

# Fraser's Hospitality Trust

## Financial Review for the Third Quarter Ended 30 June 2019

30 July 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 3Q FY2019

SGD m	3Q FY2019	3Q FY2018	Variance
Gross Revenue (GR)	35.0	38.2	▼ 8.4%
Net Property Income (NPI)	25.4	28.5	▼ 11.0%
Distribution Income (DI)	19.2	21.1	▼ 9.0%
Distribution Per Stapled Security (DPS)	1.0086 cents	1.1226 cents	▼ 10.2%

- ◆ GR and NPI declined year-on-year (yoy) by 8.4% and 11.0% respectively due mainly to weaker performance of the Australia portfolio.
- ◆ In Sydney, the trading environment has remained challenging and softer corporate demand has led to lower room revenue across the Sydney properties while in Melbourne, the performance of Novotel Melbourne on Collins has been affected by fewer sporting events and concerts.
- ◆ For this quarter, the foreign exchange impact of all functional currencies accounted for 32% and 20% of the decline in GR and NPI respectively.
- ◆ With a lower NPI, DI declined 9.0% yoy, while DPS was 10.2% lower at 1.0086 cents.

# Financial Review for 9M FY2019

SGD m	9M FY2019	9M FY2018	Variance
GR	110.3	117.2	▼ 5.9%
NPI	81.6	87.7	▼ 6.9%
DI	61.6	66.4	▼ 7.2%
DPS	3.2474 cents	3.5459 cents	▼ 8.4%

- ◆ GR and NPI declined yoy by 5.9% and 6.9% respectively due mainly to weaker performance of the Malaysia and Australia portfolios which were partially mitigated by better performance of the UK and Singapore portfolios.
- ◆ The foreign exchange impact of all functional currencies accounted for 54% and 40% of the decline in GR and NPI respectively.
- ◆ With a lower NPI, DI declined 7.2% yoy while DPS was 8.4% lower at 3.2474 cents.



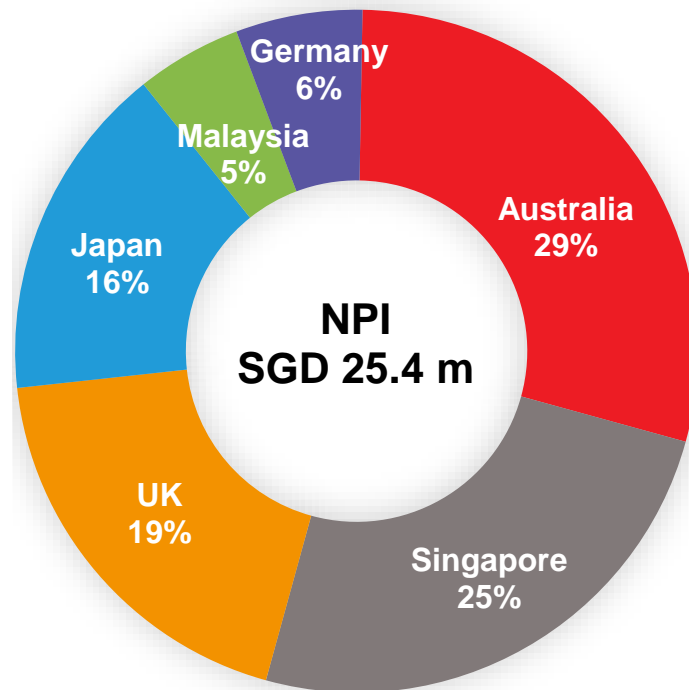
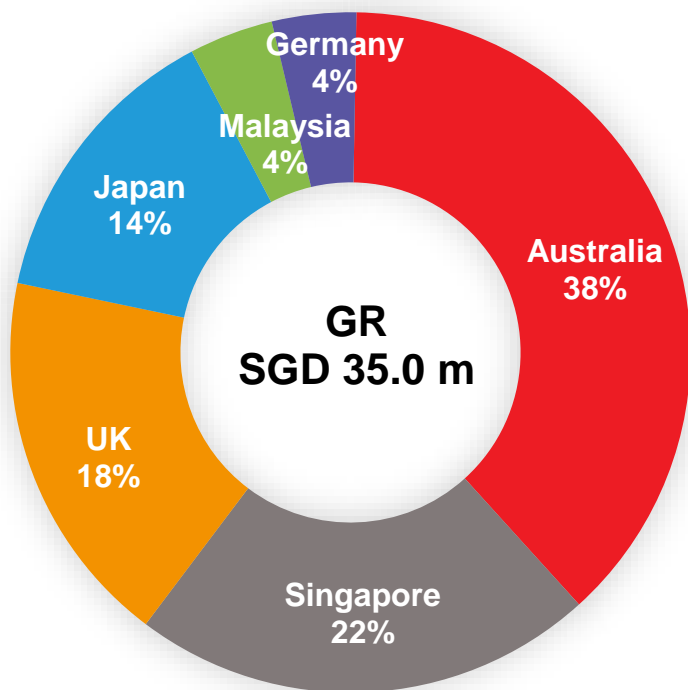
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# Portfolio Performance



