FRASERS HOSPITALITY TRUST

Financial results presentation

for the second quarter ended 31 March 2020

8 May 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.

Contents

- Financial review & distribution
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Financial review & distribution

Financial review for 2Q FY2020

InterContinental Singapore

- FHT's GR and NPI declined year-on-year (yoy) by 41.5% and 52.0% respectively.
- The rapid spread of COVID-19 globally has severely impacted travel demand as many countries have implemented tight entry restrictions, strict social distancing measures and activities lockdown.
- This has led to steep occupancy declines and event cancellations across FHT's portfolio which in turn have adversely affected its performance in 2Q FY2020.
- With the lower NPI, DI declined 67.2% while DPS was 0.3137 cents, down 68.1% yoy.

SGD m	2Q FY2020	2Q FY2019	Variance %
Gross revenue (GR)	20.2	34.6	▼ 41.5
Net property income (NPI)	12.1	25.2	▼ 52.0
Income available for distribution (DI)	6.1	18.7	▼ 67.2
Distribution per stapled security (DPS)	0.3137 cents	0.9846 cents	▼ 68.1

Financial review for 1H FY2020

Fraser Suites Sydney

- Good 1Q FY2020 performance helped partially mitigate the impact of the COVID-19 outbreak in 2Q FY2020. Consequently, GR and NPI declined yoy by 16.8% and 19.6% respectively while DI decreased 25.5%. DPS was 1.6438 cents, down 26.6% yoy.
- As the duration and severity of impact of the COVID-19 outbreak remain uncertain, it is only prudent to conserve cash.
- To tide over this challenging period, we have conservatively retained SGD 25.3 m or 80.0% of DI, in anticipation of continued weak operating performance, for critical and mandatory capital commitments relating to health, safety and regulatory compliance, and to support Novotel Melbourne on Collins which has no third-party master lease protection.
- As such, the distribution rate after retention of SGD 25.3 m would be 0.3287 cents.

SGD m	1H FY2020	1H FY2019	Variance %
GR	62.6	75.2	▼ 16.8
NPI	45.3	56.3	▼ 19.6
DI	31.6	42.4	▼ 25.5
DPS	1.6438 cents	2.2388 cents	▼ 26.6
Distribution to stapled securityholders	6.3	42.4	▼ 85.1
Distribution rate per stapled security	0.3287 cents	2.2388 cents	▼ 85.3

1H FY2020 distribution rate

	1 Oct 2019 to 31 Mar 2020
Distribution rate	0.3287 cents per stapled security
Last day of trading on “cum” basis	14 May 2020
First day of trading on “ex” basis	15 May 2020
Record date	18 May 2020
Distribution payment date	29 Jun 2020

COVID-19 impact & initiatives undertaken

COVID-19 impact

Sofitel Sydney Wentworth

Australia

- With the spread of COVID-19, our Australia portfolio's performance began to weaken in Mar 2020.
- Australia has closed all borders since 20 Mar 2020. On 23 Mar 2020, the Premiers of New South Wales and Victoria ordered the shutdown of non-essential services. As such, all F&B (food and beverage) outlets in our Sydney and Melbourne hotels have temporarily closed.
- On 16 Apr 2020, the Australian government announced that existing restrictions would remain in place for an additional 4 weeks.
- As at 31 Mar 2020, Australia had 4,561 confirmed COVID-19 cases. This has risen to 6,746 cases in end Apr 2020[1].

Month 2020	Portfolio ADR (AUD)	Portfolio Occ (%)	Portfolio RevPAR (AUD)
Jan	213	85.2	182
Feb	238	88.0	210
Mar	240	45.1	108

1. Source: https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert.

COVID-19 impact

Fraser Suites Singapore

Singapore

- Since late Jan 2020, Singapore has progressively implemented tighter border measures to reduce the risk of importation of COVID-19. These include disallowing entry of short-term visitors from all countries from 24 Mar 2020.
- While this swiftly affected demand, Fraser Suites Singapore, which has more long-stay guests, recorded higher occupancy.
- Additionally, a 'circuit breaker', requiring all to stay at home and non-essential businesses to close, has been implemented from 7 Apr 2020 to 4 May 2020. This has been extended to 1 Jun 2020.
- As at 31 Mar 2020, Singapore reported 926 confirmed COVID-19 cases. This has surged to 16,169 cases in end Apr 2020[1].

