

# Fraser's Hospitality Trust

Financial Review for the Fourth Quarter and Financial Year Ended  
30 September 2019

30 October 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 4Q FY2019

SGD m	4Q FY2019	4Q FY2018	Variance
Gross Revenue (GR)	39.5	38.7	▲ 2.1%
Net Property Income (NPI)	30.0	29.4	▲ 2.3%
Distribution Income (DI)	22.3	23.0	▼ 2.9%
Distribution Per Stapled Security (DPS)	1.1655 cents	1.2154 cents	▼ 4.1%

- ◆ GR and NPI improved yoy (year-on-year) due to better performance of all country portfolios, except Australia.
- ◆ Singapore portfolio recorded higher room rates at higher occupancy levels of above 90% while the UK portfolio continued to benefit from the weaker GBP which led to all properties recording healthy gains in RevPAR (revenue per available room). Japan portfolio reported higher room and F&B (food and beverage) revenue, boosted by events including the Rugby World Cup 2019.
- ◆ Australia portfolio continued to be affected by the challenging trading environment in Sydney and Melbourne.
- ◆ Foreign exchange impact also offset 60% and 55% of the increase in GR and NPI respectively.
- ◆ Notwithstanding the higher NPI, DI declined 2.9% yoy as 4Q FY2018 DI included a write-back of tax provision. DPS was 1.1655 cents, 4.1% lower yoy.

# Financial Review for FY2019

SGD m	FY2019	FY2018	Variance
GR	149.8	155.9	▼ 3.9%
NPI	111.7	117.0	▼ 4.6%
DI	83.9	89.4	▼ 6.1%
DPS	4.4129 cents	4.7613 cents	▼ 7.3%

- ◆ GR and NPI declined yoy by 3.9% and 4.6% respectively due mainly to weaker performances of the Australia and Malaysia portfolios which were partially mitigated by better performances of the Singapore and UK portfolios.
- ◆ Foreign exchange also impacted approximately 80% and 60% of the decline in GR and NPI respectively.
- ◆ With a lower NPI and the absence of the write-back of tax provision which took place in 4Q FY2018, DI decreased 6.1% yoy while DPS was 7.3% lower at 4.4129 cents.

## **2H FY2019 Distribution Details**

	1 Apr 2019 to 30 Sep 2019
<b>Distribution Rate</b>	2.1741 cents per Stapled Security
<b>Last Day of Trading on “Cum” Basis</b>	5 Nov 2019
<b>First Day of Trading on “Ex” Basis</b>	6 Nov 2019
<b>Books Closure Date</b>	7 Nov 2019
<b>Distribution Payment Date</b>	27 Dec 2019



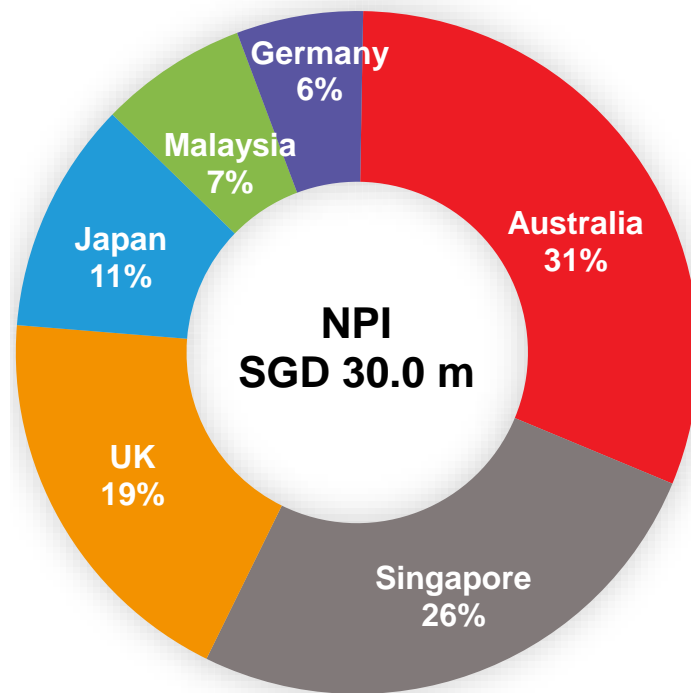
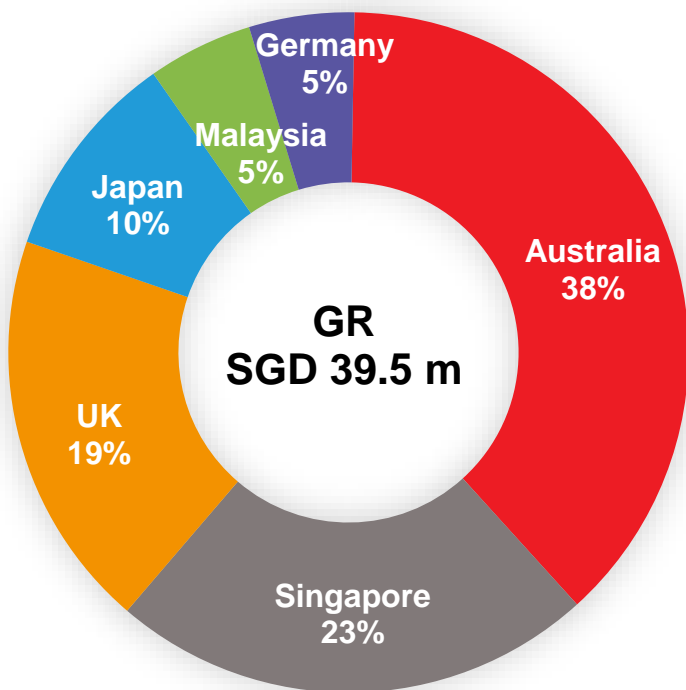
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# Portfolio Performance

