

Fraser's Hospitality Trust

Financial Review for the First Quarter Ended 31 December 2018

30 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.

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Financial Review

Financial Review for 1Q FY2019

SGD m	1Q FY2019	1Q FY2018	Variance
Gross Revenue (GR)	40.6	41.5	▼ 2.0%
Net Property Income (NPI)	31.1	31.4	▼ 1.2%
Distribution Income (DI)	23.7	24.4	▼ 3.0%
Distribution Per Stapled Security (DPS)	1.2542 cents	1.3107 cents	▼ 4.3%

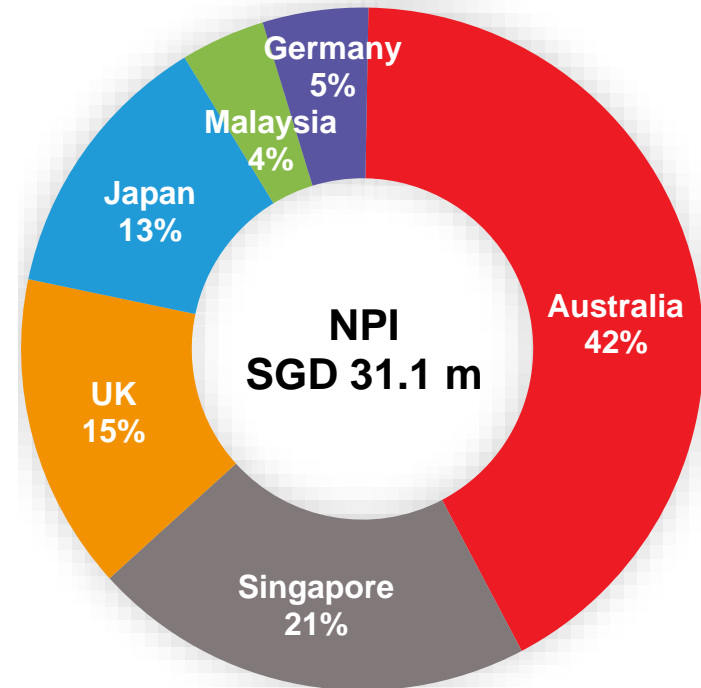
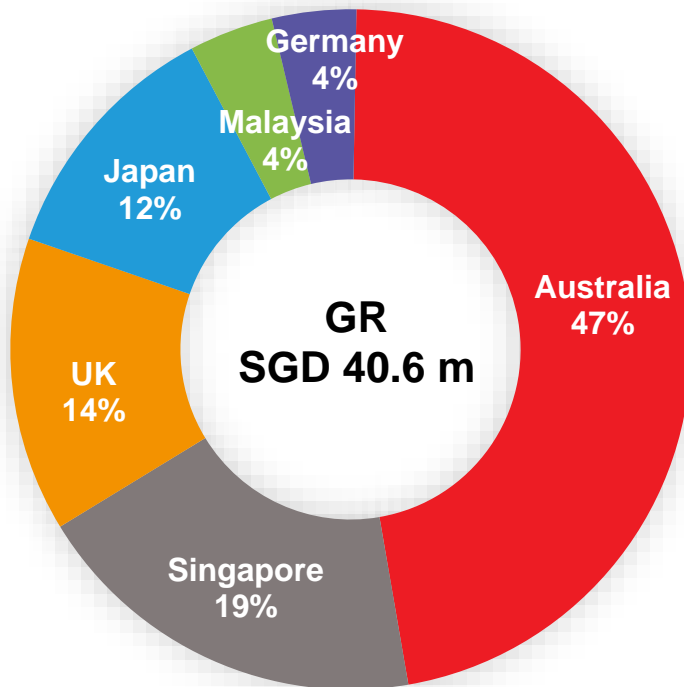
- ◆ GR and NPI decreased year-on-year (yoy) by 2.0% and 1.2% respectively due mainly to weaker performance of the Malaysia and Japan portfolios.
- ◆ The Westin Kuala Lumpur turned in significantly lower room and food and beverage (F&B) revenue as corporate demand remained weak.
- ◆ ANA Crowne Plaza Kobe reported a marginal decline in room revenue but its general banquet and wedding revenue decreased 10.0% yoy due to a reduction in wedding and year-end social events.
- ◆ DI declined 3.0% yoy while DPS was 4.3% lower at 1.2542 cents.