Month 2020	ADR (SGD)	Occ (%)	RevPAR (SGD)
Jan	297	81.3	242
Feb	294	48.7	143
Mar	234	44.0	103

1. Source: https://www.moh.gov.sg/covid-19/situation-report.

COVID-19 impact

Park International London

UK

- The UK has seen a surge in the number of COVID-19 cases since early Mar 2020.
- On 23 Mar 2020, the government ordered all non-essential businesses and premises including hotels, restaurants and bars across the country to close. It extended the lockdown for at least 3 more weeks on 16 Apr 2020.
- On a temporary basis, our UK properties progressively suspended operations between 27 Mar 2020 and 1 Apr 2020.
- As at 31 Mar 2020, the UK had 25,150 people tested positive for COVID-19. This has escalated to 171,253 people as at 30 Apr 2020[1].

Month 2020	ADR (GBP)	Occ (%)	RevPAR (GBP)
Jan	102	81.1	83
Feb	102	83.6	86
Mar	115	36.2	42

1. Source: https://www.gov.uk/guidance/coronavirus-covid-19-information-for-the-public#number-of-cases-and-deaths.

COVID-19 impact

ANA Crowne Plaza Kobe

Japan

- Like other countries, Japan has also enforced tighter entry restrictions, and requested closure to tourist attractions and suspension of conferences, festivals and community gatherings in Mar 2020. In addition, it has postponed the Tokyo 2020 Olympics and Paralympics to Jul 2021.
- As domestic guests account for 60% to 80% of occupancy at ANA Crowne Plaza Kobe, the hotel has seen the pace of room and event cancellations pick up since Feb 2020.
- Amid the virus spread, Japan has declared nationwide emergency on 16 Apr 2020.
- On 31 Mar 2020, Japan reported 2,538 confirmed COVID-19 cases. This has risen to 14,088 cases in end Apr 2020[1].

Month 2020	ADR (JPY)	Occ (%)	RevPAR (JPY)
Jan	12,855	62.9	8,083
Feb	12,421	54.7	6,799
Mar	12,248	26.2	3,214

1. Source: https://www.mhlw.go.jp/index.html.

COVID-19 impact

The Westin Kuala Lumpur

Malaysia

- The Westin Kuala Lumpur's performance in Feb and Mar 2020 were severely affected, as the hotel reported cancellation of rooms and events with the acceleration of the COVID-19 outbreak.
- To curb the spread of COVID-19, Malaysia has closed its borders to all foreigners and imposed movement control order (MCO) on 18 Mar 2020. Since then, it has extended the MCO thrice to 12 May 2020 but has eased parts of the restrictions from 4 May 2020, allowing some businesses and activities to resume with conditions.
- As at 31 Mar 2020, 2,766 people were tested positive for COVID-19 in Malaysia. This has increased to 6,002 people as at 30 Apr 2020[1].

Month 2020	ADR (MYR)	Occ (%)	RevPAR (MYR)
Jan	446	79.6	355
Feb	414	52.2	216
Mar	415	25.7	107

1. Source: http://www.moh.gov.my/index.php/pages/view/2019-ncov-wuhan.

COVID-19 impact

Maritim Hotel Dresden

Germany

- The performance of Maritim Hotel Dresden has begun to weaken in Feb 2020 due to the COVID-19 outbreak.
- Since 16 Mar 2020, Germany has imposed stricter border controls to curb the rapid spread of the virus. Subsequently, public gatherings of more than 2 persons have been banned and non-essential businesses were ordered to close.
- As at 31 Mar 2020, Germany recorded 61,913 COVID-19 cases. This has climbed to 159,119 cases in end Apr 2020[1].

1. Source: https://www.rki.de/DE/Content/InfAZ/N/Neuartiges_Coronavirus/Situationsberichte/Gesamt.html.

Initiatives undertaken

Proactive cost containment measures

Property level operations

- Close off rooms and amenities (gyms, pools) by floor.
- Limit or discontinue F&B offerings.
- Save utilities cost by adjusting temperature in common areas and shutting down lifts and chillers, where applicable.
- Re-negotiate with vendors to secure better pricing.