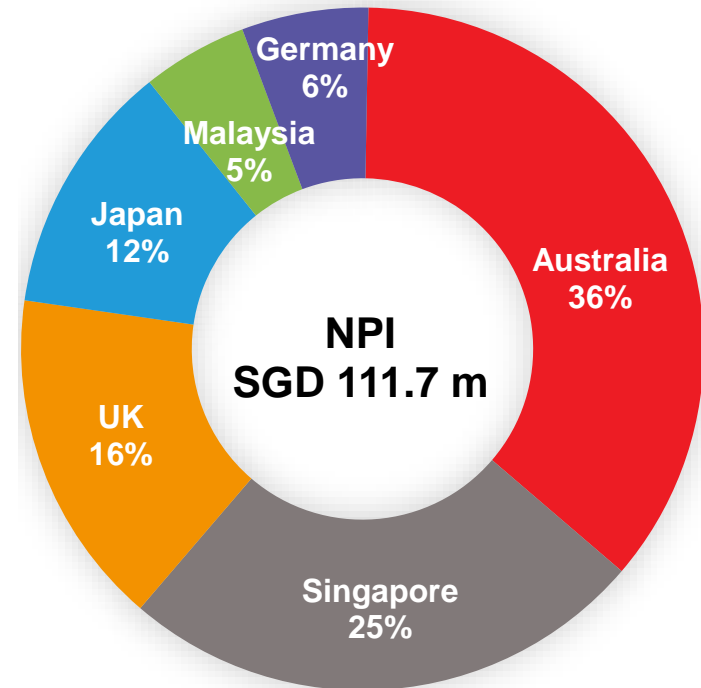
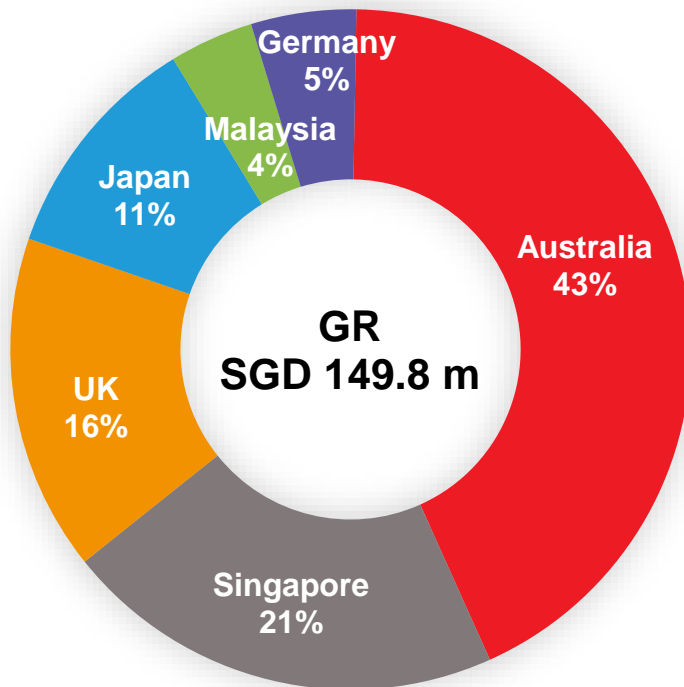
*InterContinental Singapore*



# Portfolio Contribution by Country for 4Q FY2019



# Portfolio Contribution by Country for FY2019



# Portfolio Highlights By Country for 4Q FY2019

Country	4Q FY2019			
	Gross Operating Revenue (GOR)		Gross Operating Profit (GOP)	
	Local Currency (m)	Variance (yoy)	Local Currency (m)	Variance (yoy)
Australia	30.3	▼ 1.6%	12.3	▼ 2.8%
Singapore	25.2	▲ 5.1%	10.4	▲ 11.1%
UK	8.0	▲ 8.6%	4.6	▲ 8.2%
Japan	1,422.2	▲ 9.0%	400.1	▲ 21.4%
Malaysia	24.0	▲ 7.9%	8.2	▲ 13.7%
Germany	3.2	▲ 5.7%	1.4	▲ 9.4%

