

# Investor Presentation

18 November 2021



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This advertisement 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.



## Contents

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Overview of FHT

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Financial Review & Distribution

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Key Market Updates

---

Portfolio Performance

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Divestment of Sofitel Sydney  
Wentworth

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Risk & Capital Management

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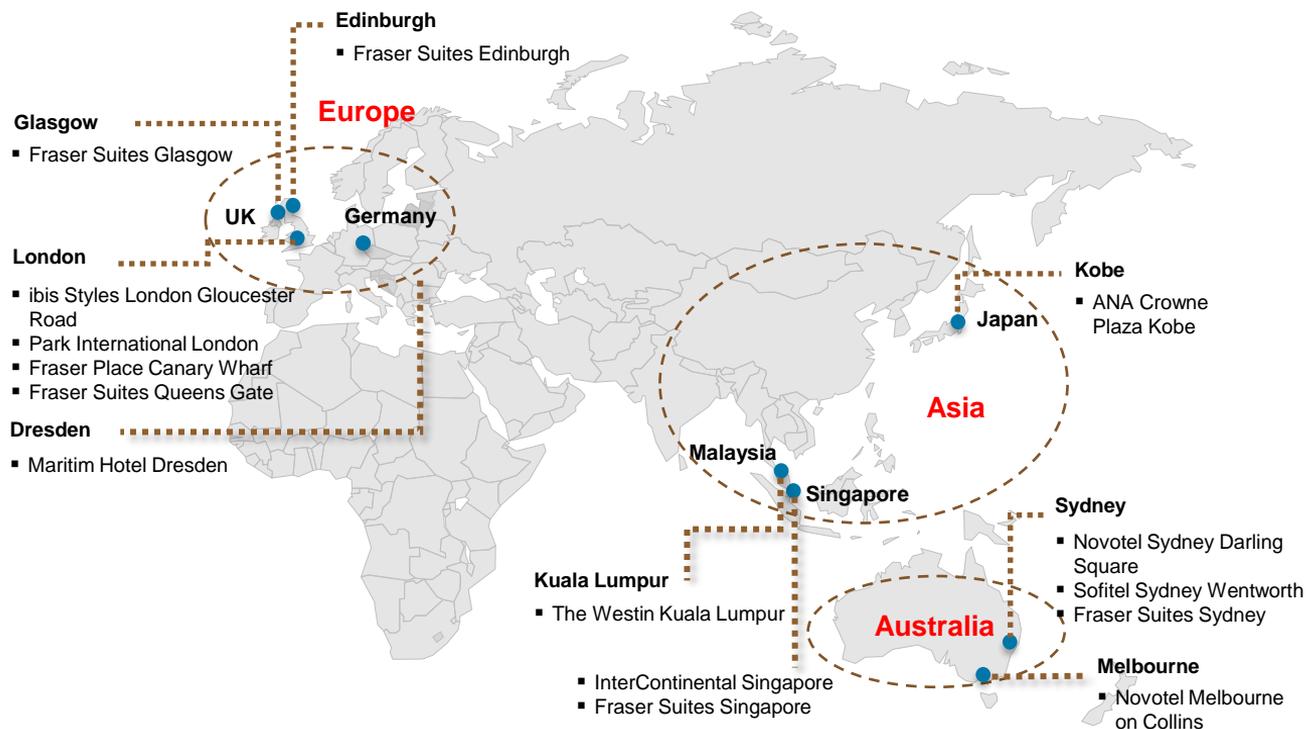
Market Outlook

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## Overview of FHT

# Geographically diversified high-quality portfolio



Number of properties

**15**



Our hospitality footprint

**9 cities, 6 countries**



Number of keys

**3,913**



Appraised portfolio value<sup>1</sup>

**S\$2.25 b**



Number of master leases<sup>1,2</sup>

**15**

- Strong developer-sponsor in Frasers Property (25.8%<sup>1</sup> stake in FHT)
  - > Robust pipeline of 'rights of first refusal' assets from the Sponsor through Frasers Hospitality
  - > Full flexibility to acquire third-party assets

<sup>1</sup> As at 30 Sep 2021

<sup>2</sup> This includes a retail master lease for the retail space in ANA Crowne Plaza Kobe while the master lease for Novotel Melbourne on Collins is excluded as it is an internal master lease arrangement between FH-REIT and FH-BT.



# Financial Review & Distribution

# Financial review for 2H FY2021

- In 2H FY2021, FHT's GR improved 75.6% year-on-year (YoY) with gradual recovery from COVID-19 pandemic, while 2H FY2020 was at the peak of the pandemic. GR was lower in 2H FY2020 after rental adjustment<sup>1</sup> and also due to lower revenue from Novotel Melbourne on Collins.
- FHT's NPI had more than doubled in 2H FY2021 with higher GR and lower operating cost due to cost management. Consequently, DI was higher in 2H FY2021.
- Notwithstanding higher DI, DPS for 2H FY2021 at 0.8041 cents was lower YoY as 2H FY2020 DPS was inclusive of S\$22.3 m DI that was retained in 1H FY2020.

S\$ m	2H FY2021	2H FY2020	Variance %
Gross revenue (GR)	45.6	26.0	▲ 75.6
Net property income (NPI)	30.9	14.6	▲ >100.0
Income available for distribution (DI)	12.4	(1.7) <sup>1</sup>	NM <sup>2</sup>
Distribution to stapled securityholders	15.5 <sup>3</sup>	20.6 <sup>4</sup>	▼ 24.8
Distribution per stapled security (DPS)	0.8041 cents	1.0695 cents	▼ 24.8

1. Under the master lease agreements, the total rental income is based on the operating performance of the properties, subject to a minimum fixed rent. For 2H FY2020, as a result of COVID-19's negative impact on the operating performance of certain properties, part of the variable rent recognised in first half of financial year ended 30 Sep 2020 (1H FY2020) was reversed to cover the shortfall in fixed rent in 2H FY2020. Consequently, the total actual rent received in 2H FY2020 was lower than fixed rent and resulted in negative DI.

2. Not meaningful.

3. Distribution to stapled securityholders for 2H FY2021 included approximately S\$4.3 m of the S\$5.2 m DI retained in 1H FY2021.

4. Distribution to stapled securityholders for 2H FY2020 included approximately S\$22.3 m of the S\$25.3 m DI retained in 1H FY2020.