Property level manning

- Freeze overtime and recruitment.
- Operate with minimum manning level on-site.
- Release all casual and part-time staff.
- Reduce working hours.
- Put staff on unpaid leave and on furlough.

Asset management

- Secure reduction in various fees from the hotel chains.
- Freeze all discretionary expenses including those relating to marketing.
- Suspend SGD 5.6 m of non-essential capital expenditure.

Initiatives undertaken

Pursuance of alternative income sources

- Capture alternative revenue opportunities where feasible, while stepping up to support the various national efforts to curb the spread of COVID-19 and provide safe accommodation for guests and returning residents.
- Due to their prime locations and the operators' established protocols, 4 of our properties have been selected by the local government agencies to house returning residents serving quarantine and stay home notices since late Mar or early Apr 2020:
  - InterContinental Singapore
  - Novotel Melbourne on Collins
  - Sofitel Sydney Wentworth
  - Fraser Suites Sydney

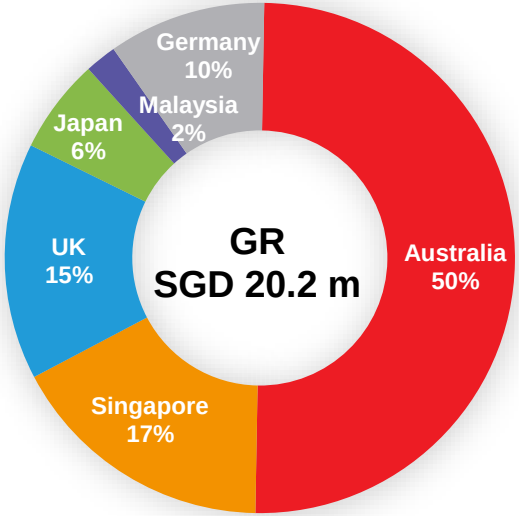
Initiatives undertaken

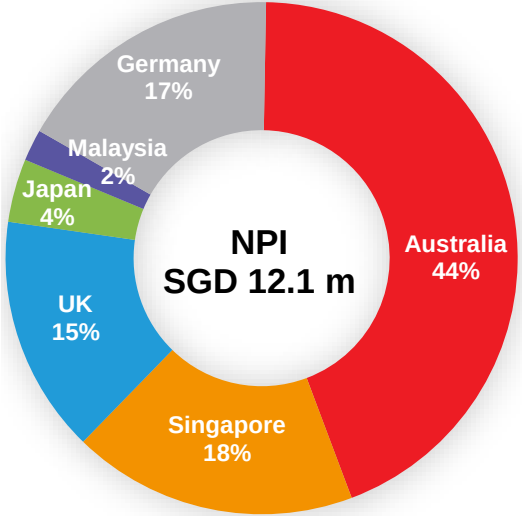
Preservation of liquidity

- Conserve cashflow and augment our liquidity position with a recent pre-emptive drawdown of a SGD 30.0 m revolving credit facility (RCF).
- Improve financial flexibility by working with banks to convert SGD 60.0 m uncommitted RCF to committed.
- Readily tap into government reliefs and incentives in different jurisdictions.