# Portfolio Highlights By Country for FY2019

Country	FY2019			
	Gross Operating Revenue (GOR)		Gross Operating Profit (GOP)	
	Local Currency (m)	Variance (yoy)	Local Currency (m)	Variance (yoy)
Australia	126.8	▼ 1.0%	53.4	▼ 3.6%
Singapore	89.5	▲ 1.6%	37.1	▲ 3.5%
UK	27.3	▲ 9.1%	14.3	▲ 6.9%
Japan	6,118.8	▲ 0.7%	1,717.1	▼ 0.7%
Malaysia	85.7	▼ 3.2%	23.9	▼ 12.9%
Germany	11.4	▲ 1.1%	4.6	▼ 3.1%



# Australia Portfolio Performance

AUD m	4Q FY2019	4Q FY2018	Variance
GOR	30.3	30.8	▼ 1.6%
GOP	12.3	12.7	▼ 2.8%

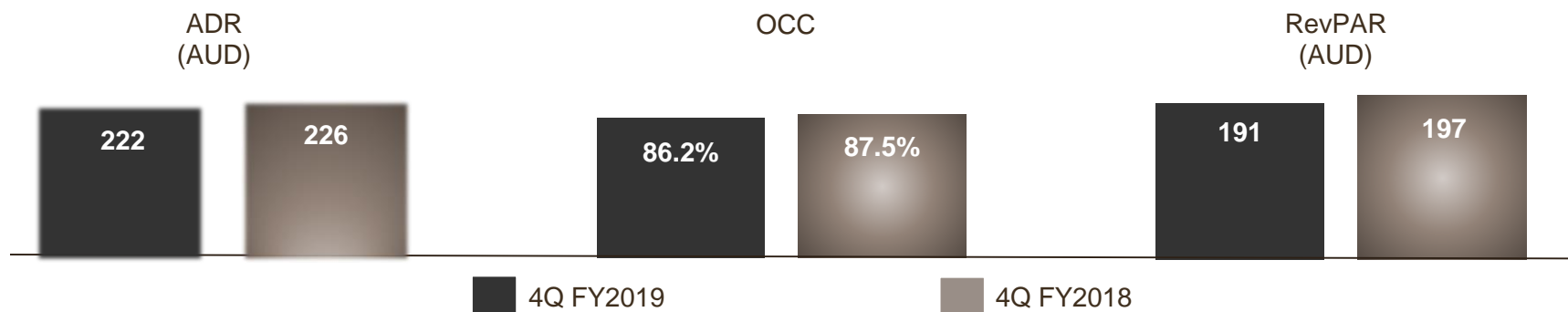
- **Novotel Melbourne on Collins (NMOC)**

- **Sofitel Sydney Wentworth (SSW)**

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

- **Fraser Suites Sydney (FSS)**

- Australia portfolio's GOR and GOP declined yoy by 1.6 and 2.8% respectively. GOP declined more than GOR due to higher operating costs.
- In this quarter, the portfolio RevPAR was 3.1% lower yoy on the back of lower ADR and occupancy.
- The trading environment in Sydney and Melbourne has remained challenging. Increased room supply has affected room revenue, with all properties in the Australia portfolio reporting lower RevPAR.