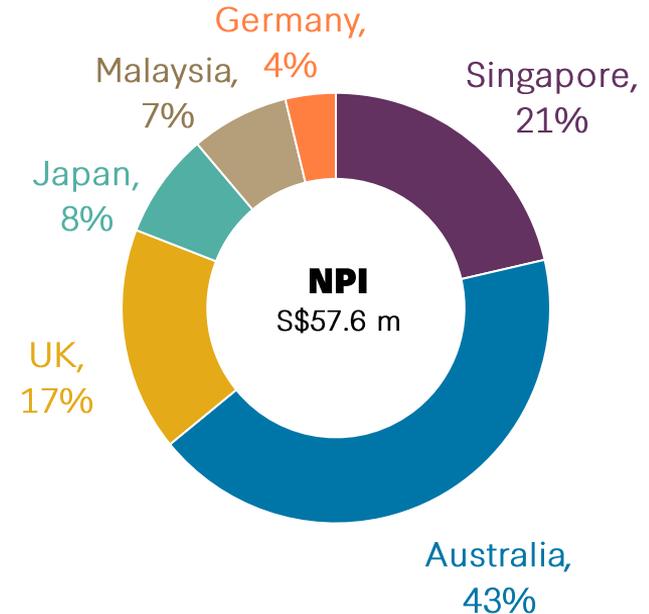
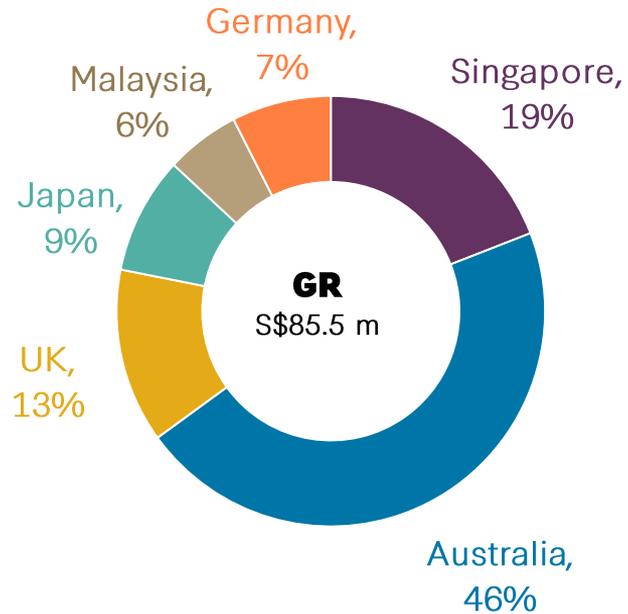
# Financial review for FY2021

- As the impact of COVID-19 pandemic began in Mar 2020 and has not fully abated to date, the performance for FY2021 was affected for full 12 months (FY2020: 7 months). Improvement in 2H FY2021 performance helped mitigate the decline in GR and NPI.
- FY2021 DI was 29.7% lower YoY, as management fee expenses were settled in cash (instead of stapled securities) from 4Q FY2020.
- In light of the uncertainties arising from the COVID-19 pandemic and consistent with FY2020 distribution payout of 90% of DI, FHT would retain approximately 10% of DI to conserve cash and distribute the remaining balance in FY2021.

S\$ m	1H FY2021	2H FY2021	FY2021	FY2020	Variance %
GR	39.9	45.6	85.5	88.6	▼ 3.4
NPI	26.7	30.9	57.6	59.8	▼ 3.7
DI	8.6	12.4	21.0 <sup>1</sup>	29.9	▼ 29.7
Distribution to stapled securityholders	3.4	15.5	18.9	26.9	▼ 29.7
DPS	0.1790 cents	0.8041 cents	0.9831 cents	1.3982 cents	▼ 29.7

1. The Managers' management fees were paid in cash since fourth quarter of FY2020.

# Portfolio contribution by country for FY2021

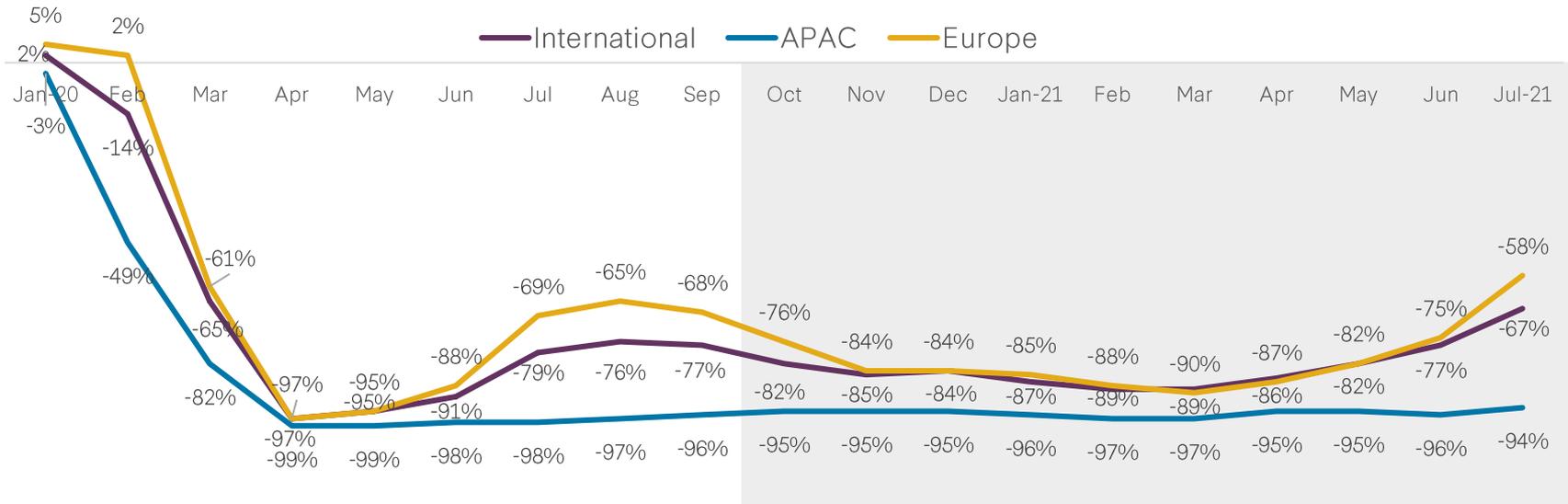




# Key Market Updates

# 2021: Another challenging year for international tourism

## % Change against 2019 international tourist arrivals



- New waves of COVID-19 infections in 1H 2021 led to further lockdowns and travel restrictions across many countries
- Despite challenges, international arrivals in Jul 2021 was strongest since Apr 2020
  - Improvement supported by re-opening of mainly destinations in Europe and the Americas, easing of travel restrictions for vaccinated travellers and accelerating rollout of COVID-19 vaccinations