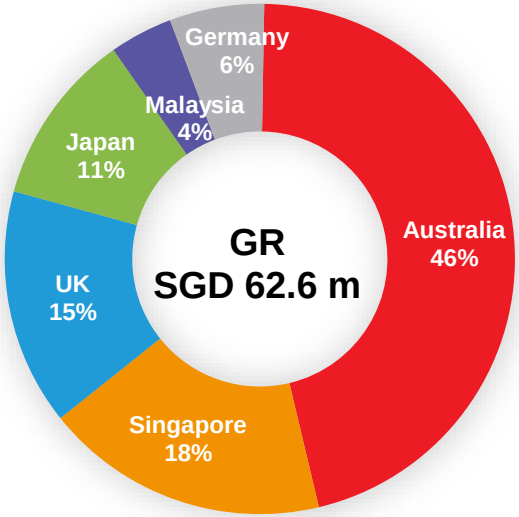
Portfolio performance

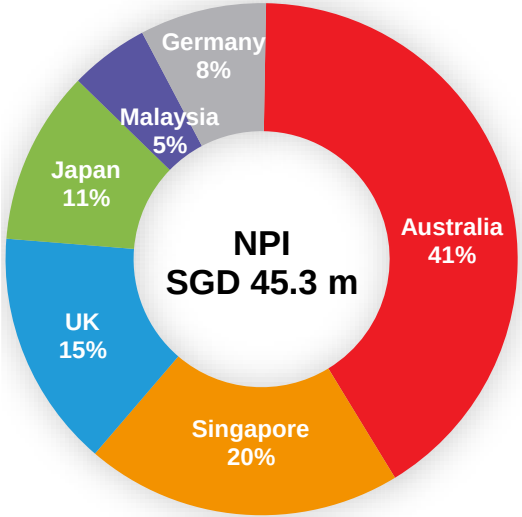
Portfolio contribution by country for 2Q FY2020





Portfolio contribution by country for 1H FY2020





Portfolio contribution by country for 2Q FY2020

Country	Gross Operating Revenue (GOR)		Gross Operating Profit (GOP)	
	Local Currency (m)	Variance (%)	Local Currency (m)	Variance (%)
Australia	24.1	▼ 22.4	8.0	▼ 40.2
Singapore	14.1	▼ 34.9	3.8	▼ 57.4
UK	4.3	▼ 21.0	1.6	▼ 35.0
Japan	960.7	▼ 29.1	121.1	▼ 62.3
Malaysia	13.1	▼ 34.2	1.4	▼ 73.1
Germany	1.8	▼ 13.2	0.4	▼ 30.0

Portfolio contribution by country for 1H FY2020

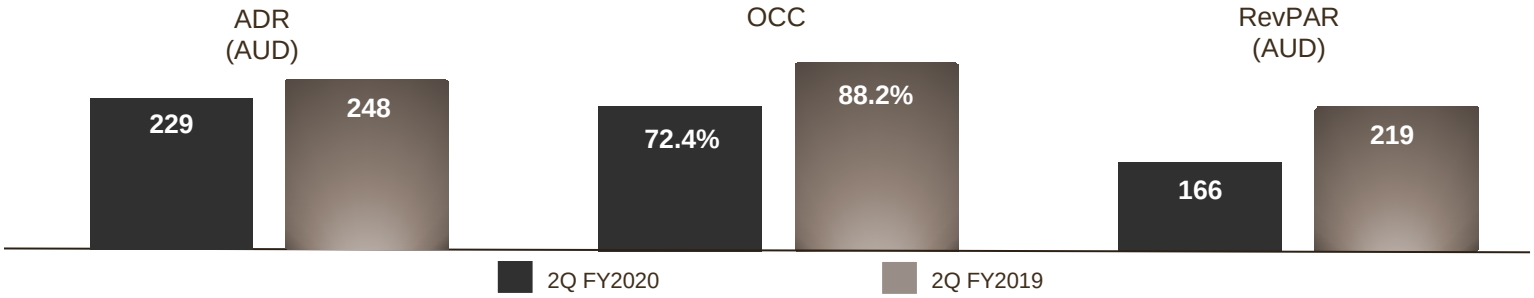
Country	GOR		GOP	
	Local Currency (m)	Variance (%)	Local Currency (m)	Variance (%)
Australia	60.7	▼ 9.4	25.8	▼ 14.9
Singapore	36.8	▼ 16.0	12.9	▼ 27.6
UK	11.3	▼ 6.5	5.3	▼ 10.2
Japan	2,636.5	▼ 14.6	691.3	▼ 16.2
Malaysia	36.6	▼ 12.4	9.4	▼ 11.9
Germany	5.2	-	1.9	▼ 3.3

