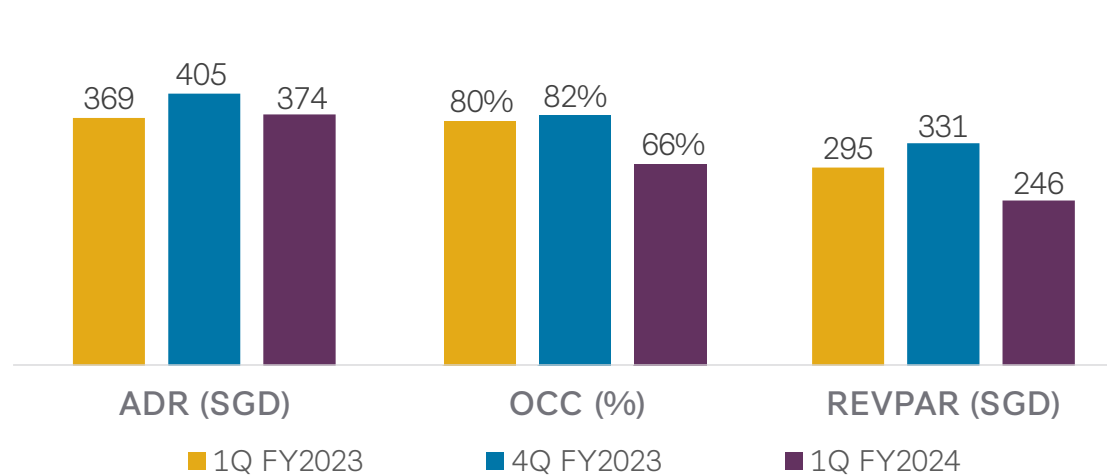


Portfolio Performance

Singapore

InterContinental Singapore (ICSG)

Fraser Suites Singapore (FSSG)

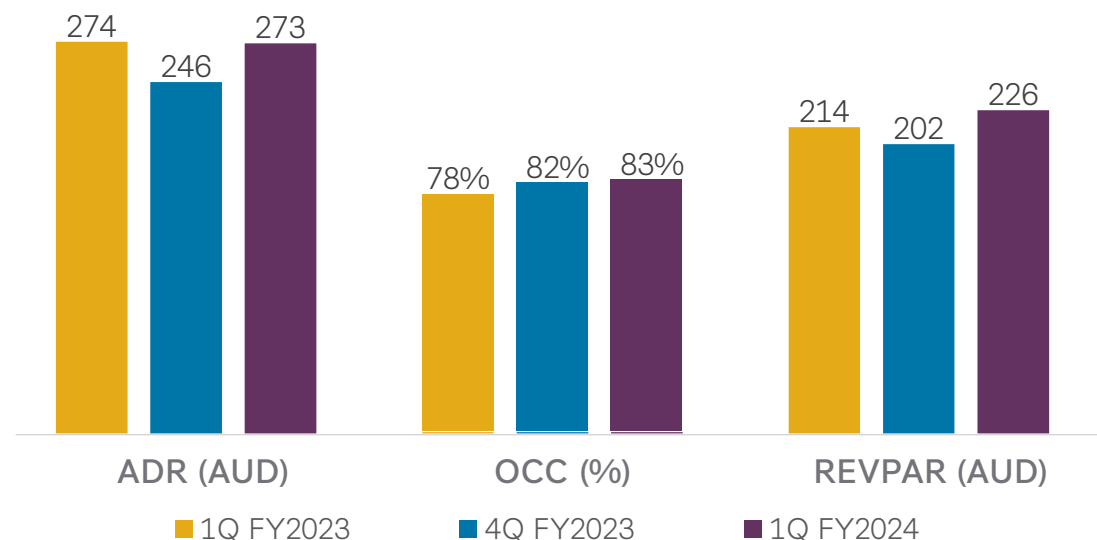


YoY decline in all operating metrics due to rising competitive pressure and easing of pent-up travel demand