# Countries accelerate rollout of vaccination for opening of borders

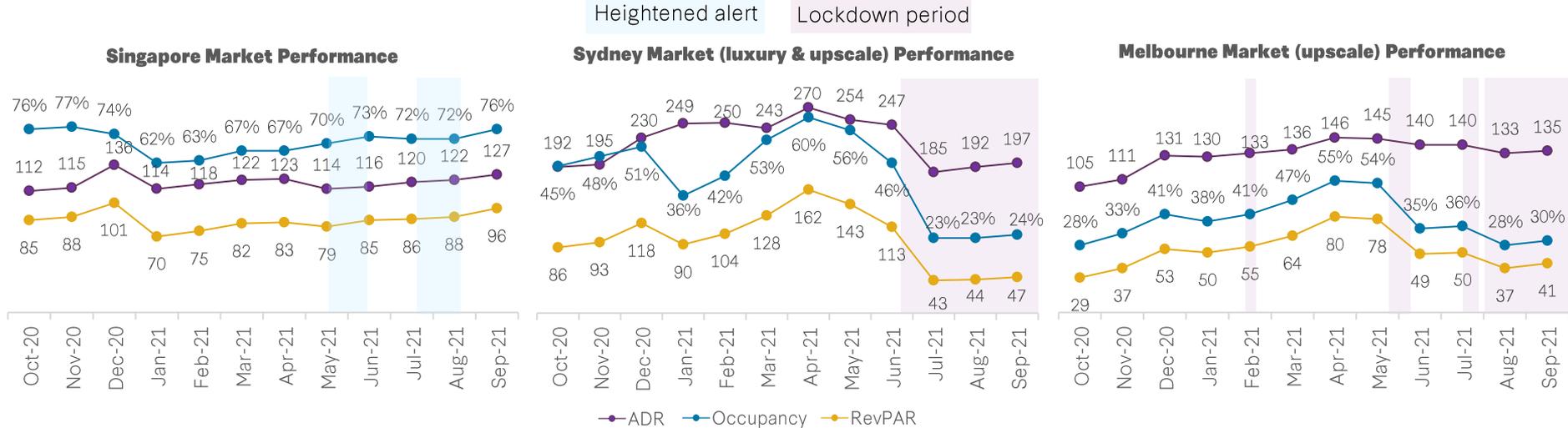
## % of population fully vaccinated as at 30 Sep 2021



Sources: Our World in Data, "Share of people vaccinated against COVID-19"; USA Today, "Singapore to allow quarantine-free travel from the US starting in mid-October", 9 Oct 2021; CNBC, "Sydney to allow quarantine-free international travel for Australians from next month", 15 Oct 2021; Forbes, "UK lifts quarantine from amber countries from 19 July", 8 Jul 2021; Travel Daily, "Japan is reopening borders to fully vaccinated travellers but there's a catch," 5 Oct 2021; Nikkei, "Malaysia lifts travel restrictions for fully vaccinated people", 10 Oct 2021; schengenvisa.info news, "Who can travel to Germany amid COVID-19", 5 Oct 2021

# Adverse impact of lockdowns/restrictions on market performance

## Hospitality market performance by country for FY2021



- Singapore hotels' occupancy rates have been supported by the business generated by the government's Stay-Home facility business, despite borders remaining shut to short-term visitors
- Sydney market occupancies affected by 107-day lockdown which started in Jun 2021
- It exited lockdown on 11 Oct 2021
- Melbourne market occupancies affected by repeated lockdowns; 4 lockdowns within a year

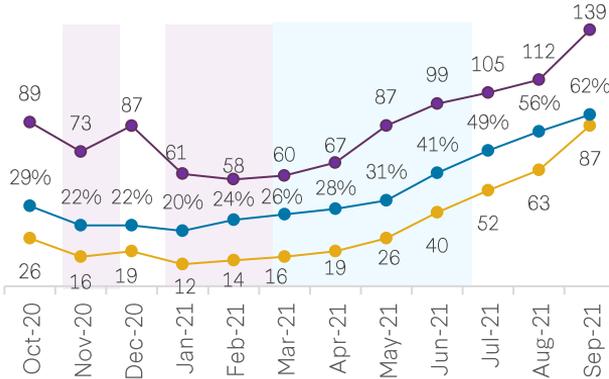
# Adverse impact of lockdowns/restrictions on market performance

## Hospitality market performance by country for FY2021

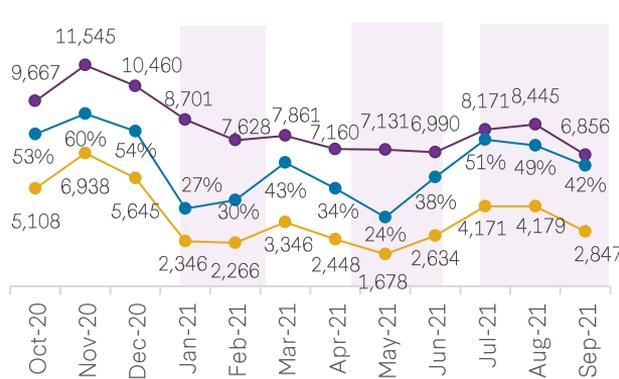
Phased exit

Lockdown period / state of emergency / movement control orders

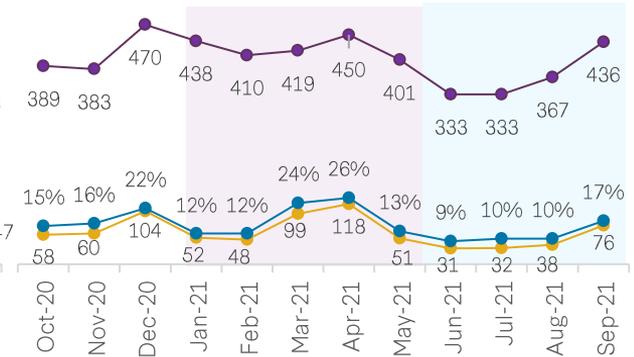
### London Market Performance



### Kobe Market (upscale & upper mid) Performance



### Kuala Lumpur Market (luxury and upper midscale) Performance



— ADR — Occupancy — RevPAR

- UK hotels' occupancies were boosted by the lifting of all social distancing and domestic travel restrictions on 19 Jul 2021
- The government's "Go to Travel" campaign had boosted domestic travel in Oct-Dec 2020
- Kobe hotels went through three rounds of state of emergency within a year, which affected occupancies
- Kuala Lumpur hotels' occupancies were depressed by the long periods of movement control order restrictions and lockdowns

All average daily rates (ADR) and revenues per available room (RevPAR) are in local currencies; ADR, Occupancy and RevPAR data from STR.