*InterContinental Singapore*

# Portfolio Contribution by Country for 3Q FY2019





# Portfolio Highlights By Country for 3Q FY2019

Country	3Q FY2019			
	Gross Operating Revenue (GOR)		Gross Operating Profit (GOP)	
	Local Currency (m)	Variance (yoy)	Local Currency (m)	Variance (yoy)
Australia	29.0	▼ 5.4%	10.8	▼ 14.8%
Singapore	20.5	▼ 0.4%	8.9	▲ 3.8%
UK	7.2	▲ 6.0%	3.9	▲ 1.4%
Japan	1,609.6	▲ 2.0%	491.8	▲ 2.8%
Malaysia	20.0	▲ 4.7%	5.0	▲ 4.4%
Germany	3.1	▼ 1.8%	1.2	▼ 12.4%

# Portfolio Highlights By Country for 9M FY2019

Country	9M FY2019			
	Gross Operating Revenue (GOR)		Gross Operating Profit (GOP)	
	Local Currency (m)	Variance (yoy)	Local Currency (m)	Variance (yoy)
Australia	96.4	▼ 0.8%	41.1	▼ 3.8%
Singapore	64.3	▲ 0.3%	26.7	▲ 0.9%
UK	19.3	▲ 9.3%	9.8	▲ 6.2%
Japan	4,696.6	▼ 1.6%	1,317.0	▼ 5.9%
Malaysia	61.8	▼ 6.9%	15.7	▼ 22.4%
Germany	8.3	▼ 0.5%	3.2	▼ 7.8%

# Australia Portfolio Performance

AUD m	3Q FY2019	3Q FY2018	Variance
GOR	29.0	30.6	▼ 5.4%
GOP	10.8	12.7	▼ 14.8%

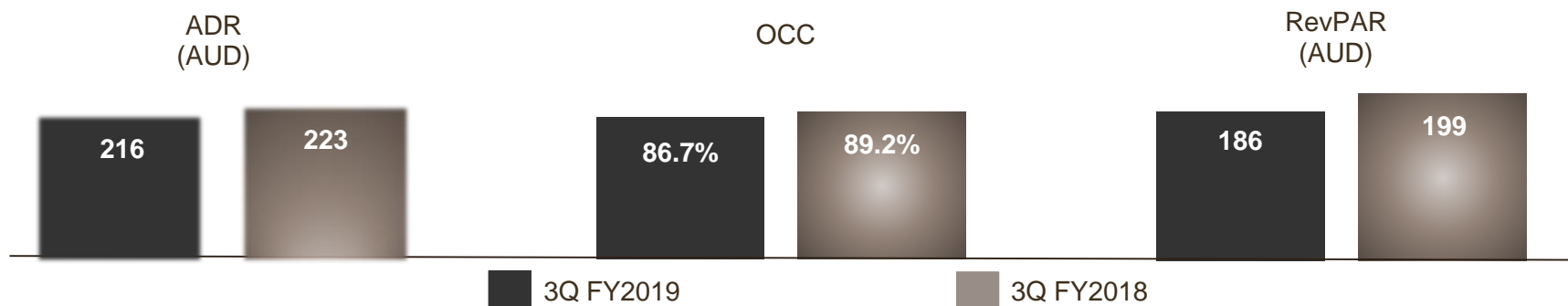
- **Novotel Melbourne on Collins (NMOC)**

- **Sofitel Sydney Wentworth (SSW)**

- The Australia portfolio's GOR and GOP declined yoy by 5.4% and 14.8% respectively. The portfolio's RevPAR declined 5.8% yoy on the back of lower average daily rate (ADR) and occupancy.
- Sydney properties continued to face tough a trading environment and room revenue has been lower due to softer corporate demand. NMOC's RevPAR declined 4.6% yoy due mainly to fewer sporting events and concerts.
- The steeper decline in the portfolio's GOP was attributed to higher staff costs across all Sydney properties and higher outsourced housekeeping costs at SSW and NSDS.