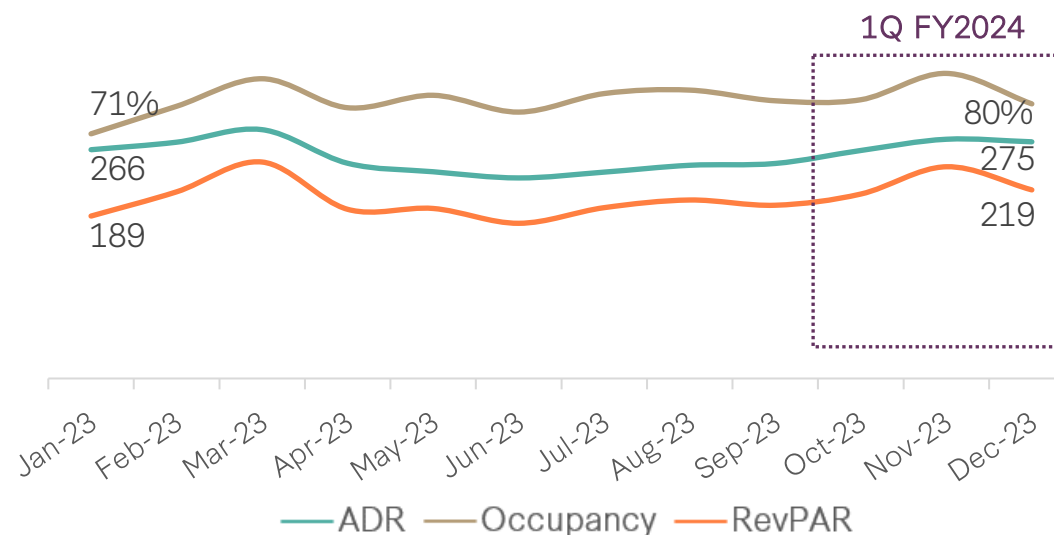
- > Singapore portfolio's RevPAR decreased 25.7% QoQ and 16.6% YoY in 1Q FY2024.
- > Comparing against 4Q FY2023, Occ dipped 16.0 pp while ADR was 7.6% lower in 1Q FY2024. The previous quarter benefited from marquee events such as F1 Grand Prix and the Forbes Global CEO Conference.
- > On a YoY comparison, Occ declined 14.1 pp while ADR improved slightly by 1.2% in 1Q FY2024. Occ for ICSG has softened with the easing of pent-up travel demand and rising competitive pressure from new supply entering the market while Occ for FSSG declined more than ICSG due to weaker demand.
- > Singapore recorded 13.6 million visitor arrivals in 2023, hitting 71% of pre-COVID levels and meeting the Singapore Tourism Board's forecast of between 12.0 and 14.0 million visitors.

Australia

Fraser Suites Sydney (FSS)
Novotel Sydney Darling Square (NSDS)



Novotel Melbourne on Collins (NMOC)