Portfolio Performance



InterContinental Singapore

Portfolio Contribution by Country for 1Q FY2019



Portfolio Highlights By Country for 1Q FY2019

Country	1Q FY2019			
	Gross Operating Revenue (GOR)		Gross Operating Profit (GOP)	
	Local Currency (m)	Variance (yoy)	Local Currency (m)	Variance (yoy)
Australia	36.4	▲ 6.4%	16.8	▲ 7.3%
Singapore	22.1	▲ 0.3%	8.9	▼ 0.4%
UK	6.6	▲ 9.3%	3.5	▲ 8.1%
Japan	1,732.4	▼ 4.4%	504.3	▼ 13.8%
Malaysia	21.8	▼ 11.7%	5.5	▼ 31.1%
Germany	3.2	▲ 3.6%	1.4	▲ 2.4%

Australia Portfolio Performance

AUD m	1Q FY2019	1Q FY2018	Variance
GOR	36.4	34.2	▲ 6.4%
GOP	16.8	15.7	▲ 7.3%

- **Novotel Melbourne on Collins (NMOC)**

- **Sofitel Sydney Wentworth (SSW)**

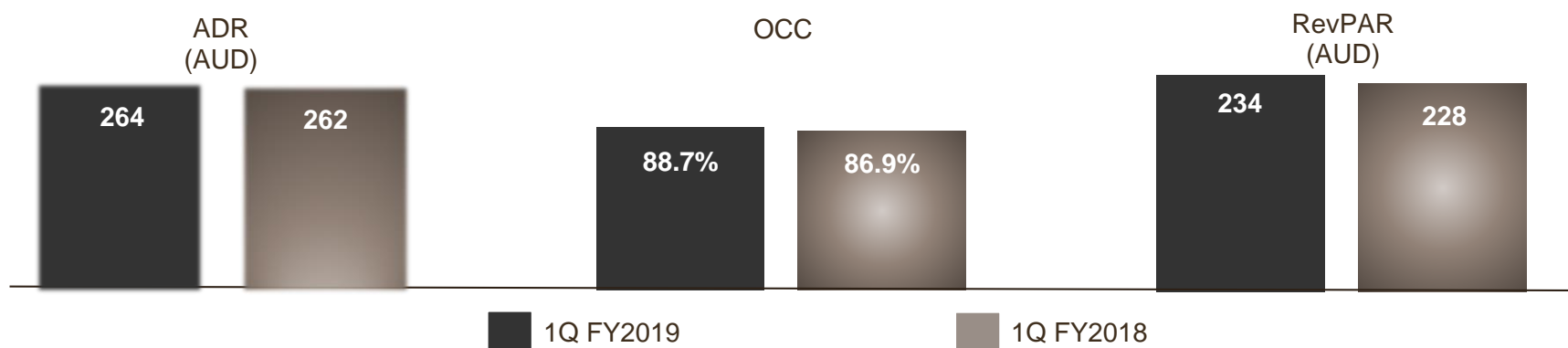
- The Australia portfolio saw GOR and GOP increased yoy by 6.4% and 7.3% respectively. Portfolio RevPAR rose 2.7% on the back of higher occupancy and ADR.

- NSDS performed better yoy with the return of its full room inventory. It also achieved higher ADR which led to a RevPAR growth of 19.7% yoy.

- NMOC's RevPAR rose 3.7% yoy on the back of higher occupancy.