Sources: ABC News, "Freedom Day celebrated by revellers in England, with end of most COVID-19 restrictions", 20 Jul 2021 and Xinhua Net, "Japan to extend domestic travel campaign to boost economy", 4 Dec 2020

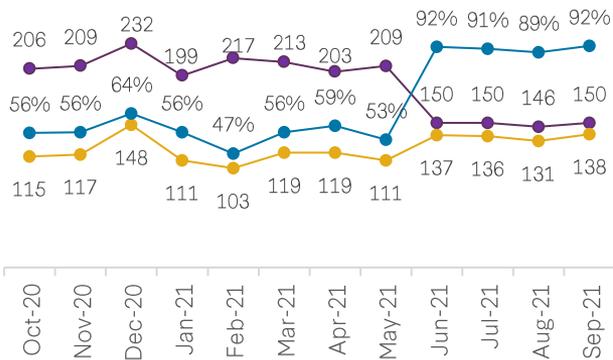


## **Portfolio Performance**

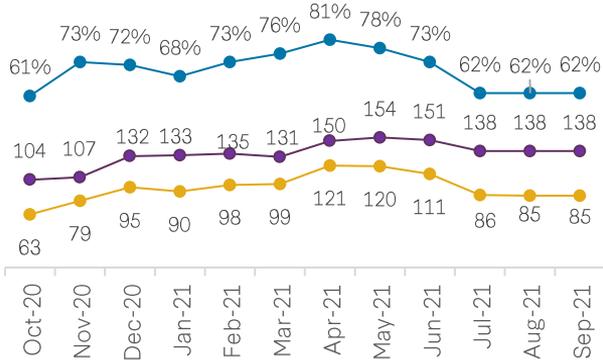
# Operating metrics showing some signs of improvement

## FHT's portfolio performance by country for FY2021

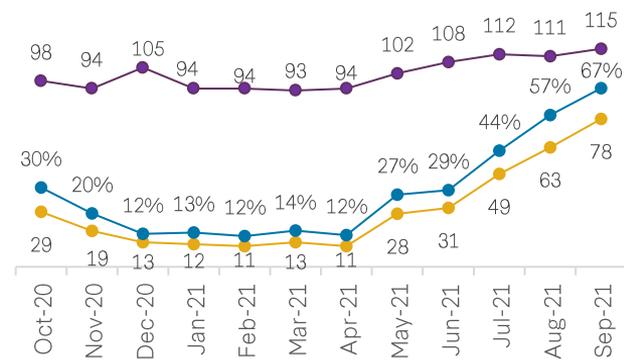
### Singapore Portfolio Performance



### Australia Portfolio Performance

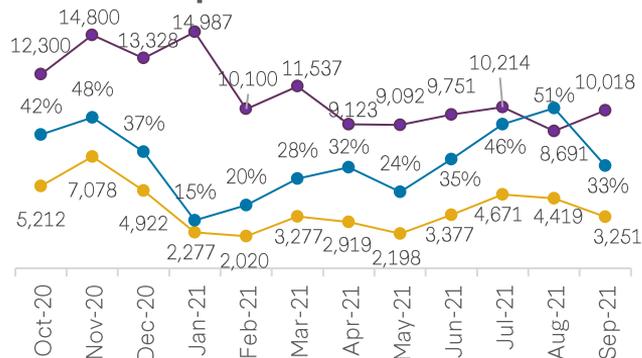


### UK Portfolio Performance

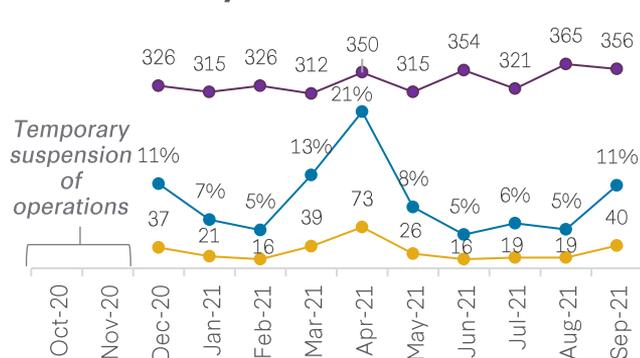


— ADR — Occupancy — RevPAR

### Japan Portfolio Performance



### Malaysia Portfolio Performance



# Portfolio contribution by country for 2H FY2021

Country	Gross Operating Revenue (GOR)			Gross Operating Profit (GOP)		
	Local Currency (m)		YoY Change	Local Currency (m)		YoY Change
	2H FY2021	2H FY2020	(%)	2H FY2021	2H FY2020	(%)
Singapore	21.3	17.8	▲ 20.1	8.3	9.0	▼ 7.7
Australia	32.2	17.1	▲ 88.2	16.4	6.3	▲ >100.0
UK	5.3	1.7	▲ >100.0 <sup>1</sup>	2.0	(0.9)	NM <sup>2</sup>
Japan	1,074.6	584.1	▲ 84.0	281.1	(67.5)	NM <sup>2</sup>
Malaysia	4.9	1.2	▲ >100.0 <sup>1</sup>	(4.0)	(7.5)	▲ 46.5
Germany	3.7	3.6	▲ 3.9	1.5	1.3	▲ 12.0

- Singapore portfolio's 2H FY2021 GOR increased 20.1% YoY as InterContinental Singapore secured Stay-Home Notice business. However, the GOP declined 7.7% YoY due to lower government wage support.

<sup>1</sup> In the UK, all 6 properties were closed during the third quarter of FY2020. In Malaysia, the Westin Kuala Lumpur's operations were temporarily suspended in May 2020 and resumed operation in Dec 2020.

<sup>2</sup> Not meaningful.

# Portfolio contribution by country for FY2021

Country	Gross Operating Revenue (GOR)			Gross Operating Profit (GOP)		
	Local Currency (m)		YoY Change	Local Currency (m)		YoY Change
	FY2021	FY2020	(%)	FY2021	FY2020	(%)
Singapore	42.5	54.5	▼ 22.1	15.5	21.9	▼ 29.4
Australia	59.2	77.8	▼ 23.9	30.1	32.0	▼ 6.2
UK	7.2	13.0 <sup>1</sup>	▼ 44.5	1.8	4.4	▼ 59.5
Japan	2,119.0	3,220.6	▼ 34.2	395.0	623.7	▼ 36.7
Malaysia	7.5	37.8 <sup>1</sup>	▼ 80.3	(12.8)	1.9	NM <sup>2</sup>
Germany	5.1	8.8	▼ 42.0	1.6	3.2	▼ 50.0

- The impact of COVID-19 pandemic began in Mar 2020 and has not fully abated to date. The operating performance for FY2021 was impacted by the pandemic for full 12 months (FY2020: 7 months).

1. In the UK, all 6 properties were closed during the third quarter of FY2020. In Malaysia, the Westin Kuala Lumpur's operations were temporarily suspended in May 2020 and resumed operation in Dec 2020.