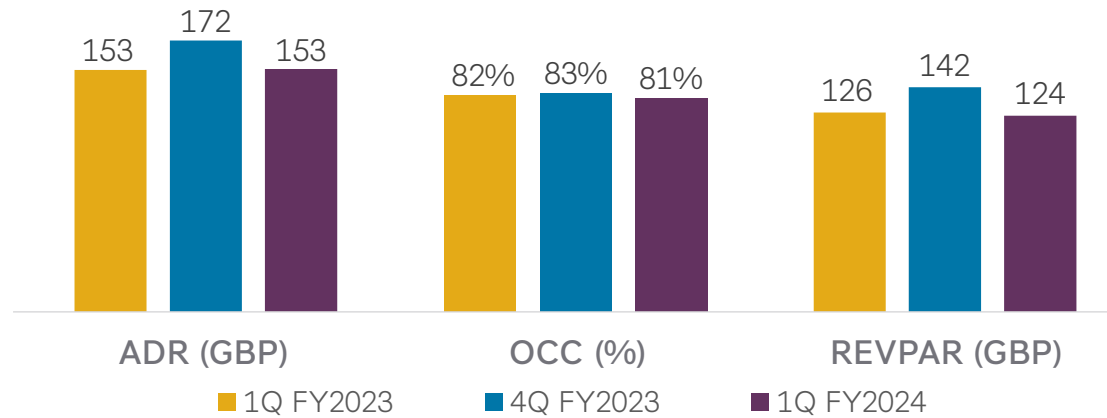


Continued recovery with sustained YoY improvements

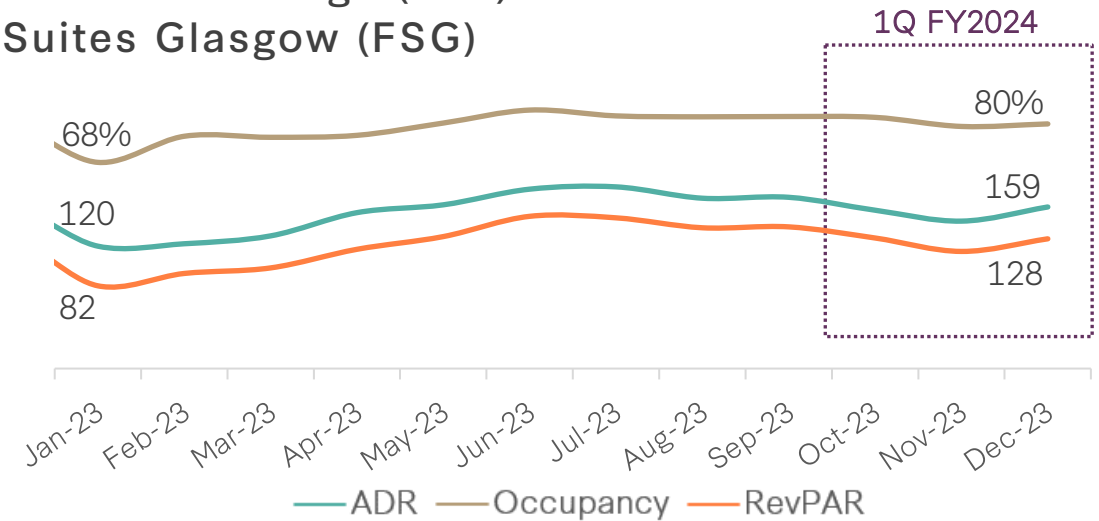
- > In 1Q FY2024, Australia portfolio's RevPAR grew 5.7% YoY and increased 11.8% QoQ.
- > Comparing against 4Q FY2023, Occ increased 0.8 pp while ADR rose 11.0% in 1Q FY2024. The current quarter benefited from the pick-up in demand from the summer months.
- > On a YoY comparison, Occ increased by 5.2 pp, supported by the recovery of corporate, MICE and group segments.
- > Tourism Australia reported that the country received 5.0 million international visitors between Jan-23 and Sep-23, reaching 74% of pre-COVID levels.

United Kingdom (UK)

Fraser Suites Queens Gate (FSQG)
 Park International London (PIL)
 Fraser Place Canary Wharf (FPCW)



ibis Styles London Gloucester Road (ISLG)
 Fraser Suites Edinburgh (FSE)
 Fraser Suites Glasgow (FSG)