- **Novotel Sydney Darling Square (NSDS)**

- **Fraser Suites Sydney (FSS)**



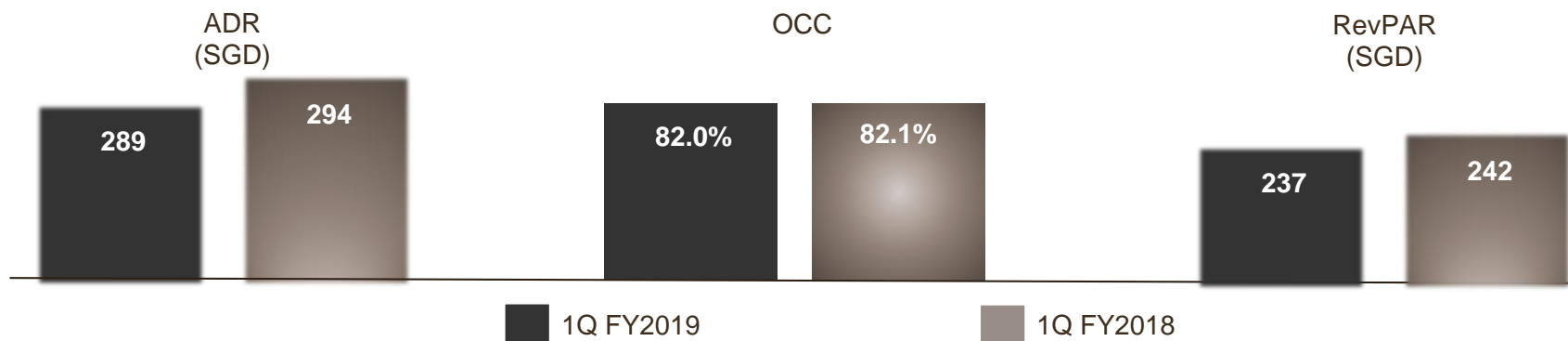
Singapore Portfolio Performance

SGD m	1Q FY2019	1Q FY2018	Variance
GOR	22.1	22.0	▲ 0.3%
GOP	8.9	9.0	▼ 0.4%

- **InterContinental Singapore (ICSG)**

- **Fraser Suites Singapore (FSSG)**

- The Singapore portfolio's performance remained stable in 1Q FY2019. GOR increased marginally by 0.3% yoy due to higher F&B revenue from ICSG while GOP declined 0.4% mainly due to higher utilities costs.
- The portfolio RevPAR declined 1.8% yoy as a result of lower ADR from both properties.
- Competition from new entrants in the Bugis precinct and softness in corporate long stay demand continued to exert downward pressure on the portfolio ADR.