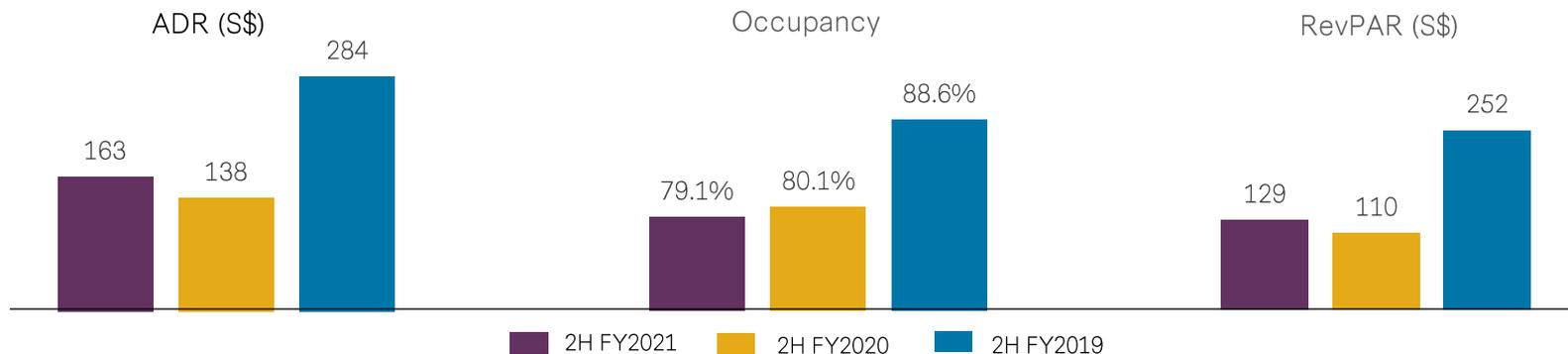
2. Not meaningful.

# Singapore

- **InterContinental Singapore (ICSG)**

- > Singapore portfolio's revenue per available room (**RevPAR**): 16.8% YoY higher in 2H FY2021. RevPAR for FY2020 had benefitted from ICSG's deal to be a Stay-Home facility from Mar-Sep 2020. ICSG has re-secured the Stay-Home Notice business from Jun-Sep 2021, helping to boost RevPAR for the last 4 months of FY2021.
- > Singapore has achieved ~80% vaccination rate for its population at end-Aug 2021. From 19 Oct 2021, Singapore's Vaccinated Travel Lane (**VTL**) arrangement has been extended to 9 more countries, in addition to Germany and Brunei, which were the first 2 countries to come under the VTL arrangement in Sep 2021.
- > The government has extended its local job support scheme by 6 months, to Mar 2022, which continues to help the properties preserve jobs and conserve cashflow.

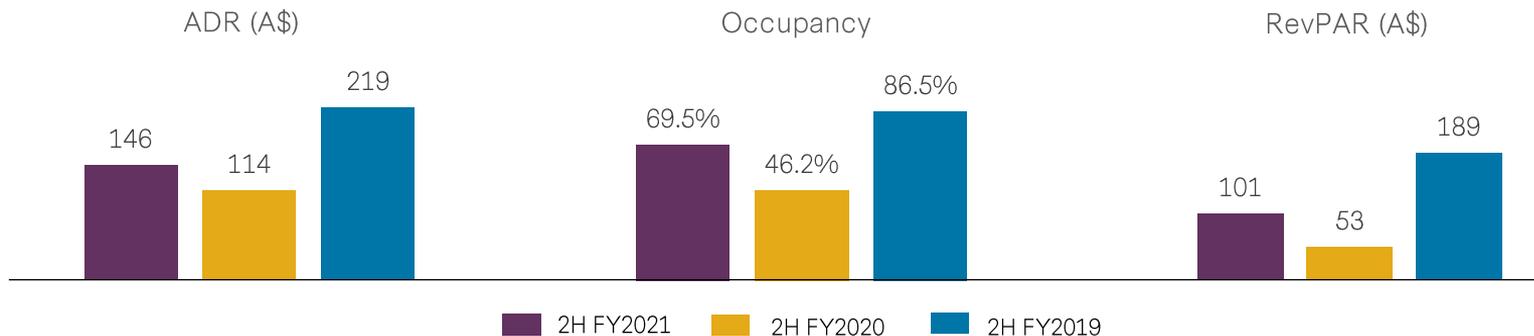
- **Fraser Suites Singapore (FSSG)**



# Australia

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

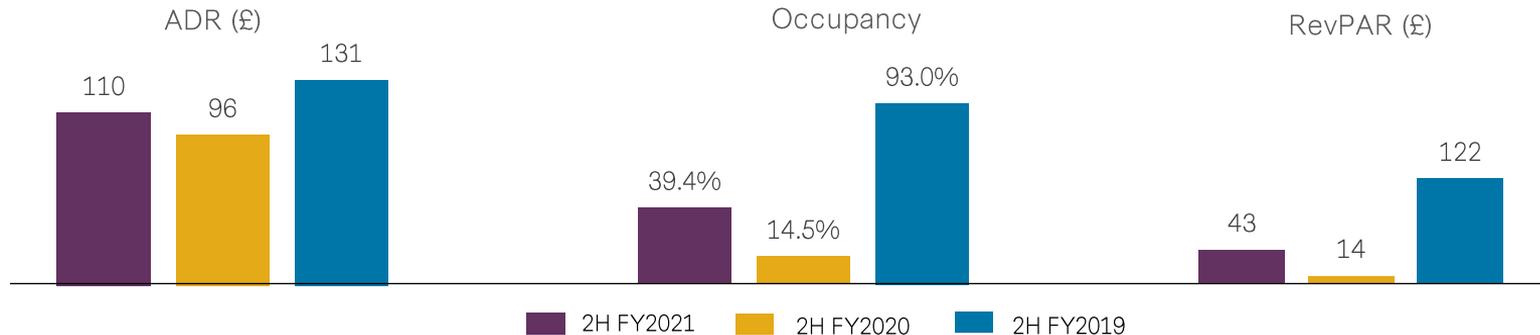
- > Australia portfolio's RevPAR in 2H FY2021 was 90.5% higher YoY, driven by improving portfolio occupancy and average daily rate (ADR). The improvement was mainly contributed by NMOC and SSW which continued to secure further contracts for the isolation business for 2H FY2021.
- > Sydney has lifted restrictions for its vaccinated population from 11 Oct 2021 as 70% of its eligible population has been vaccinated. Melbourne has implemented a road map to lifting of restrictions, once 80% of its population is fully vaccinated in Nov 2021.



# UK

- **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)**

- > UK has lifted most of its COVID-19 pandemic restrictions from 19 Jul 2021. Despite the lifting of restrictions, this did not result in a spike in cases in the country<sup>1</sup>. Due to the high vaccination rate, hospitalization and mortality rates have also declined.
- > UK portfolio's RevPAR: >100% increase YoY in 2H FY2021; RevPAR has improved in Jul-Sep 2021 with all FHT's properties back to full operation since mid-May 2021 after more than 4 months of lockdown. All properties continue to benefit from the UK government's furlough scheme (extended till end-Sep 2021).
- > As at end-Sep 2021, 65.8% of UK's population was fully vaccinated<sup>2</sup>.