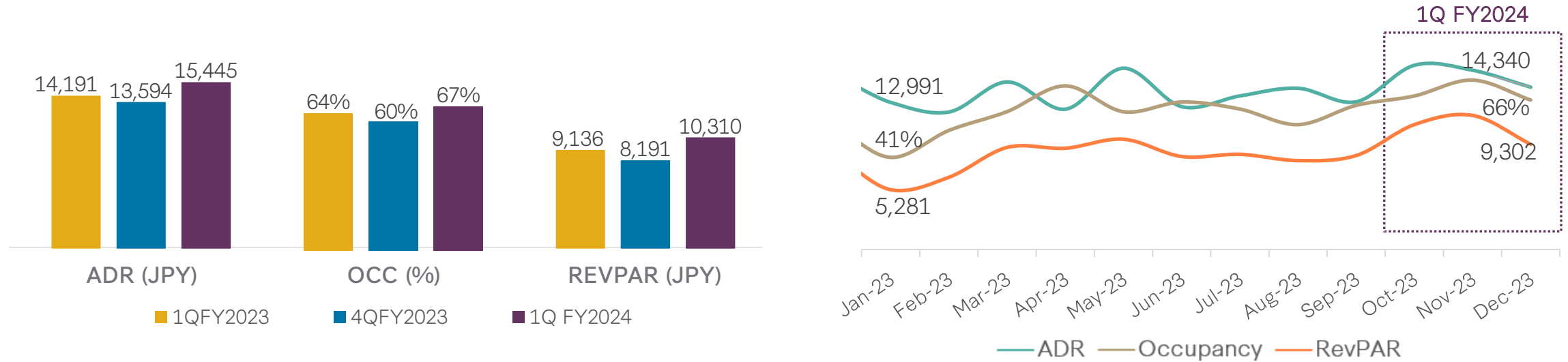


Decline in performance QoQ due to market seasonality

- > UK portfolio's RevPAR declined by 13.0% QoQ in 1Q FY2024, attributed to market seasonality as the UK benefited from peak summer months in Q4 FY2023.
- > On a YoY comparison, RevPAR remained relatively flat despite the increase in competition citywide and the easing of pent-up travel demand.
- > From Jan-23 to Sep-23, the UK welcomed 28.4 million inbound visitors, 31% higher YoY but 7% below pre-pandemic levels. For 2023, Visit Britain's inbound visitor forecast is 37.8 million, 92% of the 2019 levels.

Japan

ANA Crowne Plaza Kobe (CPK)

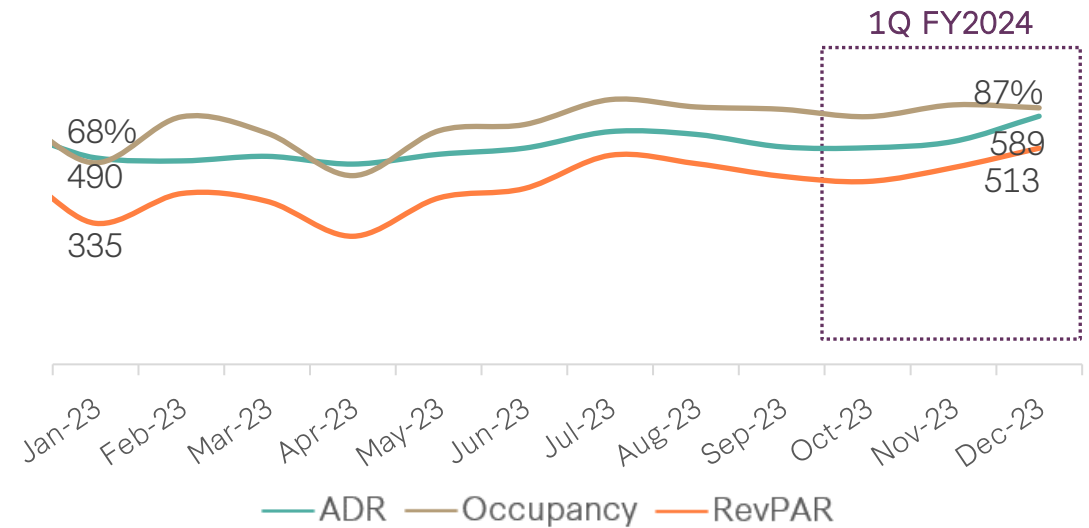
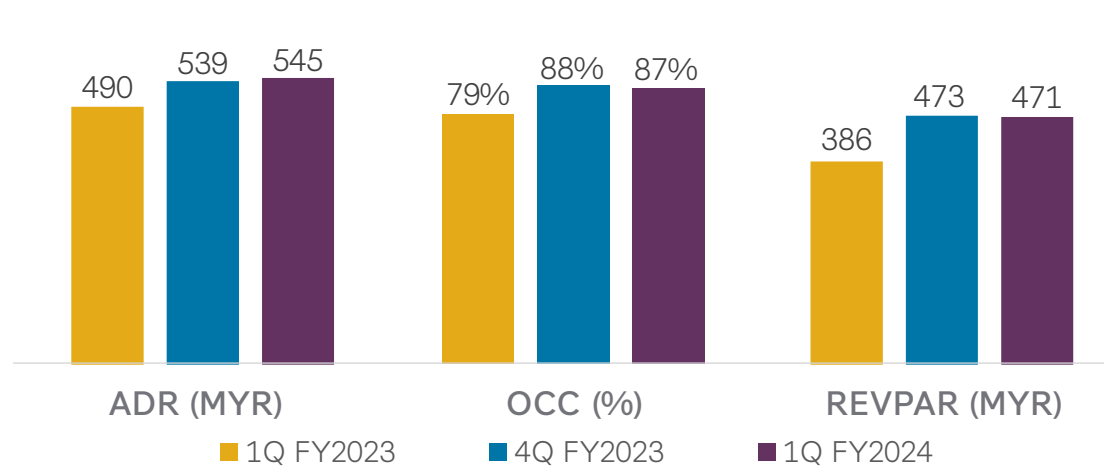