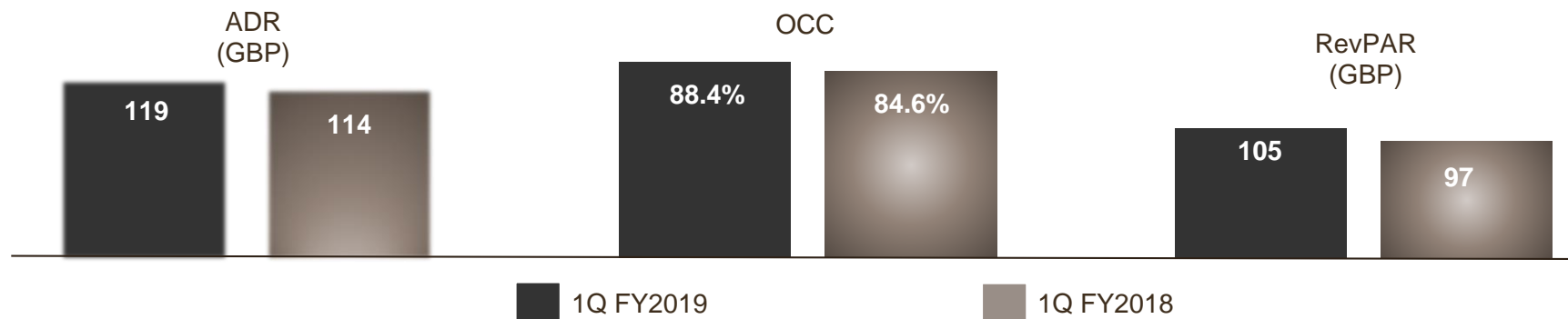
UK Portfolio Performance

GBP m	1Q FY2019	1Q FY2018	Variance
GOR	6.6	6.0	▲ 9.3%
GOP	3.5	3.2	▲ 8.1%

- **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 and GOP of the UK portfolio grew yoy by 9.3% and 8.1% respectively.
- All properties in the portfolio achieved higher ADR. This led to an overall increase in portfolio RevPAR of 9.2%.
- All properties also recorded higher RevPAR except ISLG as renovation works at the hotel peaked during the quarter, resulting in 51 guest rooms being taken out of inventory. All guest rooms in ISLG were fully renovated by end Dec 2018 and renovation for the public areas is scheduled to be completed by Mar 2019.

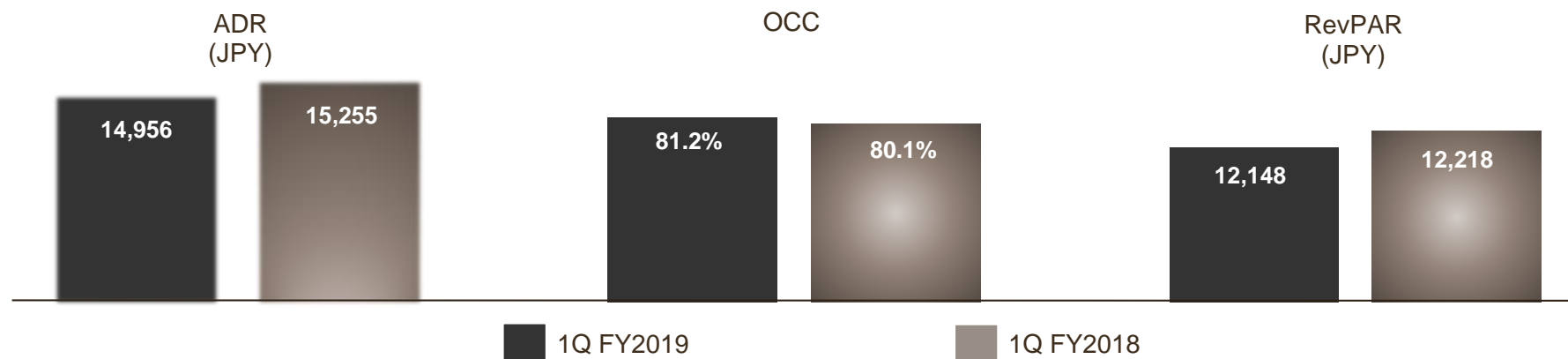


Japan Portfolio Performance

JPY m	1Q FY2019	1Q FY2018	Variance
GOR	1,732.4	1,812.9	▼ 4.4%
GOP	504.3	585.3	▼ 13.8%

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

- CPK's GOR decreased 4.4% yoy due mainly to lower F&B revenue.
- A reduction in wedding and year-end social events saw the hotel's general banquet and wedding revenue declining 10.0% yoy.
- GOP declined more than GOR mainly due to the timing of staff bonus write-back. As compared to 1Q FY2018, staff bonus write-back was absent in 1Q FY2019 as it was recognised in the last quarter of FY2018.