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

- **Fraser Suites Sydney (FSS)**



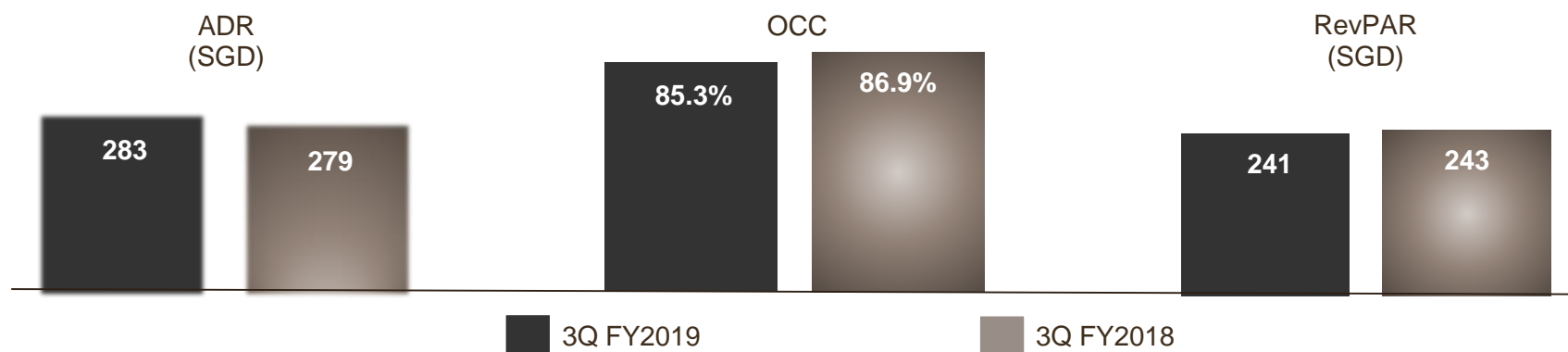
# Singapore Portfolio Performance

SGD m	3Q FY2019	3Q FY2018	Variance
<b>GOR</b>	20.5	20.6	▼ 0.4%
<b>GOP</b>	8.9	8.6	▲ 3.8%

- **InterContinental Singapore (ICSG)**

- **Fraser Suites Singapore (FSSG)**

- The Singapore portfolio's performance remained stable in 3Q FY2019. GOR declined marginally by 0.4% yoy while GOP improved by 3.8% due mainly to lower staff costs at FSSG.
- The portfolio's RevPAR declined slightly by 0.5% on the back of lower occupancy.
- FSSG recorded higher ADR due to new long-stay accounts secured, mainly in the IT and electronics sectors.