Positive improvements in all operating metrics with re-opened borders

- > CPK's RevPAR increased 12.9% YoY and 25.9% QoQ in 1Q FY2024.
- > ADR and Occ increased YoY and QoQ as CPK gathered recovery pace in tandem with Kobe market recovery. Labour shortage in the tourism industry and inflationary pressure remain key factors affecting the pace of recovery.
- > Kobe's hotel operating performance is still lagging behind Japan's key gateway cities such as Tokyo and Osaka, despite reporting YoY improvements. Occ for Kobe hotel market remains soft, particularly for the MICE segment which is recovering at a slower pace than pre-pandemic levels.
- > Japan National Tourism Organization reported 25.1 million international visitor arrivals in 2023, hitting 79% of pre-pandemic levels. International travelers exceeded 2 million for 7 consecutive months since Jun-23.

Malaysia

The Westin Kuala Lumpur (TWKL)



Strong YoY rebound in all operating metrics

- > TWKL's RevPAR rose YoY by 22.1% and declined marginally by 0.4% QoQ in 1Q FY2024.
- > ADR and Occ grew YoY by 11.3% and 7.7 pp respectively in 1Q FY2024, on the back of strong corporate and leisure demand.
- > On a QoQ comparison, Occ was marginally lower at 87%, down by 1.3 pp while ADR increased 1.1%.
- > According to Tourism Malaysia, the country was targeting 16.1 million foreign tourists in 2023, 60% more than a year ago, with 5 million arrivals expected to come from the Chinese market. As of Sep-23, Malaysia recorded 14.5 million international tourist arrivals.

Germany

Maritim Hotel Dresden (MHD)



Dresden, Germany

Sustained recovery supported by higher ADR

- > MHD's performance further improved YoY in 1Q FY2024, supported by the recovery in domestic travel and the return of MICE business.
- > Its performance continued to surpass pre-COVID levels, underpinned by stronger ADR growth.

Kobe Retail Mall Update

Kobe Retail Mall - Updates

2014 FHT IPO

- As part of IPO portfolio, FH-REIT acquired ANA Crowne Plaza Kobe (**CPK**) from Y.K. Toranomom Properties (**YKTP**, a subsidiary of TCC Group).
- CPK consists of both Hotel and an ancillary Retail Mall.
- As Retail Mall's operating performance had yet to stabilise, FH-REIT carved out Retail Mall by way of a master lease to YKTP, which would then bear the benefits or losses arising from the Retail Mall operations.
- FH-REIT's purchase consideration for CPK was for Hotel only. The purchase consideration excluded Retail Mall as it was master leased to YKTP.

2017 Asset Enhancement

- The Retail Mall required substantial Asset Enhancement Initiatives (**AEI**) which YKTP agreed to undertake pursuant to an addendum to the master lease.
- YKTP agreed to finance and bear all costs and expenses for the AEI to rejuvenate Retail Mall and uplift its operating performance.
- FH-REIT agreed to take over the Retail Mall by way of termination of the master lease when (i) Retail Mall achieves positive Net Operating Income but in any case (ii) no later than 31 Dec 2023.
- Termination Sum (subject to independent valuation) payable by FH-REIT for Retail Mall is capped at JPY4.25b.

2020 - 2023 COVID-19 & Recovery Period

- COVID-19 negatively impacted Retail Mall tenants, and derailed its rejuvenation progress.
- Post-pandemic, efforts were made through asset and property managers to ramp up operations and curate Retail Mall to be the destination for targeted consumers.