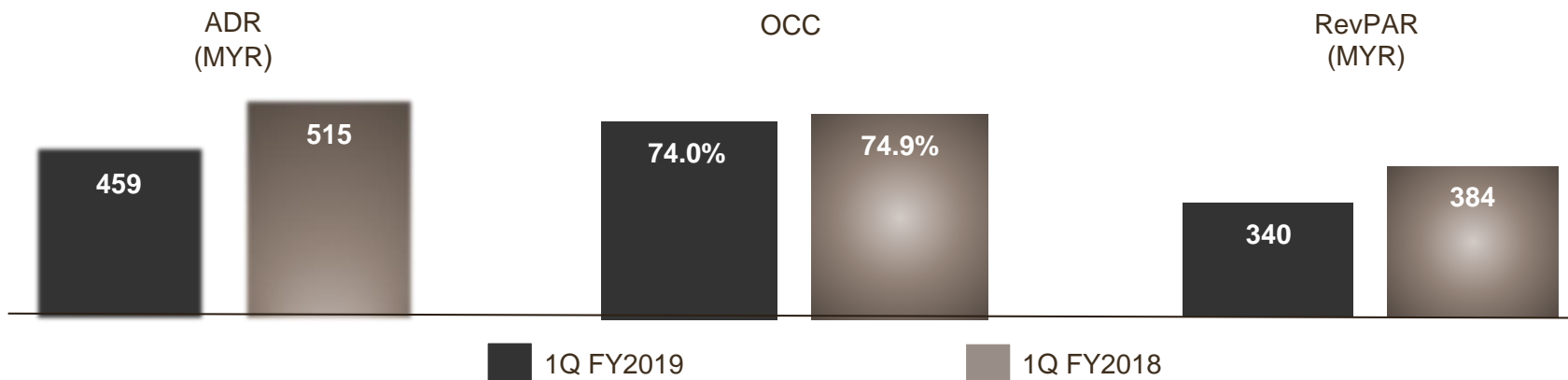


Malaysia Portfolio Performance

MYR m	1Q FY2019	1Q FY2018	Variance
GOR	21.8	24.7	▼ 11.7%
GOP	5.5	7.9	▼ 31.1%

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

- TWKL's GOR and GOP continued to drop significantly yoy by 11.7% and 31.1% respectively as corporate demand in the city remained weak, affecting both room and F&B revenue.
- The hotel's RevPAR declined 11.6% yoy, on the back of lower ADR and occupancy. Notwithstanding the decline in RevPAR, TWKL continues to maintain its market share vis-à-vis its peers.
- With the weaker economic climate, corporations have been renewing their contracts at lower rates. TWKL remains focused on expanding its customer base.



Risk and Capital Management

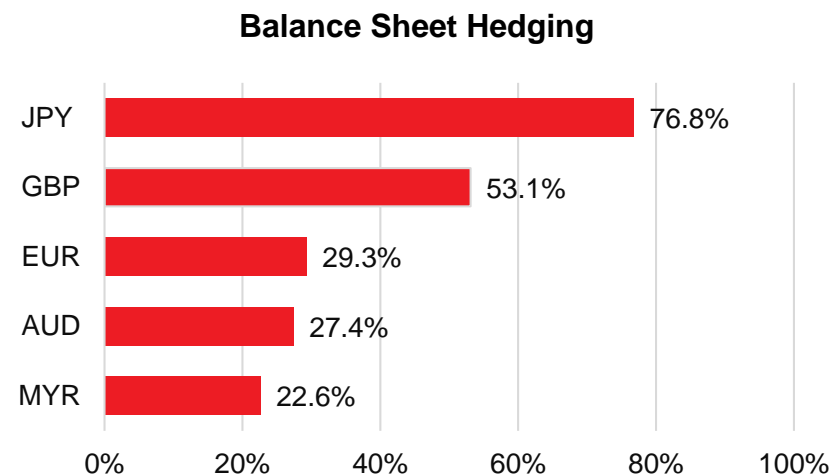
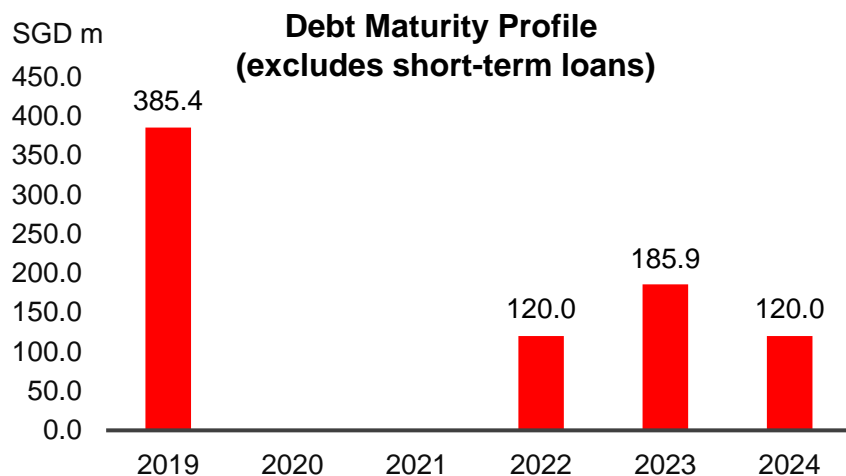