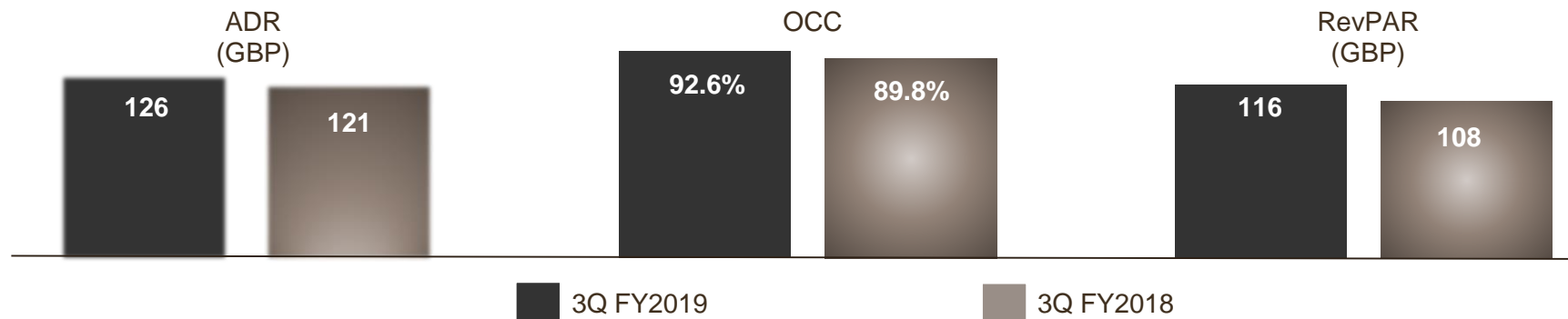
# UK Portfolio Performance

GBP m	3Q FY2019	3Q FY2018	Variance
<b>GOR</b>	7.2	6.8	▲ 6.0%
<b>GOP</b>	3.9	3.8	▲ 1.4%

- **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's GOR and GOP rose yoy by 6.0% and 1.4% respectively.
- The portfolio's RevPAR was 7.2% higher than a year ago as all properties reported healthy RevPAR growth and gains in market share, leading to the higher GOR.
- GOP, on the other hand, grew at a slower rate due to the impact of the increase in minimum wage rate which took effect from 1 Apr 2019.

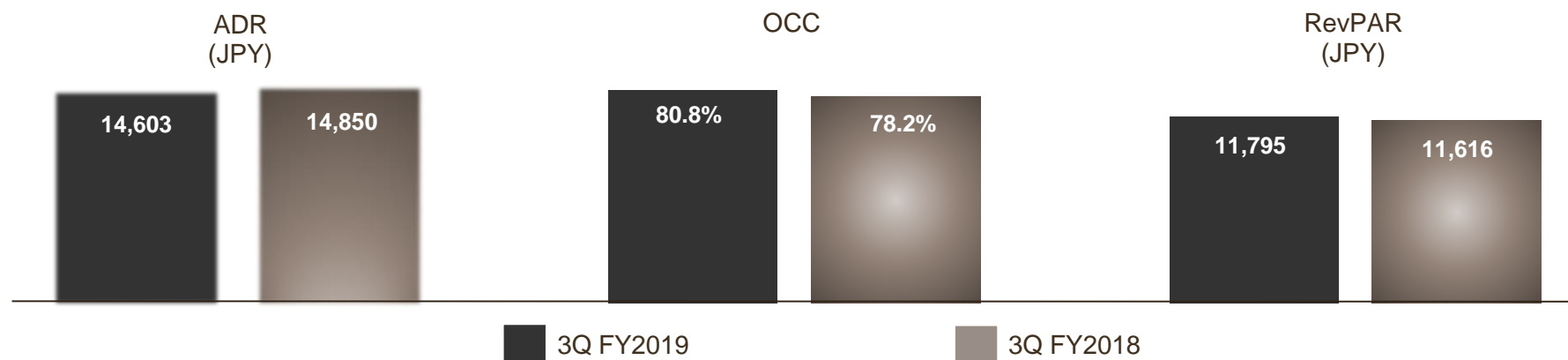


# Japan Portfolio Performance

JPY m	3Q FY2019	3Q FY2018	Variance
<b>GOR</b>	1,609.6	1,577.5	▲ 2.0%
<b>GOP</b>	491.8	478.5	▲ 2.8%

- ANA Crowne Plaza Kobe (CPK)**

- CPK's GOR increased 2.0% yoy due to higher room and food and beverage (F&B) revenue while its GOP increased 2.8% due mainly to lower staff costs.
- During the quarter, the hotel increased its market share and saw its RevPAR improve by 1.5% yoy.
- CPK will continue to drive more revenue through rooms and general banquet business. In September, it is expected to host selected teams during the Rugby World Cup 2019.