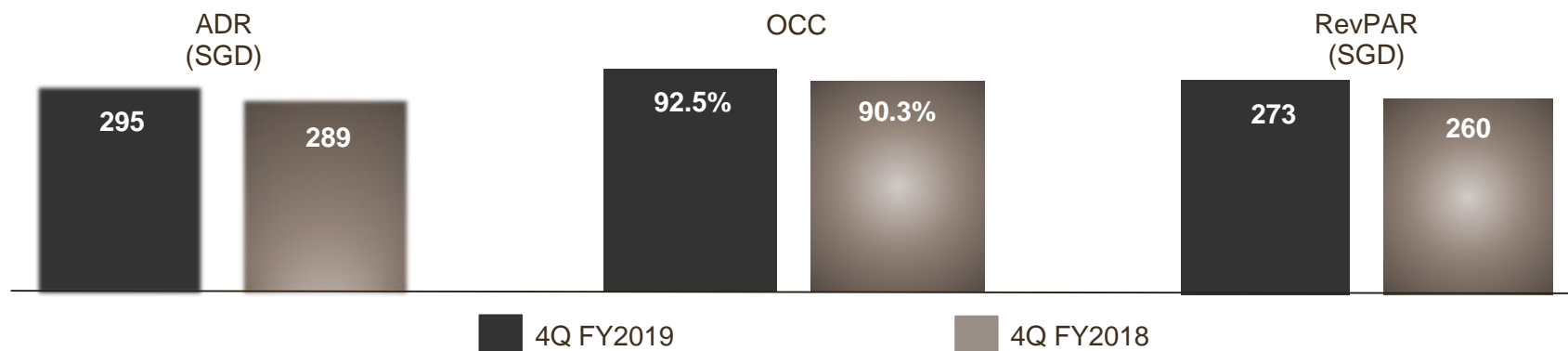
# Singapore Portfolio Performance

SGD m	4Q FY2019	4Q FY2018	Variance
<b>GOR</b>	25.2	24.0	▲ 5.1%
<b>GOP</b>	10.4	9.4	▲ 11.1%

- **InterContinental Singapore (ICSG)**

- **Fraser Suites Singapore (FSSG)**

- Singapore portfolio registered a 5.1% increase in GOR and an 11.1% increase in GOP yoy. The better GOP performance was attributed to increased operational efficiency and cost savings at both properties.
- Higher ADR and occupancy saw the portfolio RevPAR improve by 4.9% yoy.
- Both properties recorded occupancy levels of above 90%, driven by stronger leisure and corporate demand in the transient segment (independent travellers on short stay).

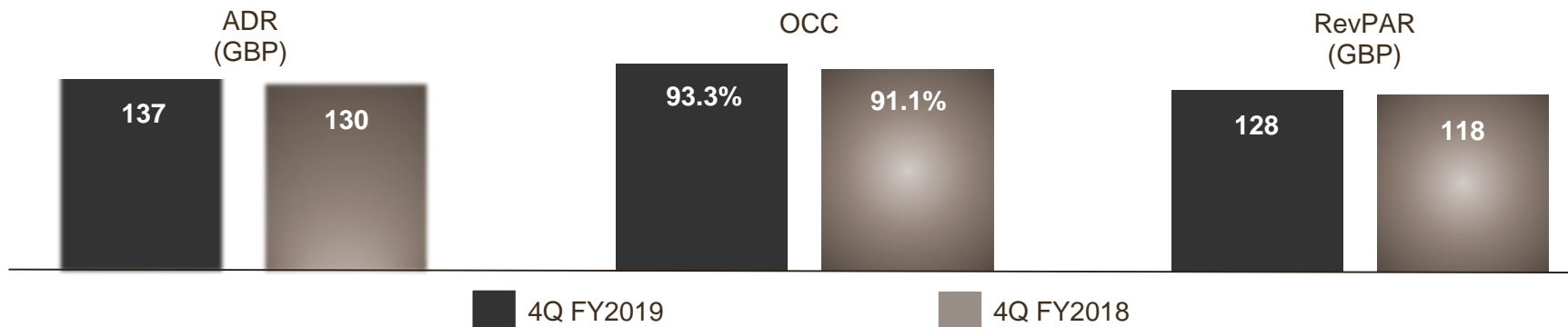


# UK Portfolio Performance

GBP m	4Q FY2019	4Q FY2018	Variance
<b>GOR</b>	8.0	7.4	▲ 8.6%
<b>GOP</b>	4.6	4.2	▲ 8.2%

- **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 8.6% and 8.2% respectively.
- The portfolio RevPAR was 8.5% above the levels in 4Q FY2018.
- All properties reported RevPAR growth and gains in market share, leading to the higher GOR.