Park International London

Risk and Capital Management

As at 31 Dec 2018	
Investment Properties	SGD 2,137.9 m
Property, Plant and Equipment	SGD 242.2 m
Total Assets	SGD 2,482.8 m
Total Borrowings	SGD 852.4 m
Gearing	34.4%
Net Asset Value per Stapled Security	SGD 0.75

As at 31 Dec 2018	
Weighted Average Years to Maturity	2.65 years
Unsecured Debt	96.2%
Effective Cost of Borrowing	2.5%
Borrowings on Fixed Rates	73.5%
Interest Cover	5.3 times
FHT's Issuer Rating by Moody's	Baa2



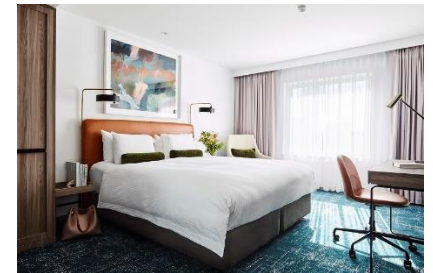
Market Outlook



Maritim Hotel Dresden

Australia

- ◆ Tourism Research Australia, in its 2017 tourism forecast report, has projected international visitors to Australia to increase from 8.6 million in 2016–17 to 9.2 million in 2017–18 and 9.7 million in 2018–19.
- ◆ From Jan to Nov 2018, Australia saw a 5.0% yoy increase in international arrivals to 8.2 million, with Chinese visitors growing by 5.7%¹.
- ◆ Sydney CBD saw a few new hotel openings over the last two years and this is beginning to impact hotel performance. This trend is expected to continue as more than 2,000 rooms are planned for completion in the next 2 years. While Sydney remains a popular destination, the room supply outlook could weigh on future performance².
- ◆ In Melbourne, delays in hotel developments have pushed completion dates out to 2021. While this has helped in part to alleviate the pressure on hotel performance in the short-term, future declines are expected when these projects come to fruition².



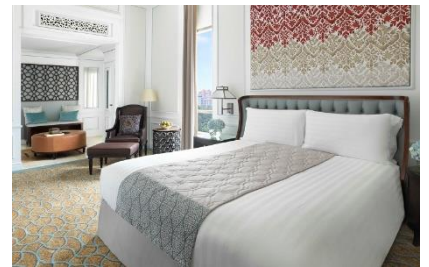
Pictures from Novotel Sydney Darling Square and Fraser Suites Sydney

1 Source: www.tourism.australia.com/en/markets-and-stats/tourism-statistics/international-visitor-arrivals.html

2 Source: CBRE – MarketView Australia Hotels, Q3 2018

Singapore

- ◆ Singapore Tourism Board (STB) forecasts international visitor arrivals for 2018 to be in the range of 17.6 million to 18.1 million, representing a growth of 1.0% to 4.0% yoy.
- ◆ For the period from Jan to Nov 2018, STB reported a yoy growth of 6.6% in visitor arrivals to 16.9 million. China, Indonesia and India remained the top three source markets for tourism, accounting for 42.6% of total visitor arrivals.
- ◆ In 2019, growth in visitor arrivals is anticipated to continue to offset any potential supply-side pressures¹.