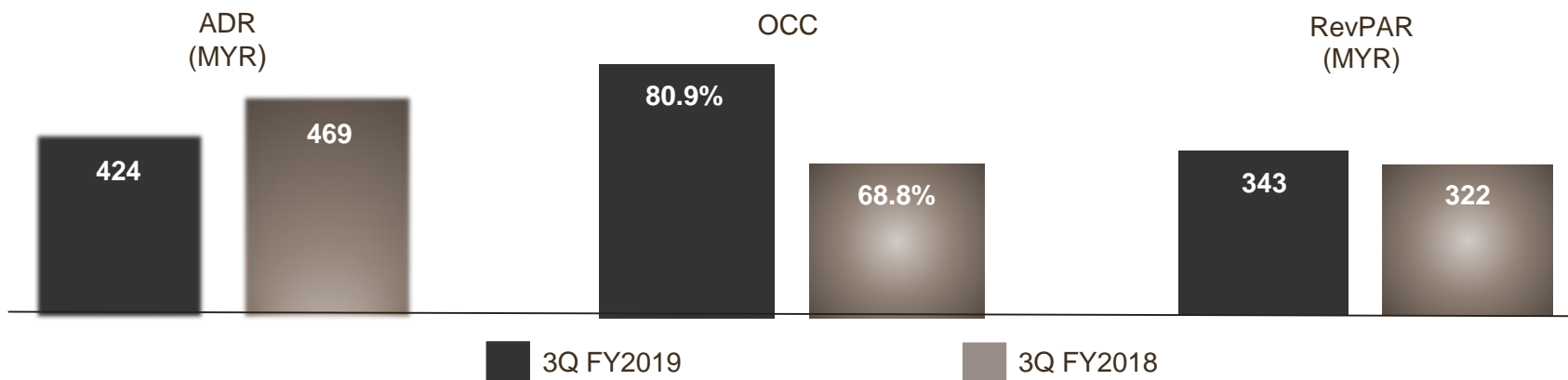


# Malaysia Portfolio Performance

MYR m	3Q FY2019	3Q FY2018	Variance
<b>GOR</b>	20.0	19.1	▲ 4.7%
<b>GOP</b>	5.0	4.8	▲ 4.4%

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

- TWKL's GOR and GOP increased yoy by 4.7% and 4.4% respectively, mainly driven by higher revenue from rooms and F&B outlets.
- TWKL's RevPAR increased 6.4% on the back of higher occupancy as compared to last year when there was consequential pullbacks in business and government spending leading up to and after the Malaysia general election.
- In this quarter, the hotel has continued to outperform its peers and the market in terms of RevPAR growth.



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# Risk and Capital Management



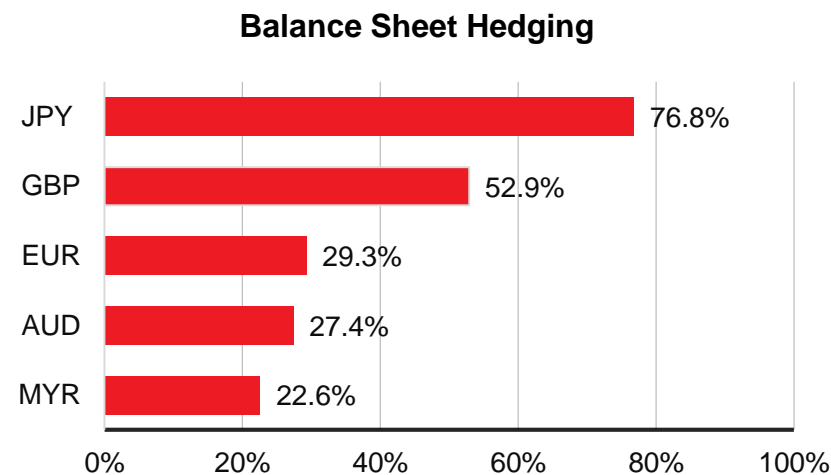
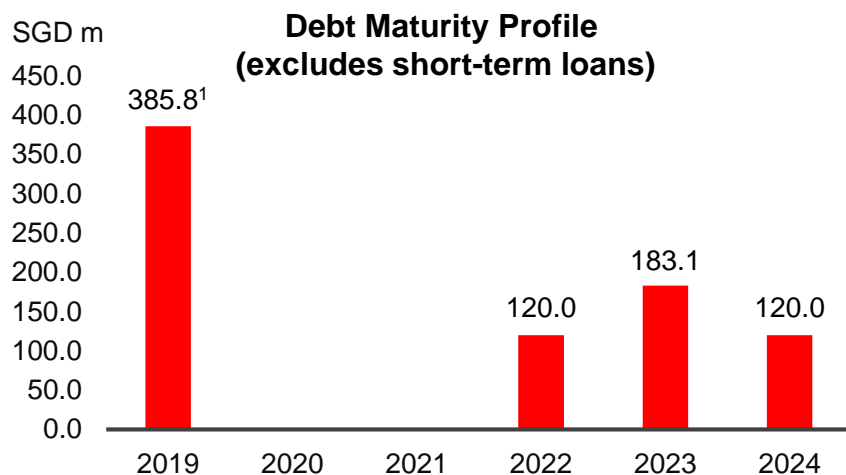
*Park International London*