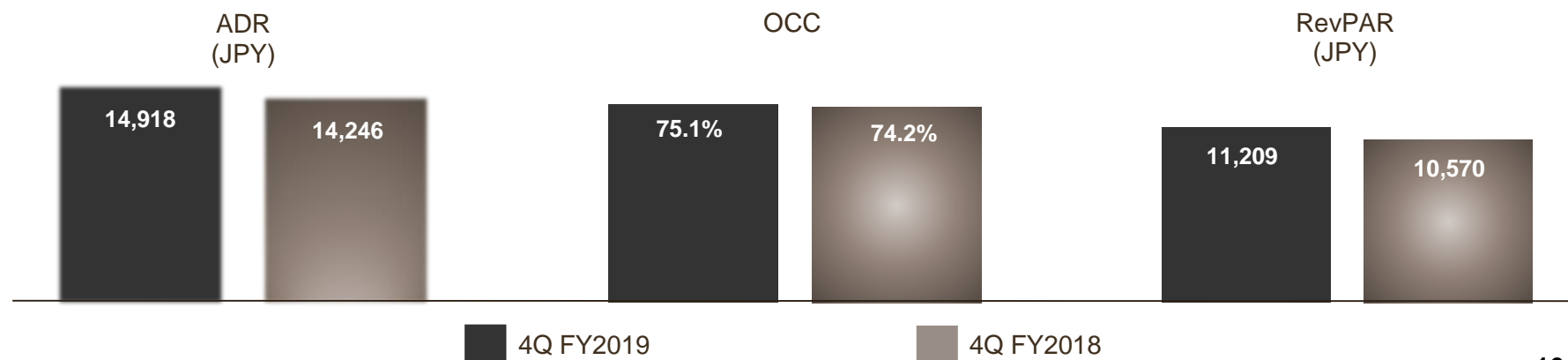


# Japan Portfolio Performance

JPY m	4Q FY2019	4Q FY2018	Variance
<b>GOR</b>	1,422.2	1,305.0	▲ 9.0%
<b>GOP</b>	400.1	329.5	▲ 21.4%

- ANA Crowne Plaza Kobe (CPK)**

- CPK's GOR increased 9.0% yoy due to higher room and F&B revenue. Its increase in GOP was steeper, by 21.4%, due to continual efforts in driving operational efficiency.
- Room and F&B revenue were boosted by events including the Rugby World Cup 2019 as CPK was hosting selected teams and their fan clubs. The hotel also recovered from a low base as it was affected by two typhoons and the closure of its banquet space for the replacement of partition walls in 4Q FY2018.
- During the quarter, CPK gained market share and saw its RevPAR improve by 6.0% on the back of higher ADR.



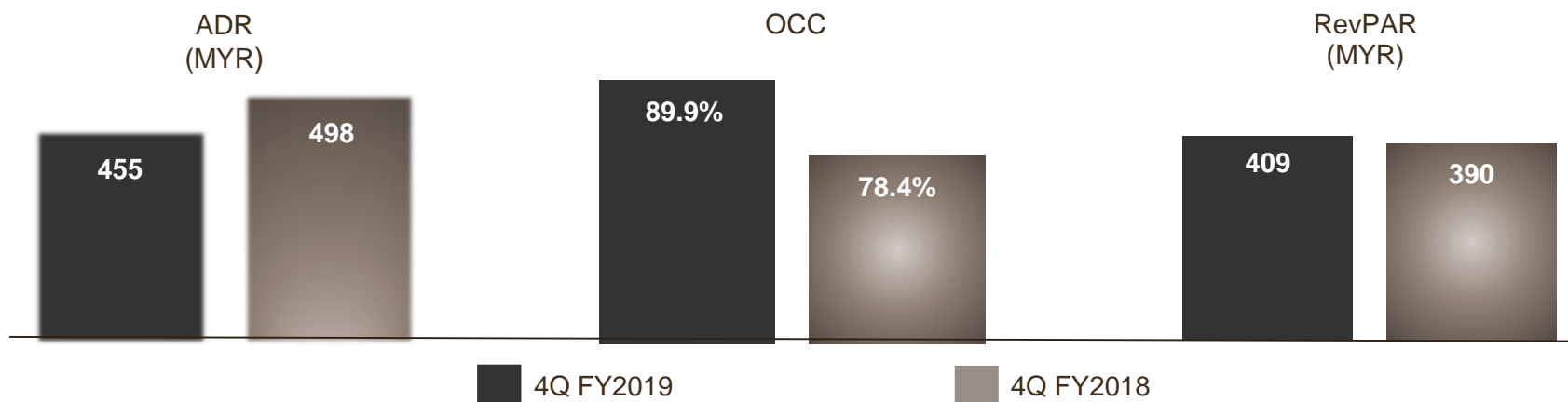


# Malaysia Portfolio Performance

MYR m	4Q FY2019	4Q FY2018	Variance
GOR	24.0	22.2	▲ 7.9%
GOP	8.2	7.2	▲ 13.7%

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

- TWKL's GOR and GOP increased yoy by 7.9% and 13.7% respectively, mainly driven by higher revenue from rooms and F&B outlets.
- The hotel's RevPAR rose 4.8% yoy on the back of higher occupancy.
- In terms of RevPAR growth, TWKL has continued to outperform its peers and the market in this quarter.