Pictures from Gardens by the Bay, InterContinental Singapore and Fraser Suites Singapore

1 Source: JLL – Asia Pacific Property Digest, Q3 2018

UK

- ◆ According to VisitBritain, the volume of inbound tourism for 2018 is forecast to reach 40.9 million visitors, an increase of 4.4% on 2017.
- ◆ The UK welcomed 28.7 million overseas visitors in the first 9 months of 2018, down 5.0% yoy. Business visits were 4.0% below levels seen in the first 9 months of 2017.
- ◆ Going forward, caution remains as the impact on business investment from ongoing economic and political uncertainty relating to the outcome of the Brexit negotiations is expected to have a bearing on hotel performance¹.
- ◆ In addition, the headwinds of rising payroll costs are set to continue in 2019, following the announcement of further increases to the national minimum wage¹.



Pictures from ibis Styles London Gloucester Road and Fraser Suites Glasgow

1 Source: Knight Frank UK Hotel Trading Performance Review 2018

Japan

- ◆ From Jan to Nov 2018, Japan National Tourism Organization recorded a yoy growth of 9.1% in foreign visitors.
- ◆ Growth in inbound tourism remains and hotel operators are likely to enjoy an improved outlook as the rate of increase in hotel supply appears to have slowed¹.
- ◆ Japan's marketing initiatives to increase tourism from outside Asia could potentially have a positive impact on hotels in terms of diversification and profitability¹.

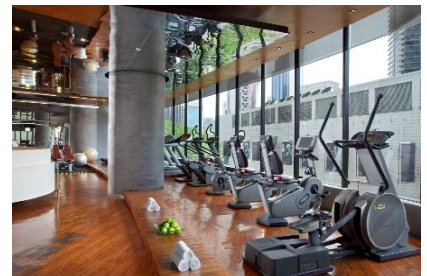


Pictures from IHG ANA Crowne Plaza Kobe

1 Source: Savills – Spotlight: Japan Hospitality, Aug 2018

Malaysia

- ◆ For the first 9 months of 2018, Tourism Malaysia reported a marginal 0.3% decline in tourist arrivals to 19.4 million.
- ◆ Malaysia has revised down its tourist arrival target for 2020 by 17% to 30 million. Accordingly, the targets for 2018 and 2019 have also been adjusted down to 26.4 million and 28.1 million respectively¹.
- ◆ In Kuala Lumpur, hotel trading performance, particularly in the upscale and luxury segments, is expected to continue to face pressure amid increasing competition due to the large incoming room supply².



Pictures from Tourism Malaysia and The Westin Kuala Lumpur

1 Source: The Edge Markets, 14 Sep 2018

2 Source: JLL – Asia Pacific Property Digest, Q2 2018

Germany

- ◆ From Jan to Nov 2018, the Federal Statistical Office of Germany recorded a 4.0% yoy increase in the number of overnight stays by domestic and foreign visitors¹.
- ◆ In Dresden, the total number of domestic and foreign visitors rose 3.4% yoy for the first 10 months of 2018².
- ◆ Dresden, the capital city of the Free State of Saxony, continues to grow its pipeline of MICE events for 2019 including Baumesse HAUS 2019, Sachsenback, Green and Sustainable Chemistry Conference, EuroBrake, and the International Conference on Adhesion in Aqueous Media: From Biology to Synthetic Materials.