# Risk and Capital Management

As at 30 Jun 2019	
Investment Properties	SGD 2,128.6 m
Property, Plant and Equipment	SGD 235.1 m
Total Assets	SGD 2,457.6 m
Total Borrowings	SGD 858.0 m
Gearing	35.0%
Net Asset Value per Stapled Security	SGD 0.74

As at 30 Jun 2019	
Weighted Average Years to Maturity	2.14 years <sup>1</sup>
Unsecured Debt	96.2%
Effective Cost of Borrowing	2.5%
Borrowings on Fixed Rates	69.4%
Interest Cover	4.6 times
FHT's Issuer Rating by Moody's	Baa2



<sup>1</sup> The full SGD 385.8 m debt comprising (i) SGD 325 m term loan, (ii) MYR 95 m Class A Senior Bond and (iii) JPY 2.35 b Kobe Excellence TMK Series 1 Bonds have been successfully refinanced in Jul 2019. Consequently, the weighted average years to maturity has been extended from 2.14 years to 4.84 years.



# Market Outlook

# Australia

- ◆ For the first 5 months of 2019, Tourism Australia reported a yoy increase of 2.2% in international arrivals to 3.9 million, with Chinese visitors recording a 0.4% yoy decline.
- ◆ However, in Sydney, RevPAR has been declining on the back of lower occupancy and ADR. With the room supply in the city expected to grow by 29% over the next 4 years, this will continue to put pressure on occupancy and hotel performance<sup>1</sup>.
- ◆ In Melbourne, the supply pipeline is cause for concern as more than 7,000 rooms are expected to be developed over the next 4 years. If all the projects come to fruition, future declines in RevPAR are to be expected<sup>1</sup>.

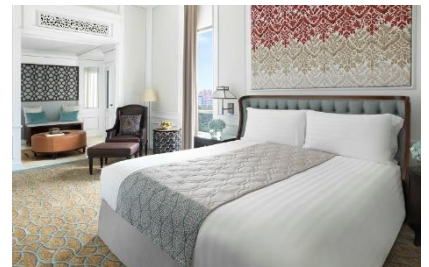


Pictures from Novotel Sydney Darling Square and Fraser Suites Sydney

<sup>1</sup> Source: CBRE – MarketView Australia Hotels, Q1 2019 (7 May 2019)

# Singapore

- ◆ For the period from Jan to May 2019, the Singapore Tourism Board (STB) recorded a 1.5% yoy growth in international visitor arrivals to 7.8 million. China, Indonesia and India were the top three source markets for tourism, accounting for 42.8% of total visitor arrivals.
- ◆ For 2019, STB forecasts visitor arrivals to increase by 1.0% to 4.0%.
- ◆ However, headwinds in the global economy could deter leisure and corporate travel demand<sup>1</sup>.
- ◆ Notwithstanding, the supply of hotel rooms is expected to remain limited until 2021 as most of the pipeline of approximately 3,000 rooms are anticipated to come online in 2019 and taper off thereafter. This would help to rebalance the supply and demand in the hotel market<sup>1</sup>.



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

1 Source: CBRE – Singapore Hotel MarketView H1 2019 (26 Jul 2019)



# UK

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- ◆ According to VisitBritain, the UK welcomed 7.8 million overseas visitors for the first 3 months of 2019, down 1.0% yoy. Business visits were 4.0% below levels seen in 2018 while holiday visits were up 7.0% yoy.
- ◆ Going forward, uncertainty relating to global trade tensions and Brexit are anticipated to take a toll on the UK's economic growth. New room supply and weaker corporate demand may put pressure on occupancy and RevPAR growth<sup>1</sup>.