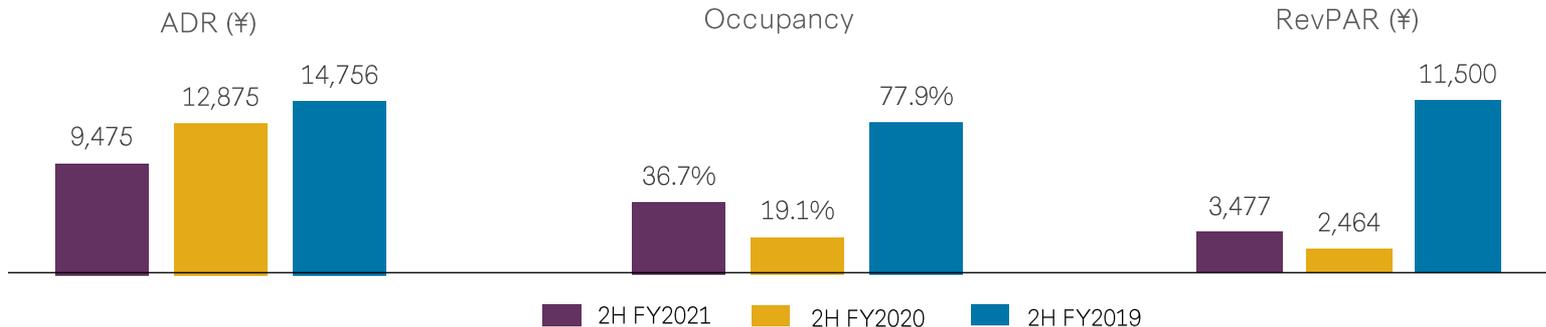
1. Source: CNN, "England dropped most of its COVID restrictions in July. One month on, here's how it's going", 20 Aug 2021

2. Source: Our World in Data, "Share of people vaccinated against COVID-19", 30 Sep 2021

# Japan

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

- > CPK's RevPAR: 41.1% YoY increase in 2H FY2021 as its performance in 2H FY2020 was impacted by low occupancies during the initial stage of the COVID-19 outbreak in 2020. Japan entered into a state of emergency three times within the first 9 months of 2021, with the latest state of emergency lifted on 30 Sep 2021.
- > As at end-Sep 2021, 60.1% of Japan's population was fully vaccinated<sup>1</sup>.

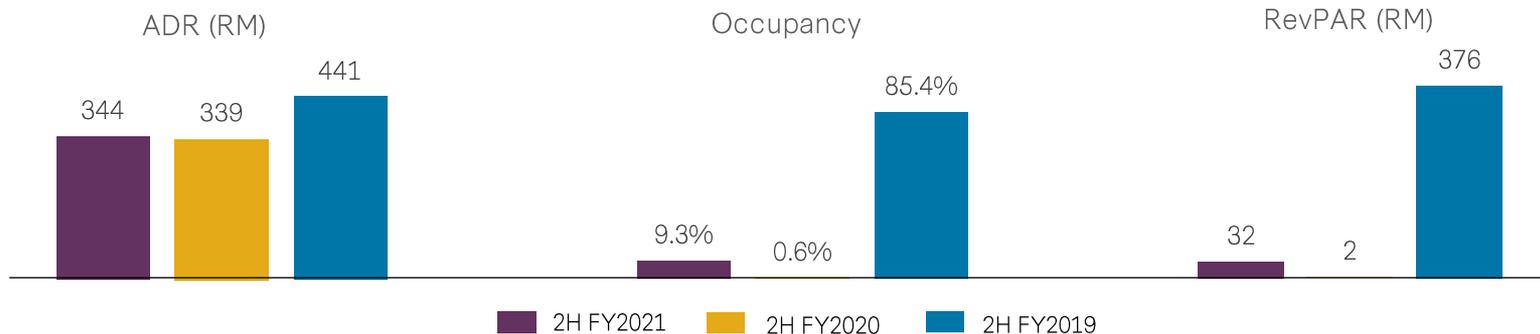


1. Source: Our World in Data, "Share of people vaccinated against COVID-19", 30 Sep 2021

# Malaysia

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

- > TWKL's RevPAR for 2H FY2021 increased >100% YoY. This was due to a temporary suspension of its operations for close to 5 months in 2020.
- > TWKL resumed operations on 18 Dec 2020 and the temporary suspension had helped to conserve cashflow for the property. The hotel also underwent cost restructuring during the temporary suspension period. The leaner operating structure has enabled the hotel to narrow its operating losses since reopening, despite the lower occupancies.
- > Malaysia's government has announced that inter-state and international travel are allowed from 11 Oct 2021.



# Germany

- **Maritim Hotel Dresden (MHD)**

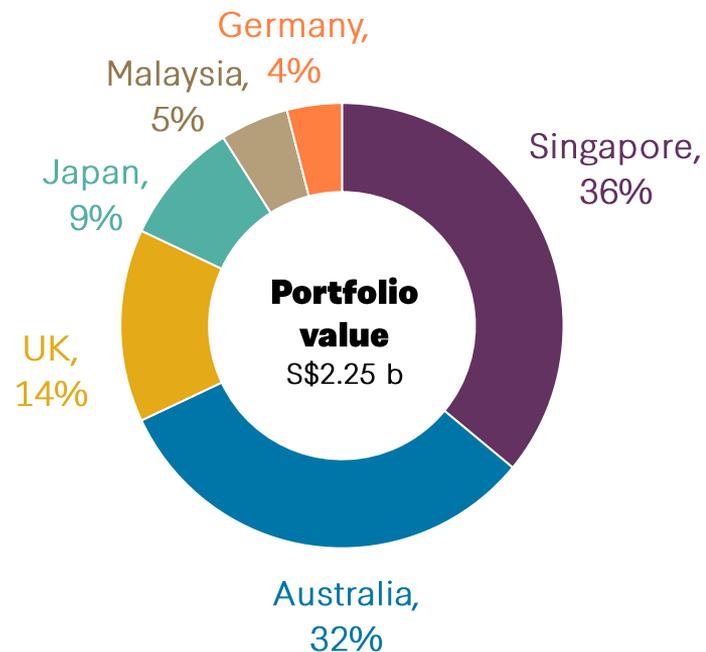
- > In 2H FY2021, MHD's performance showed signs of improvement YoY from Jul to Sep 2021. The adjoining International Congress Centre has re-opened and has been holding small-scale domestic events. However, the property's performance has yet to recover with the absence of international conferences.
- > As at 30 Sep 2021, 64.0% of the country's population was fully vaccinated<sup>1</sup>.

Note: Maritim Hotel Dresden has been excluded from reporting of ADR, occupancy and RevPAR due to limitations imposed by the master lease agreement.