Pictures from Maritim Hotel Dresden

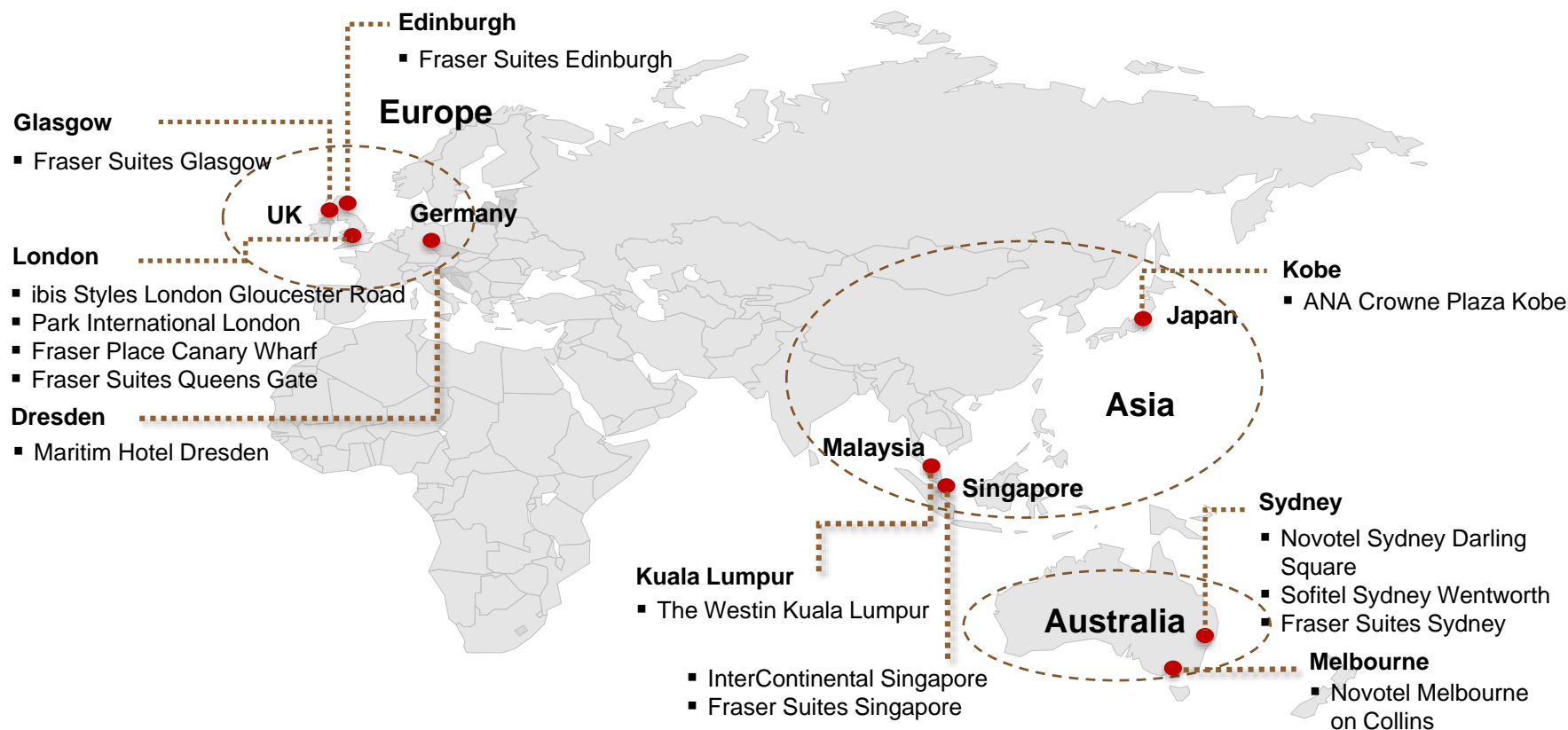
1 Source: www.destatis.de

2 Source: www.dresden.de

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matters.**



Resilient and Diversified Portfolio Across Geography








**15
properties**

**9
cities**

**3,913
keys**

**SGD 2.4 b
portfolio value**

Hotel Properties 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 façade located in the heart of London	75 years ¹	Mid-scale	84

¹ Commencing from 14 July 2014 (listing date)







² Commencing from 5 July 2015

Hotel Properties 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 July 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 July 2014 (listing date)