Australia portfolio performance

AUD m	2Q FY2020	2Q FY2019	Variance (%)
GOR	24.1	31.1	▼ 22.4
GOP	8.0	13.4	▼ 40.2

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

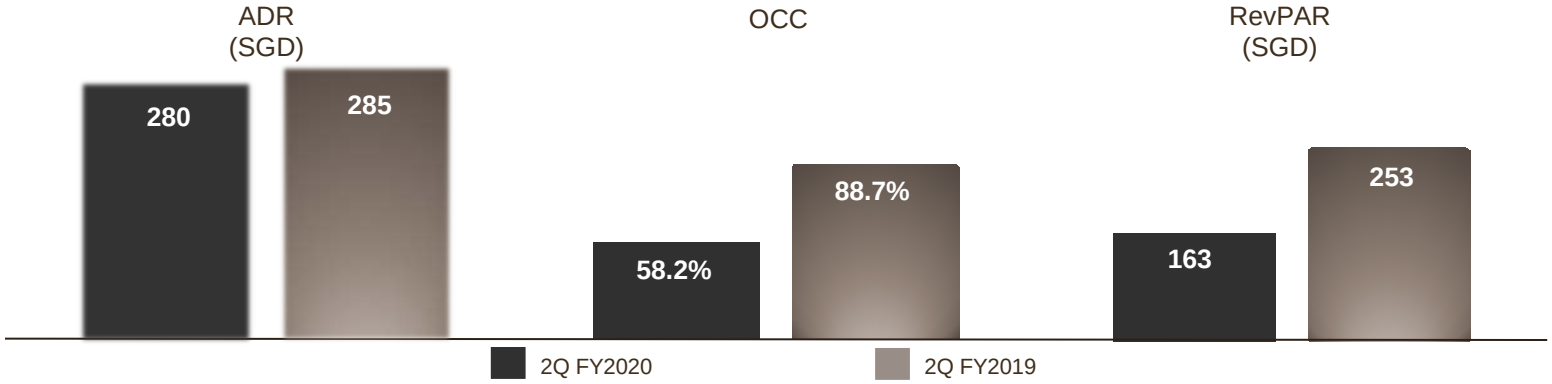
  - Australia portfolio's GOR and GOP declined 22.4% and 40.2% yoy respectively on the back of weaker room and F&B revenue.
  - Bush fires affected both international and domestic demand in the first 2 months of 2020 while the COVID-19 impact has been felt intensely since Mar 2020.
  - As a result, occupancies for our Sydney and Melbourne properties dropped yoy by 15.1% and 23.9% to 73.7% and 69.5% respectively in this quarter. Coupled with a lower ADR, portfolio RevPAR declined 24.2% yoy.



Singapore portfolio performance

SGD m	2Q FY2020	2Q FY2019	Variance (%)
GOR	14.1	21.6	▼ 34.9
GOP	3.8	8.9	▼ 57.4

- **InterContinental Singapore (ICSG)**
  - Singapore portfolio reported a 34.9% decline in GOR and 57.4% decline in GOP yoy due to the COVID-19 outbreak.
  - While room rates were relatively stable in 2Q FY2020, portfolio RevPAR decreased 35.6% yoy due to a 34.4% drop in occupancy to 58.2%.
  - However, FSSG recorded occupancy of 74.2% as more than 60% of its guests were long stays, which provided support to its occupancy during this challenging period.
- **Fraser Suites Singapore (FSSG)**