1. Source: Our World in Data, "Share of people vaccinated against COVID-19", 30 Sep 2021

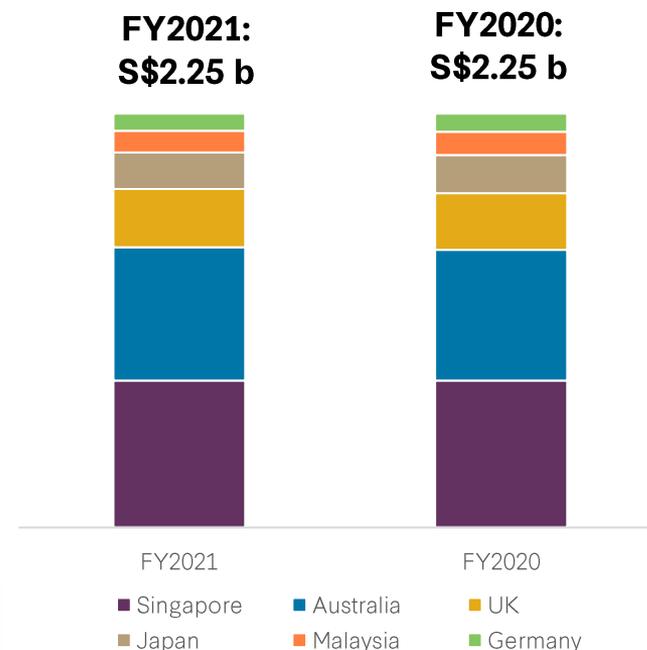
# Portfolio value as at 30 Sep 2021

Country	Portfolio Value as at 30 Sep 2021
Singapore	S\$798.0 m
Australia	A\$737.5 m
UK	£173.0 m
Japan	¥16,200.0 m
Malaysia	RM368.0 m
Germany	EUR59.3 m
<b>TOTAL</b>	<b>S\$2,248.4 m</b>



# Change in portfolio value

Country	Valuation as at 30 Sep 2021 (S\$ m)	Valuation as at 30 Sep 2020 (S\$ m)	Variance in S\$	Variance in Local Currency
Singapore	798.0	798.0	0.0%	0.0%
Australia	723.8	709.9	1.9%	1.6%
UK	316.5	306.3	3.3%	-0.3%
Japan	198.1	207.5	-4.5%	1.9%
Malaysia	118.8	127.2	-6.6%	-4.4%
Germany	93.2	98.7	-5.6%	-3.9%
<b>TOTAL</b>	<b>2,248.4</b>	<b>2,247.6</b>	<b>0.0%</b>	



- The cap rates and discount rates were either unchanged or largely similar to those of last year. However, Malaysia portfolio's valuation had the biggest decline in local currency due to weaker performance on the back of challenging market conditions.
- Compared to last year, A\$ and £ have appreciated against S\$ this year, whilst RM, ¥ and EUR weakened against S\$. This resulted in no change in total portfolio valuation in S\$ terms.



## **Divestment of Sofitel Sydney Wentworth (SSW)**

# Transaction overview



- Divestment of SSW on a freehold basis for A\$315.0 m (~S\$309.1 m<sup>1</sup>) to an unrelated third-party acquirer (**Acquirer**)
- Deal Structure
  - › FH-REIT, through its wholly-owned sub-trust, enters into a put and call option agreement with a wholly-owned subsidiary of Frasers Property Limited (FPL) to acquire the freehold reversionary interest of the land (**Reversionary Interest Acquisition**) for A\$10.55 m (~S\$10.4 m) (**Acquisition Purchase Price**)
  - › The freehold reversionary interest will be amalgamated with FHT's existing 75-year leasehold interest, creating a new freehold title for SSW to onsell to the Acquirer
  - › This title re-structuring of amalgamating the freehold reversionary interest and 75-year leasehold interest, enables the unlocking of a value greater than if it had been sold as a leasehold property
- Sold at 34.3% premium over total combined purchase price of A\$234.55 m, comprising the purchase consideration of A\$224 m for the acquisition of the 75-year leasehold interest in 2015 and the Acquisition Purchase Price

## Property details

Number of rooms	436
Land tenure	(i) 75-year leasehold interest held by FHT (ii) Freehold reversionary interest held by FPL Upon completion of Reversionary Interest Acquisition, freehold reversionary interest will be amalgamated with its existing 75-year leasehold interest
Master lessee	Ananke Holdings Pty Ltd, a subsidiary of FPL
Purchase price (Freehold basis)	A\$234.55 m
Latest valuation (75-year leasehold)	A\$270.0 m as at 30 Sep 2021
Latest valuation (Freehold after amalgamation)	A\$281.0 m <sup>2</sup> (~S\$275.8 m) as at 30 Sep 2021

1. All currency conversions in this document are based on an assumed exchange rate of S\$1.00 = A\$1.0190 as at 30 Sep 2021

2. Includes Savill's valuation of the freehold reversionary interest of A\$11.0 m as at 30 Sep 2021

# Divestment rationale



## Rationale and benefits:



### Unlock value

at optimal stage of life cycle to enhance value for Stapled Securityholders

1

- Sale price of A\$315.0 m (~S\$309.1 m) translates to NPI yields of **4.1%** for FY2019 and **3.3%** for FY2021<sup>1</sup>
- **34.3%** premium over total combined purchase price of leasehold interest and reversionary interest
- **12.1%** above independent valuation (at 30 Sep 2021) of A\$281.0 m on freehold basis
- Divestment net proceeds ~**A\$282.5 m<sup>2</sup>** and net gain ~**A\$24.1 m<sup>3</sup>**



### Active portfolio management strategy

to create value for FHT's Stapled Securityholders

2

- Active asset enhancement initiatives to drive organic growth and position property for divestment
- Evaluate divestment opportunities periodically to recycle capital for better total returns
- Unlock value at optimal stage of property's life cycle



### Optimise capital structure and increase financial flexibility

3

- Assuming divestment net proceeds are used to repay debt, FHT's aggregate leverage as at 30 Sep 2021 expected to reduce from 42.2% to 34.3% on pro forma basis<sup>4</sup>
- Post-divestment, debt headroom would increase to ~S\$650.0 m<sup>5</sup>
- Enhances FHT's financial flexibility to fund future acquisitions

1. Based on SSW's historical FY2019 and FY2021 NPI. FY2020 NPI figure was not used as it is not representative, given the effects of the COVID-19 pandemic

2. After taking into account total reversionary interest acquisition cost (A\$11.2 m) and total divestment cost (A\$21.3 m)

3. Estimated net gain is calculated by subtracting the net book value of the amalgamated freehold interest of SSW as at 30 Sep 2021 (A\$269.6 m or approximately S\$264.5 m) and total divestment costs of approximately A\$21.3 m or approximately S\$20.9 m) from the sale price of A\$315.0 m (approximately S\$309.1 m)

4. 34.3% post-divestment on a pro forma basis as if the divestment was completed on 30 Sep 2021 and based on the assumption that all the divestment net proceeds were used to repay outstanding borrowings as at 30 Sep 2021