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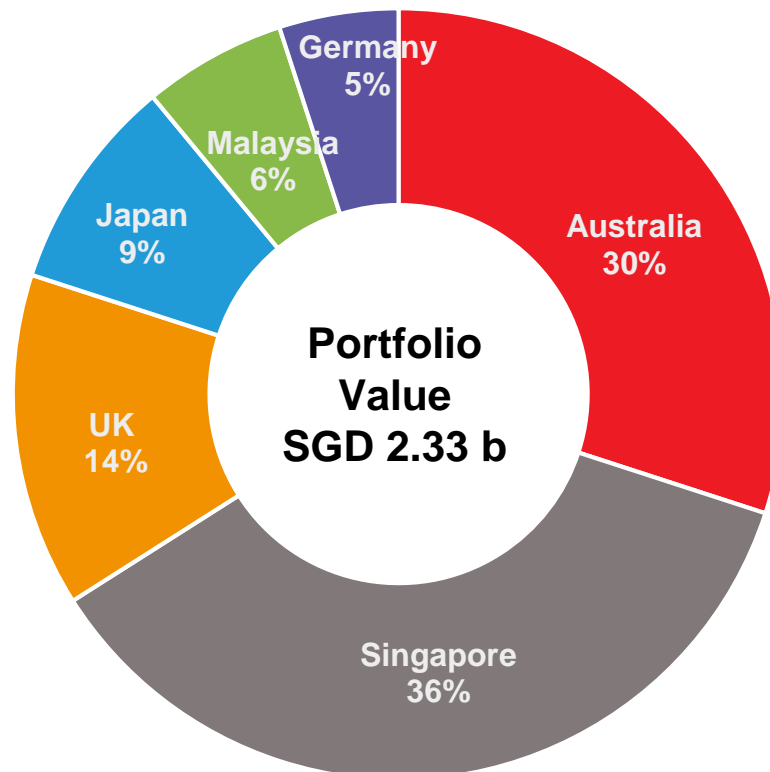
# Portfolio Valuation



*Park International London*

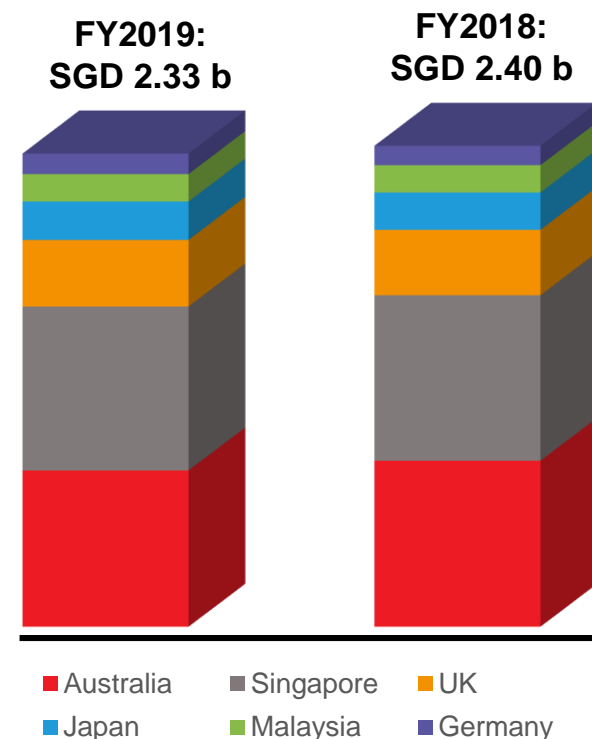
## Portfolio Value as at 30 Sep 2019

Country	Portfolio Value as at 30 Sep 2019
Australia	AUD 762.0 m
Singapore	SGD 837.0 m
UK	GBP 192.2 m
Japan	JPY 16,800.0 m
Malaysia	MYR 420.0 m
Germany	EUR 69.3 m
<b>Total</b>	<b>SGD 2,330.3 m</b>



# Change in Portfolio Value

Country	Valuation as at 30 Sep 2019 (SGD m)	Valuation as at 30 Sep 2018 (SGD m)	Variance in SGD	Variance in Local Currency
Australia	709.2	793.6	-10.6%	-5.2%
Singapore	837.0	832.0	0.6%	0.6%
UK	326.4	337.1	-3.2%	1.5%
Japan	215.0	194.7	10.4%	4.3%
Malaysia	138.2	138.7	-0.4%	—
Germany	104.5	104.2	0.3%	5.5%
<b>Total</b>	<b>2,330.3</b>	<b>2,400.3</b>	<b>-2.9%</b>	



- ◆ In local currency terms, all country portfolios saw yoy growth in valuation except Australia while Malaysia portfolio's valuation was unchanged yoy.
- ◆ Australia portfolio's valuation was lower due to weaker performance on the back of challenging market conditions in Sydney and Melbourne.
- ◆ Total portfolio valuation in SGD declined 2.9% yoy due to depreciation of all functional currencies, except JPY.