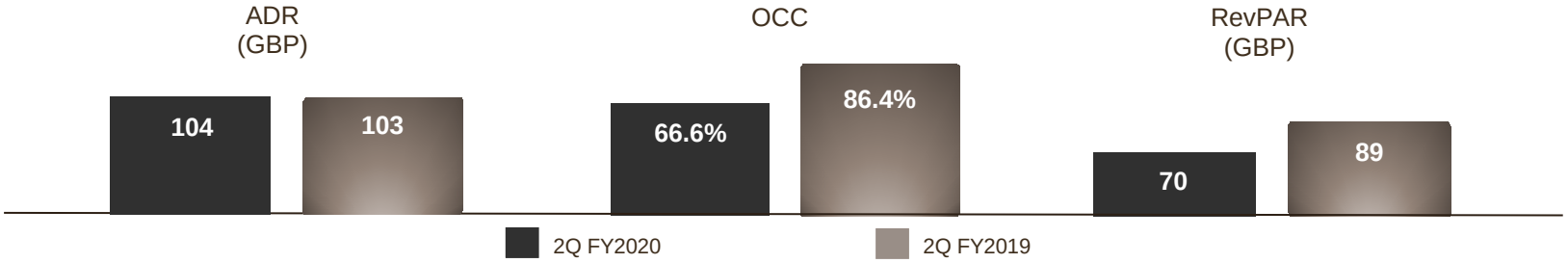


UK portfolio performance

GBP m	2Q FY2020	2Q FY2019	Variance (%)
GOR	4.3	5.5	▼ 21.0
GOP	1.6	2.4	▼ 35.0

- **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)**

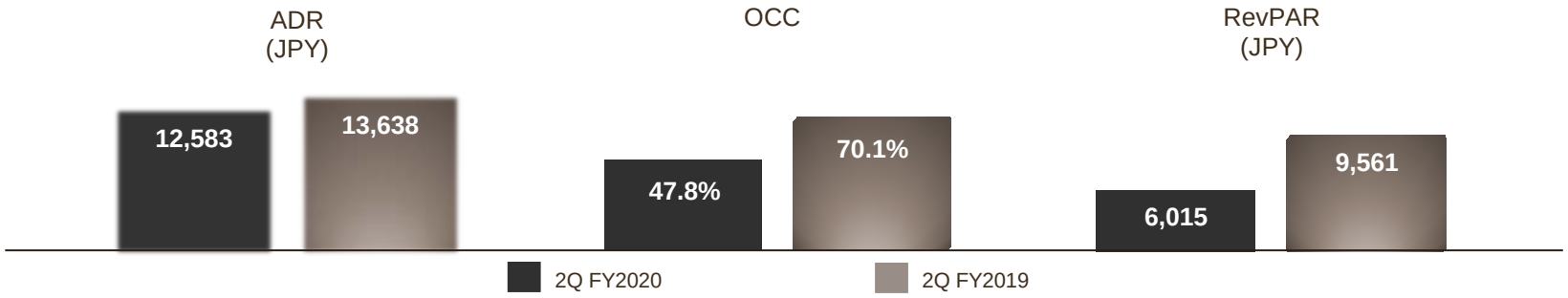
  - The UK portfolio has been impacted by the COVID-19 outbreak since end-Feb 2020. As a result, its GOR and GOP declined yoy by 21.0% and 35.0% respectively.
  - Despite a stable ADR, portfolio RevPAR declined 21.6% yoy on the back of lower occupancy at 66.6% due mainly to travel restrictions affecting inbound visitors to London. Our properties have temporarily suspended operations as the UK government has, on 23 Mar 2020, ordered all non-essential businesses and premises to close.



Japan portfolio performance

JPY m	2Q FY2020	2Q FY2019	Variance (%)
GOR	960.7	1,354.5	▼ 29.1
GOP	121.1	320.8	▼ 62.3

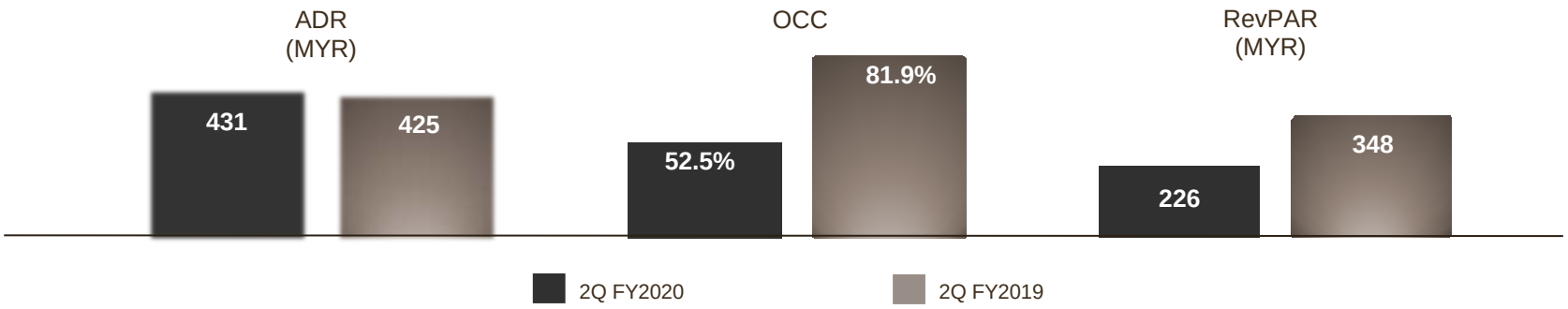
- **ANA Crowne Plaza Kobe (CPK)**
  - The impact of COVID-19 outbreak has led CPK's GOR to decline 29.1% yoy. Its GOP dropped steeper by 62.3% due to the high proportion of fixed payroll costs.
  - As COVID-19 continues its spread within Japan, the government has enforced tighter entry restrictions, and requested closure to tourist attractions and suspension of conferences, sporting events, festivals and community gatherings in Mar 2020.
  - CPK has seen the pace of room and event cancellations pick up since Feb 2020.