2024 & Beyond Integrated Asset

- FH-REIT targets to take back Retail Mall by 1 Mar 2024.
- FH-REIT to reap potential economic benefits from rejuvenated Retail Mall and management of CPK (both Hotel and Retail Mall) as an integrated development in view of expectations of economic recovery in Kobe and the Kobe City Council's rejuvenation of Shin-Kobe station and the vicinity that is adjacent to Retail Mall.
- CPK could potentially also benefit from economic spill-over effects from Osaka Expo in 2025 and the development of Osaka's new integrated resort.

Kobe Retail Mall Before and After the AEI

Before



L1 & L2 main thoroughfare

After



L1 & L2 main thoroughfare



Tenancies shopfront



Tenancies shopfront

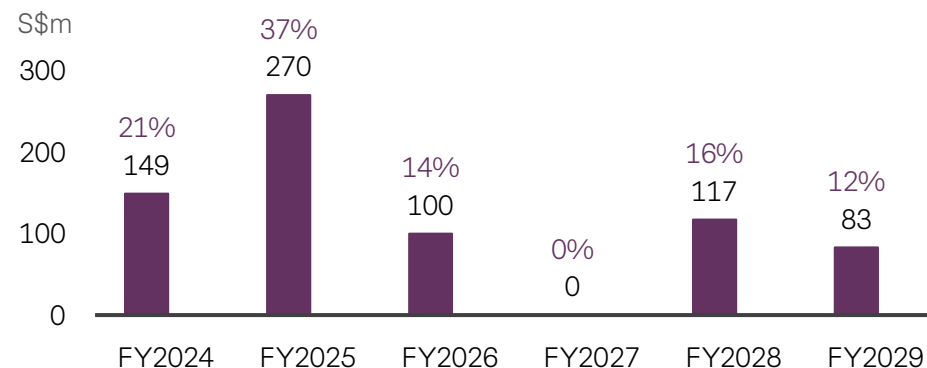
Risk and Capital Management

Proactive capital management

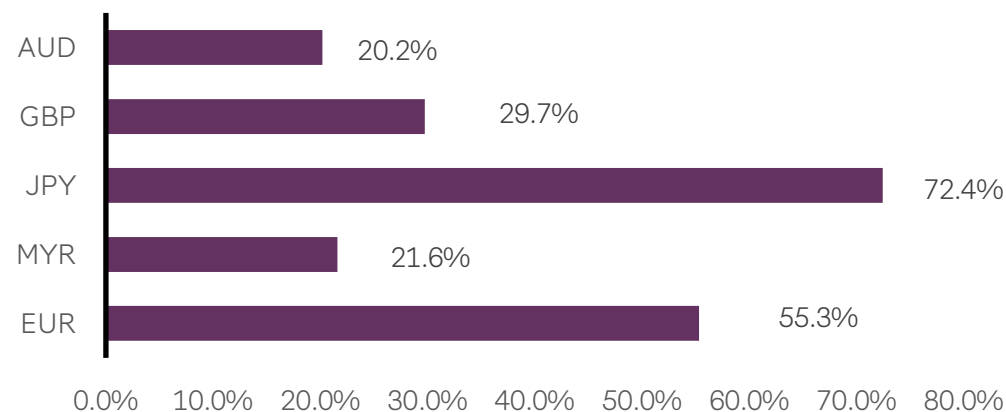
As at 31 Dec 2023

Aggregate leverage ratio ^{1,2}	34.5%
Net asset value per stapled security	S\$0.66
Weighted average debt to maturity	2.19 years
Unsecured debt	96.2%
Effective cost of borrowing ²	3.3%
Borrowings on fixed rates	73.8%
Interest coverage ratio ^{3,4}	3.4 times
Adjusted interest coverage ratio ^{1,3,4}	3.4 times

Debt maturity profile



Balance sheet hedging



1. Aggregate leverage ratio could exceed 45% (up to a maximum of 50%) only if the adjusted interest coverage ratio exceeds 2.5 times

2. The impact of FRS 116 Leases has been excluded for the purpose of computing leverage ratio and effective cost of borrowing

3. Interest coverage ratio and adjusted interest coverage ratio are as prescribed under the MAS' Property Funds Appendix (last revised on 23 May 2023)

4. For the purpose of computing interest coverage ratio and adjusted interest coverage ratio, interest expense excludes the unwinding of discounting effect on present value of lease liability and long-term security deposits payable



Looking Ahead

Outlook



Global travel demand

> UNWTO expects international tourism to fully recover to pre-COVID levels in 2024. Initial estimates point to 2% growth above the 2019 levels.