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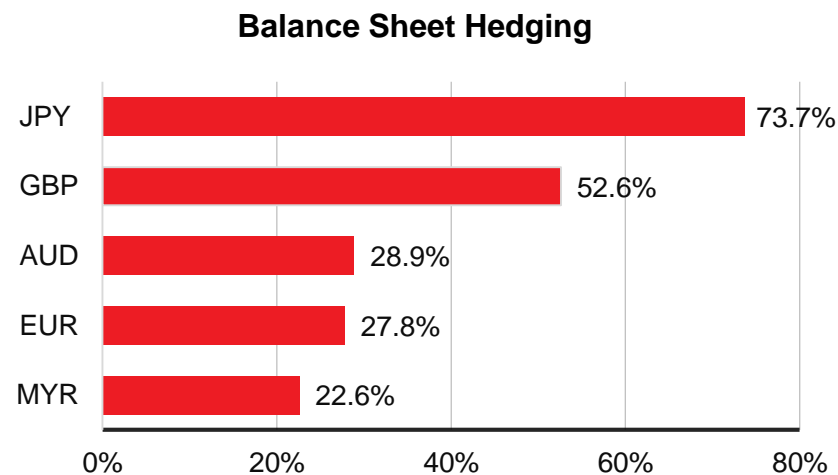
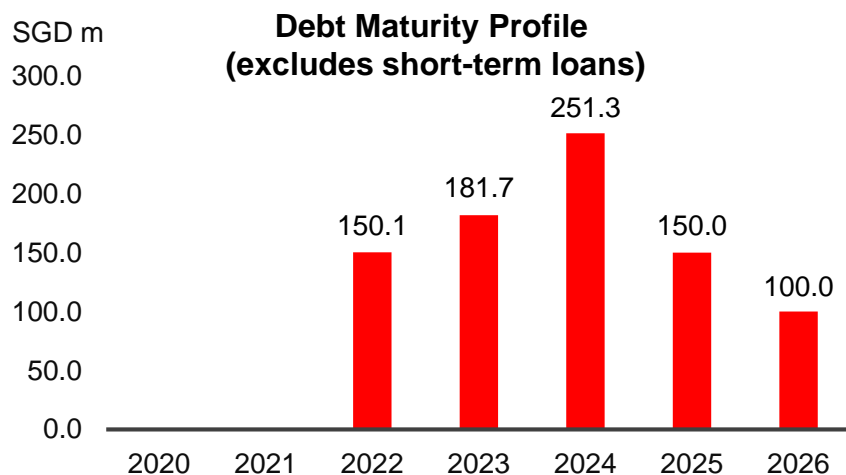
# Risk and Capital Management

*The Westin Kuala Lumpur*

# Risk and Capital Management

As at 30 Sep 2019	
Investment Properties	SGD 2,107.0 m
Property, Plant and Equipment	SGD 223.4 m
Total Assets	SGD 2,446.5 m
Total Borrowings	SGD 854.2 m
Gearing	35.1%
Net Asset Value per Stapled Security	SGD 0.73

As at 30 Sep 2019	
Weighted Average Debt to Maturity	4.63 years
Unsecured Debt	96.2%
Effective Cost of Borrowing	2.5%
Borrowings on Fixed Rates	68.9%
Interest Cover	4.7 times
FHT's Issuer Rating by Moody's	Baa2



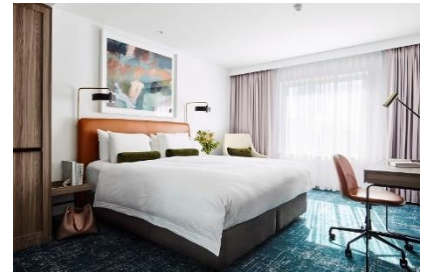




# Market Outlook

# Australia

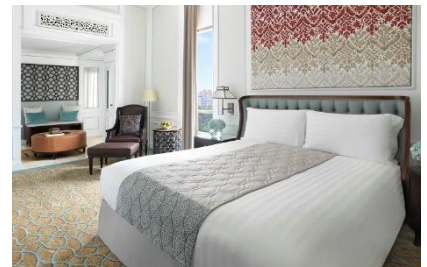
- ◆ For the first 7 months of 2019, Tourism Australia reported a yoy increase of 2.2% in international arrivals to 5.3 million.
- ◆ While hotel visitor nights have grown nationally, the growth has been offset by new supply. Thus, occupancy rates have fallen and operators have responded by dropping rates<sup>1</sup>.
- ◆ In Sydney, RevPAR has been declining on the back of lower occupancy and ADR. With about 2,000 rooms currently under construction and a further 4,000 rooms having received development approval, the potential increase in overall stock levels would limit the ability of operators to increase rates<sup>1</sup>.
- ◆ In Melbourne, over 5,000 rooms are expected to be added over the next few years. The new supply is substantial for a market that has already seen limited growth over the last few years because of additions<sup>1</sup>.