Malaysia portfolio performance

MYR m	2Q FY2020	2Q FY2019	Variance (%)
GOR	13.1	19.9	▼ 34.2
GOP	1.4	5.2	▼ 73.1

- **The Westin Kuala Lumpur (TWKL)**
  - TWKL's GOR and GOP declined yoy by 34.2% and 73.1% respectively due to the impact of the COVID-19 outbreak.
  - Its RevPAR declined 35.0% on the back of lower occupancy at 52.5%. ADR for the quarter increased marginally as strong ADR, driven by higher corporate and transient demand, was seen in Jan 2020 before the COVID-19 outbreak.
  - To curb the spread of the virus, the Malaysia government has imposed MCO for the country since 18 Mar 2020. As a result, The Westin Kuala Lumpur saw a sharp yoy decline of 55.5 percentage points in its occupancy for the month of March 2020 (occupancy at 25.7%).



Risk & capital management

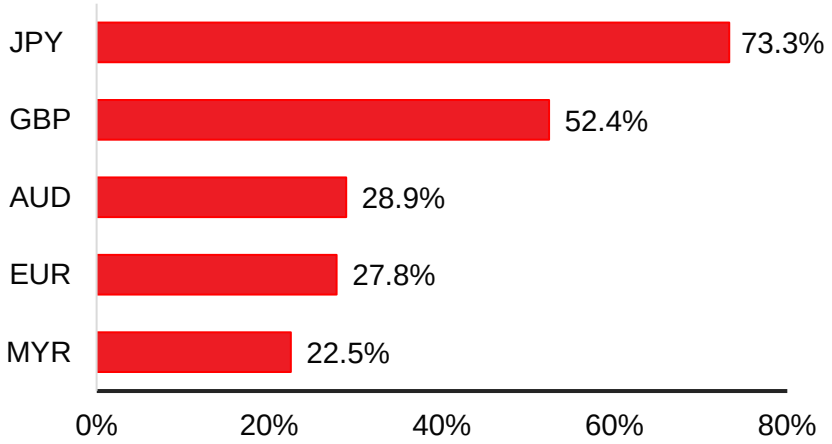
Risk and capital management

- Healthy balance sheet with gearing at 36.0% which is within the 50% limit[1] set by the Monetary Authority of Singapore (MAS).
- Maintained loan-to-valuation ratio of between 22.5% to 73.3% for overseas assets through natural hedging (using cross currency swaps and borrowing in foreign currencies).

As at 31 Mar 2020

Investment properties	SGD 2,107.7 m
Property, plant and equipment	SGD 208.0 m
Total assets	SGD 2,452.0 m
Total borrowings	SGD 878.7 m
Gearing[1,2]	36.0%
Net asset value per stapled security	SGD 0.71

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.

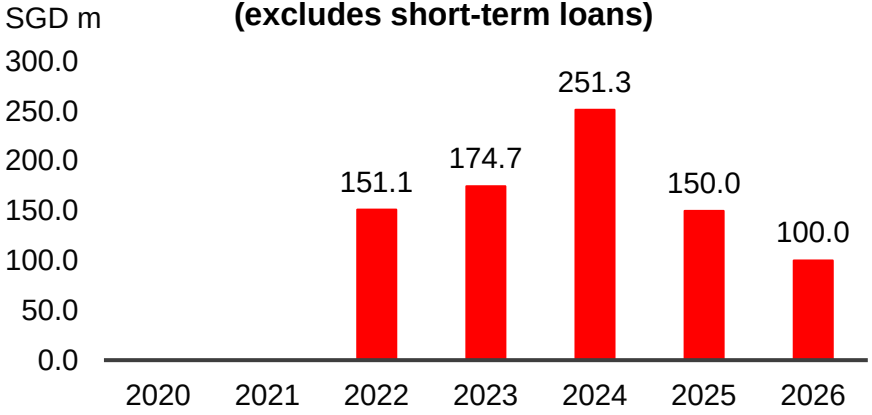
Risk and capital management

- Weighted average debt to maturity at 4.14 years. There are no loans due in FY2020 and FY2021. The earliest loan maturity is in FY2022 and our borrowings are well spread out, with no more than 30% due in any one year.
- 96.2% of our borrowings are non-recourse while 72.7% are on fixed rates. Interest cover at 4.1 times.
- We remain in compliance of our debt obligations and covenants.