Pictures from ibis Styles London Gloucester Road and Fraser Suites Glasgow

1 Source: PwC UK Hotels Forecast Update for 2019 and 2020, Mar 2019

# Japan

- ◆ For the first 5 months of 2019, Japan National Tourism Organization recorded a yoy growth of 4.2% in foreign visitors to 13.8 million.
- ◆ Upcoming major events including the Rugby World Cup 2019 and the 2020 Tokyo Olympics are expected to provide opportunities for hotels to capture the growing tourist demand in Japan<sup>1</sup>.

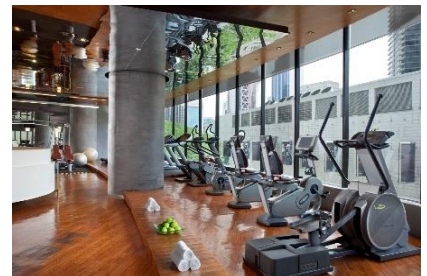


Pictures from IHG ANA Crowne Plaza Kobe

1 Source: CBRE – Hotel Viewpoint Jun 2019 (10 Jun 2019)

# Malaysia

- ◆ For the first 3 months of 2019, Tourism Malaysia reported a 2.7% growth in tourist arrivals to 6.7 million, with Singapore, Indonesia and China being the biggest contributors of tourist arrivals to Malaysia.
- ◆ For 2019, Tourism Malaysia aims to achieve tourist arrivals of 28.1 million.
- ◆ However, the slowdown in China's growth, a weaker Chinese yuan and waning consumer confidence may hurt outbound travel. The China tourism boom is also not immune to the effects of the US-China trade war<sup>1</sup>.
- ◆ In Kuala Lumpur, significant supply influx is expected to continue to weigh on room rates<sup>2</sup>.



Pictures from Tourism Malaysia and The Westin Kuala Lumpur

1 Source: The Edge Malaysia – The Arabs and Chinese are back (6 Jun 2019)

2 Source: JLL – Asia Pacific Property Digest, Q4 2018 (14 Feb 2019)

# Germany

- ◆ For the first 5 months of 2019, the Federal Statistical Office of Germany recorded a yoy increase of 2.3% in the number of overnight stays by domestic and foreign visitors<sup>1</sup>.
- ◆ Dresden, the capital city of the Free State of Saxony, continues to grow its pipeline of MICE events for 2019 and 2020 including Bauen Kaufen Wohnen (Exhibition for Real Estate, Construction and Financing), Börsentag Tag Dresden (Banking and Finance Fair), IEEE 5G Summit, 5G World Forum, HAUS (Construction and Energy Fair), Innovation Forum for Automation, and International Laser Symposium & International Symposium.



Pictures from Maritim Hotel Dresden

1 Source: [www.destatis.de](http://www.destatis.de)

**Experience  
matters.**





# Well-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 <sup>1</sup>	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 <sup>2</sup>	Luxury	436
	InterContinental Singapore	Singapore	Only 5-star luxury hotel in Singapore to preserve Peranakan heritage in a shop house style setting	75 years <sup>1</sup>	Luxury	406
	ibis Styles London Gloucester Road	United Kingdom	Distinctive white Victorian facade located in the heart of London	75 years <sup>1</sup>	Mid-scale	84

<sup>1</sup> Commencing from 14 Jul 2014 (listing date)







<sup>2</sup> Commencing from 5 Jul 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 <sup>1</sup>	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

<sup>1</sup> 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 <sup>1</sup>	Upper Upscale	201
	Fraser Suites Singapore	Singapore	Luxurious serviced residences in the prime residential district of River Valley	75 years <sup>1</sup>	Upper Upscale	255
	Fraser Suites Edinburgh	UK	Rustic 1750s sandstone building located in the heart of Edinburgh's Old Town	75 years <sup>1</sup>	Upper Upscale	75
	Fraser Suites Glasgow	UK	Stunningly restored 1850s building which was formerly the city bank of Glasgow	75 years <sup>1</sup>	Upper Upscale	98
	Fraser Suites Queens Gate	UK	Beautiful Victorian apartment hotel in Kensington	75 years <sup>1</sup>	Upper Upscale	105
	Fraser Place Canary Wharf	UK	Stunning apartments located by the River Thames, showcasing chic contemporary design	75 years <sup>1</sup>	Upper Upscale	108

<sup>1</sup> Commencing from 14 Jul 2014 (listing date)