Pictures from Novotel Sydney Darling Square and Fraser Suites Sydney  
1 Source: CBRE – MarketView Australia Hotels, Q2 2019 (6 Aug 2019)

# Singapore

- ◆ For the period from Jan to Aug 2019, the Singapore Tourism Board recorded a 1.9% yoy growth in international visitor arrivals to 12.9 million.
- ◆ Overall, the outlook for Singapore's tourism sector is positive and the hotel market is expected to benefit from the robust supply and demand fundamentals in the short to medium term<sup>1</sup>.
- ◆ By end-2019, the total existing hotel supply is expected to increase 2.0% yoy, or approximately 1,400 rooms. Supply is anticipated to remain limited for the next 3 years, growing at a compound annual growth rate of 0.7% from end-2019 to end-2022<sup>1</sup>.
- ◆ In the medium- to longer-term, the government's infrastructure investments and new tourism initiatives including the expansion of Changi Airport, a new eco-tourism hub in Mandai, a new integrated tourism development at Jurong Lake District and new attractions at the Greater Southern Waterfront, are expected to continue supporting Singapore as an attractive destination for tourism<sup>1</sup>.



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

<sup>1</sup> Source: JLL – Singapore Hotel Market Update 2019 (6 Sep 2019)



# UK

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- ◆ According to VisitBritain, the UK welcomed 21.8 million overseas visitors in the first 7 months of 2019, unchanged yoy. Business visits were 1.0% below levels seen in 2018 while holiday visits were up 2.0% yoy, supported by the weaker pound.
- ◆ London has weathered the Brexit storm and proven its resilience, achieving an impressive trading performance despite the quantum of new hotels opening<sup>1</sup>.
- ◆ However, the continued economic and political uncertainty paints an unclear outlook for UK tourism<sup>2</sup>.



Pictures from ibis Styles London Gloucester Road and Fraser Suites Glasgow

1 Source: Knight Frank – UK Hotel Development Opportunities 2019

2 PwC – UK Hotels Forecast Update for 2019 and 2020 (Mar 2019)

# Japan

- ◆ For the first 9 months of 2019, Japan National Tourism Organization reported a yoy growth of 4.0% in foreign visitors to 24.4 million.
- ◆ The Rugby World Cup 2019, which runs from 20 Sep to 2 Nov, is set to boost visitors during a shoulder season while the 2020 Tokyo Olympics is expected to be the tailwind that drives inbound visitors to reach the 2020 goal of 40.0 million<sup>1</sup>.
- ◆ Hotel supply, on the other hand, is expected to soften from 2020 which should provide some breathing room for hoteliers<sup>1</sup>.



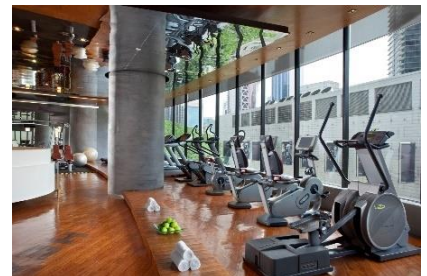
Pictures from IHG ANA Crowne Plaza Kobe

<sup>1</sup> Source: Savills – Spotlight: Japan Hospitality Aug 2019 (9 Aug 2019)



# Malaysia

- ◆ For the period from Jan to Jul 2019, Tourism Malaysia reported a 4.9% growth in tourist arrivals to 13.4 million, with Singapore, Indonesia and China being the biggest contributors of tourist arrivals to Malaysia. For the full year, Tourism Malaysia aims to achieve tourist arrivals of 28.1 million.
- ◆ In Kuala Lumpur, upscale and luxury hotels continue to dominate incoming supply to the market for 2019 and strong competition has led to lower ADR<sup>1</sup>.
- ◆ Hotel trading performance is expected to remain subdued in the near term in light of the ongoing supply glut. However, new supply may be partially absorbed by continued visitor growth<sup>1</sup>.



Pictures from Tourism Malaysia and The Westin Kuala Lumpur

<sup>1</sup> Source: JLL – Asia Pacific Property Digest, Q2 2019 (19 Aug 2019)

# Germany

- ◆ For the first 8 months of 2019, the Federal Statistical Office of Germany recorded a yoy increase of 3.8% in the number of overnight stays by domestic and foreign visitors<sup>1</sup>.
- ◆ In Dresden, the total number of domestic and foreign visitors for the first 7 months of 2019 declined marginally by 0.1% yoy<sup>2</sup>.
- ◆ Dresden, the capital city of the Free State of Saxony, continues to grow its pipeline of MICE events for 2020 including Börsentag Tag Dresden (Banking and Finance Fair), HAUS (Construction and Energy Fair), Innovation Forum for Automation, International Laser Symposium, Hematology and Oncology Conference, and International Conference on Metal-Organic Frameworks and Open Framework Compounds.



Pictures from Maritim Hotel Dresden

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

2 Source: [www.dresden.de](http://www.dresden.de)

**Experience  
matters.**



# Well-Diversified Portfolio Across Geography








**15  
properties**

**9  
cities**

**3,913  
keys**

**SGD 2.33 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)