Global GDP growth

> The International Monetary Fund (IMF) has projected global economic growth of 3.1% in 2024, below the historical average of 3.8%. As inflation subsides, it expects the global economy to stay resilient.



Geopolitical tensions

> Geopolitical tensions in the Middle East and attacks in the Red Sea could disrupt commodity prices and supply chains.



FX volatility

> SGD is expected to remain strong in 2024 as the Monetary Authority of Singapore has maintained that sustained appreciation of its currency policy band is necessary to curb imported inflation and cost pressures.



Interest rates

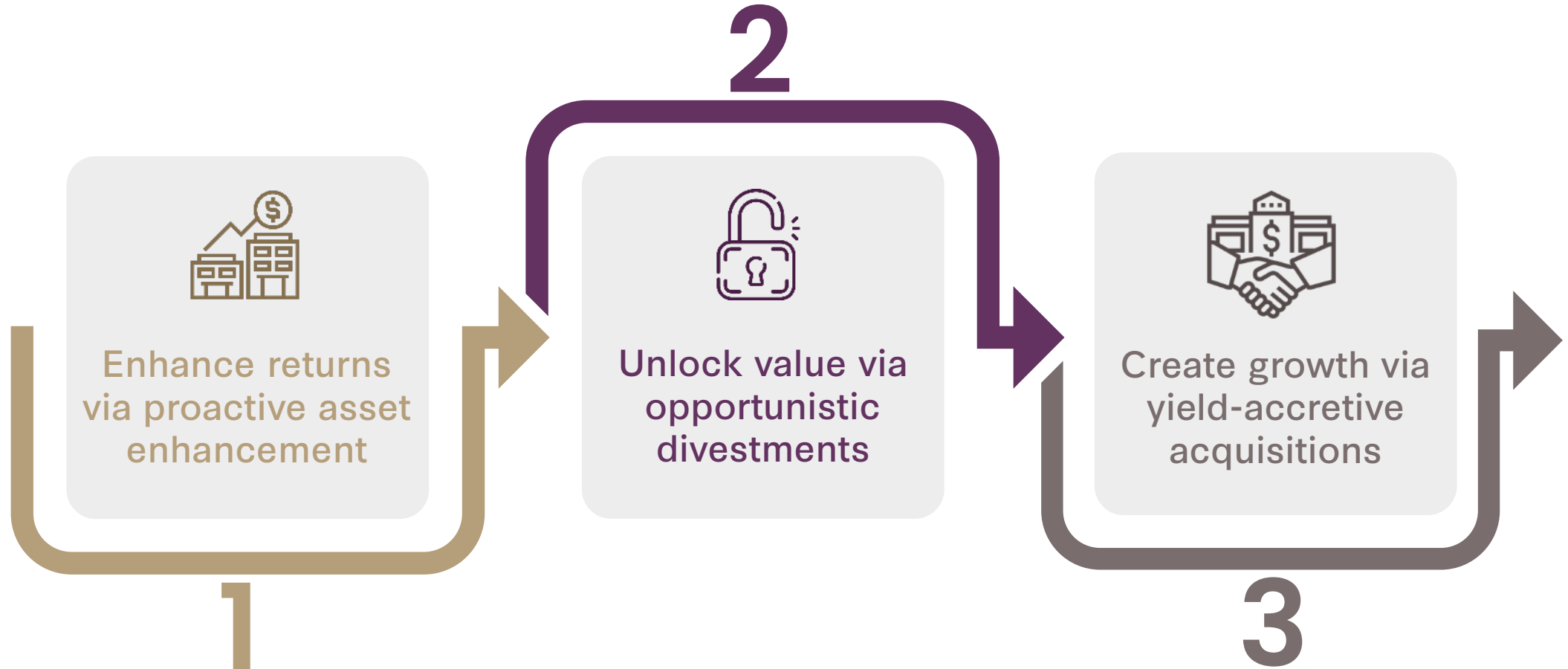
> Markets appear excessively optimistic on the prospects for early rate cuts by major central banks. A repricing could increase long-term interest rates and trigger more rapid fiscal consolidation that would weigh on growth prospects.