As at 31 Mar 2020

Weighted average years to maturity	4.14 years
Unsecured debt	96.2%
Effective cost of borrowing[1]	2.4%
Borrowings on fixed rates	72.7%
Interest cover[2,3]	4.1 times

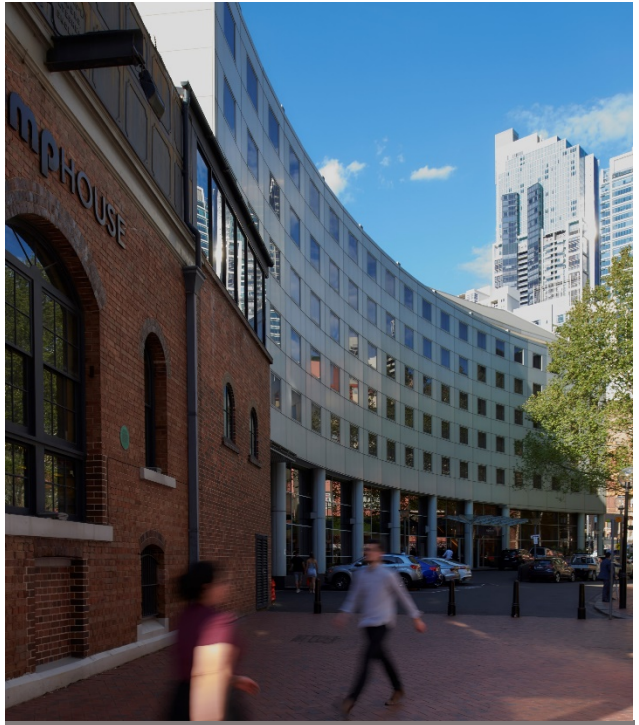
Debt maturity profile (excludes short-term loans)



1. 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.
2. Interest coverage ratio is as prescribed under the MAS' Property Funds Appendix (last revised on 16 Apr 2020).
3. 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



Novotel Sydney Darling Square

- The World Health Organization has declared the COVID-19 outbreak a global pandemic while the International Monetary Fund has, in Apr 2020, projected the global economy to contract 3% this year, which is a downgrade of 6.3 percentage points from Jan 2020, a major revision over a very short period.
- Due to the outbreak, the tourism, travel and hospitality industries have experienced significant disruptions and the trading environment in the months ahead is expected to remain challenging as the full impact of the containment measures to flatten the virus spread will weigh on our portfolio performance.
- Thus, we have taken a holistic look at each property within the portfolio - its expense run rate and near-term revenue opportunities. Following our review, we have reached the difficult decision to temporarily suspend operations at The Westin Kuala Lumpur for 2 months, starting from 1 May 2020. With its current low occupancy level, the suspension will help minimise the hotel's ongoing expenditures.
- During the period of suspension, we will continue to receive fixed rent from the master lessees of TWKL and our UK properties, which are entities of our sponsor, Frasers Property Limited.

Market outlook

Fraser Suites Glasgow

- We are also working with the operators to develop recovery plan for each property and will continue to closely monitor the situation to ensure that we will be best positioned to re-open our properties when demand returns.
- As the duration of the COVID-19 outbreak remains uncertain, coupled with the adverse impact of the measures taken by governments to contain its spread, the full extent of the outbreak impact on our FY2020 financial performance cannot be ascertained at this point.
- In light of this, we anticipate moderating the eventual distribution of the SGD 25.3 m that has been retained, depending on the available DI based on the financial statements for FY2020.
- For the avoidance of doubt, FH-REIT will maintain its policy of distributing at least 90% of its distributable income to FHT stapled securityholders.
- We will continue to provide material updates as and when they arise.

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.