China's outbound travel recovery

> Continued restoration of international flight capacity could see further recovery in China's outbound tourism which would need time to return to pre-pandemic heights.

Proactive portfolio reconstitution & asset management strategy



Our commitment to ESG



Commitment to high ESG standards



Target to achieve
Net Zero Carbon
status by 2050



Targets in alignment with
Frasers Property's
Sustainability Roadmap

External recognition



Score: 82 | Rating: 4 Stars
FHT ranked 3rd in APAC Hotel
Listed category in 2023



InterContinental Singapore
accorded **BCA Green Mark**
Gold^{PLUS} certification



NABERS ratings
attained by Australia portfolio







BREEAM ratings
attained by UK portfolio

Inspiring experiences,
creating places for good.







Hotels managed by third-party operators

Property	Country	Description	Tenure	Class	Rooms	Valuation as at 30 Sep 2023
 Novotel Melbourne on Collins	Australia	Strategically located within Melbourne's core CBD area along Collins Street	Freehold	Upscale	380	A\$239.0 mil (A\$0.6 mil/key)
 Novotel Sydney Darling Square	Australia	4.5-star hotel located within close proximity of Sydney's Darling Harbour and Chinatown	84 years ¹	Upscale	230	A\$115.0 mil (A\$0.5 mil/key)
 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	S\$515.0 mil (S\$1.3 mil/key)
 ibis Styles London Gloucester Road	UK	Distinctive white Victorian facade located in the heart of London	75 years ¹	Mid-scale	84	£22.0 mil (£0.3 mil/key)







1. Commencing from 14 Jul 2014 (Fraser's Hospitality Trust's listing date)

Hotels managed by Frasers Hospitality and third-party operators

	Property	Country	Description	Tenure	Class	Rooms	Valuation as at 30 Sep 2023
	Park International London	UK	Elegant hotel ideally located in the heart of Kensington and Chelsea	75 years ¹	Upscale	171	£42.6 mil (£0.2 mil/key)
	ANA Crowne Plaza Kobe	Japan	Unique panoramic view of Kobe city from Rokko mountain	Freehold	Upper Upscale	593	¥17,100.0 mil (¥28.8 mil/key)
	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	RM440.0 mil (RM1.0 mil/key)
	Maritim Hotel Dresden	Germany	Heritage-listed and located in the historical city centre of Dresden, capital city of the eastern German state of Saxony	Freehold	Upscale	328	€55.9 mil (€0.2 mil/key)

1. Commencing from 14 Jul 2014 (Frasers Hospitality Trust's listing date)

Serviced residences managed by Frasers Hospitality

	Property	Country	Description	Tenure	Class	Rooms	Valuation as at 30 Sep 2023
	Fraser Suites Sydney	Australia	First luxury apartments in Sydney designed by internationally renowned architects	75 years ¹	Upper Upscale	201	A\$140.0 mil (A\$0.7 mil/key)
	Fraser Suites Singapore	Singapore	Luxurious serviced residences in the prime residential district of River Valley	75 years ¹	Upper Upscale	255	S\$300.0 mil (S\$1.2 mil/key)
	Fraser Suites Edinburgh	UK	Rustic 1750s sandstone building located in the heart of Edinburgh's Old Town	75 years ¹	Upper Upscale	75	£17.6 mil (£0.2 mil/key)
	Fraser Suites Glasgow	UK	Stunningly restored 1850s building which was formerly the city bank of Glasgow	75 years ¹	Upper Upscale	98	£10.2 mil (£0.1 mil/key)
	Fraser Suites Queens Gate London	UK	Beautiful Victorian apartment hotel in Kensington	75 years ¹	Upper Upscale	105	£57.9 mil (£0.6 mil/key)
	Fraser Place Canary Wharf London	UK	Stunning apartments located by the River Thames, showcasing chic contemporary design	75 years ¹	Upper Upscale	108	£37.3 mil (£0.3 mil/key)

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