5. Assuming aggregate leverage limit of 50.0% based on Appendix 6 to the Code of Collective Investment Schemes



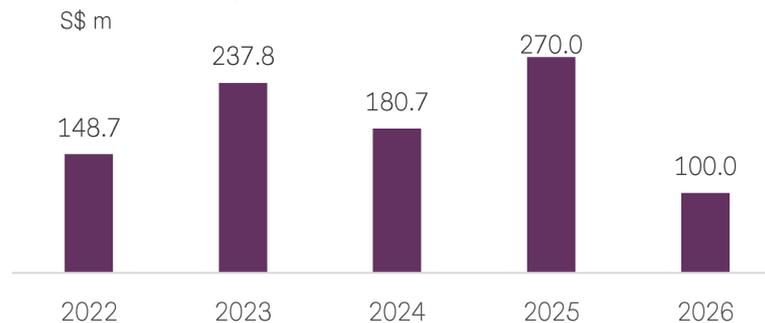
# **Risk & Capital Management**

# Proactive capital management

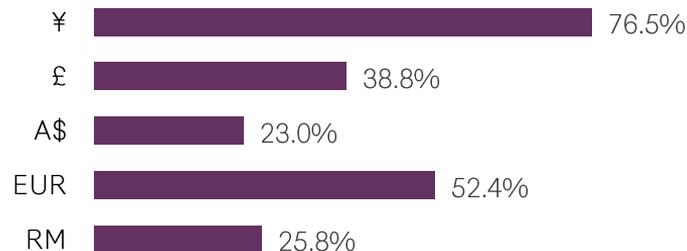
As at 30 Sep 2021

Investment properties	S\$2,024.8 m
Property, plant and equipment	S\$226.7 m
Total assets	S\$2,349.2 m
Total borrowings	S\$988.5 m
Gearing <sup>1,2</sup>	42.2%
Net asset value per stapled security	S\$0.65
Weighted average debt to maturity	2.56 years
Unsecured debt	96.7%
Effective cost of borrowing <sup>2</sup>	2.0%
Borrowings on fixed rates	77.2%
Interest cover <sup>3,4</sup>	2.2 times

Debt maturity profile (excludes short-term loans)



Balance sheet hedging



1. MAS' leverage limit for S-REITs has been set at 50% since Apr 2020.

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

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

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



## **Market Outlook**

# Singapore

- International visitor arrivals: 153,060 (-94.3% YoY) in Jan-Aug 2021
- In 2021, Singapore hotels' occupancy rates have been supported by the business generated by the government's Stay-Home facility business. Quarantine and staycation demand is expected to continue to support the industry in the short term.
- In the last quarter of 2021, gradual improvements in the number of visitor arrivals to Singapore is expected, given the high national vaccination rate. The recovery is likely to be on a firmer footing in 2022, following the ease of border of restrictions and resumption of travel confidence
- New hotel supply in Singapore is expected to be limited for the rest of 2021. Going forward, the pipeline is forecast to grow at a compound annual growth rate of 2.3% between 2021 to 2025, a moderate growth compared to historical growth rates. The well-managed pipeline will help alleviate the adverse impact from the pandemic and lend some support during the market recovery period.



# Australia

- International tourist arrivals: 143,230 (-92.0% YoY) in Jan-Aug 2021
- According to STR, Australia's hotel industry reported 30.8% occupancy in Aug 2021, the lowest level since May 2020, given prolonged lockdowns in the country. In Oct 2021, Sydney and Melbourne emerged from months of COVID-19 lockdowns as Australia aims to begin living with COVID-19 through higher vaccinations and to gradually re-open the country. However, the government will not be permitting international tourists to return to Australia until 2022.
- As Australia's largest hotel markets, both Sydney and Melbourne suffered the largest impacts from the pandemic, given prolonged impact on business-related travel and lack of international arrivals.
- STR estimated that approximately 31,500 rooms will open in 2021-2022 – majority of which will be in Sydney and Melbourne, adding pressure on the sector's recovery. Sydney's RevPAR has also been adversely affected by low-yielding quarantine business, as well as reduced international and corporate travellers. For Melbourne, RevPAR is not expected to recover until after 2025 due to the expected large hotel supply pipeline.
- Total revenue captured in both Sydney and Melbourne hotel markets is expected to recover to 2019 levels in 2023.



- UK's tourism agency, VisitEngland, has forecast inbound tourism spending in the UK in 2021 at GBP 6.2b, less than a quarter of the GBP 28.4b in 2019.
- Since hotels in UK were permitted to re-open in mid-May 2021 after more than 4 months of lockdown, the UK has been leading Europe in hotel performance recovery, due almost exclusively to domestic demand. However, London's occupancies remain low because of a lack of its usual demand drivers, such as international travel and corporate demand.
- UK has introduced more relaxed entry rules effective 4 Oct 2021, welcoming fully vaccinated residents of over 50 countries and territories and making international travel simpler with lower COVID-19 testing costs.



# Japan

- International visitor arrivals: 173,292 (-95.6% YoY) in Jan-Aug 2021
- Japan has announced re-opening of borders to fully vaccinated travellers, with quarantine period reduced to 10 days from 14, from 1 Oct 2021 onwards
- Given the lifting of the state of emergency at end-Sep 2021, the trading performance of hotels in Japan is expected to improve when domestic leisure demand starts to resume alongside the wider vaccination rollout. Upscale hotels in gateway cities such as Tokyo, should see a more assured recovery due to strong pent-up demand.
- The domestic leisure segment should also see a stronger recovery than the domestic business segment, when the pandemic is eventually under control and economy improves. However, domestic business travel in Japan is unlikely to see a drastic decline as the importance of face-to-face meetings is still highly regarded.
- It is likely that the number of incoming international visitors will not recover to 30 million annually until after domestic accommodation demand has recovered.



# Malaysia

- Kuala Lumpur's (KL) top-tier hotels' performance was impacted by Malaysia's nationwide total or partial lockdown from Feb 2021 onwards. Following an acceleration of its national vaccination rate, Malaysia has allowed interstate and international travel from 11 Oct 2021 onwards
- However, domestic travels for rest of 2021 could remain subdued on the back of caution among Malaysians, driven mainly by the more virulent Delta variant. As such, the occupancy and ADR of KL's top-tier hotels are expected to worsen in 2021 compared to 2020. Upper upscale hotels' ADR fell by 20% YoY in 2020 and a further decline of 8% YoY is expected in 2021.
- Demand for hotel rooms in KL is expected to be dominated by domestic guests, at least until the second half of 2022 when international arrivals begin to pick up pace. Barring any unexpected events, KL's top-tier hotel demands is likely to return to pre-COVID 19 days in 2024.
- KL is projected to see several new hotels from 2023-2027. Although none of the new supply is opening in 2021 or 2022, there are over 3,600 rooms (13 projects) slated for completion over the next few years. The 13 upcoming projects are all international chain-affiliated brands.



# Germany

- Germany's number of overnight stays by domestic and foreign visitors fell 15.0% YoY in Jan-Aug 2021.
- In Dresden, the total number of domestic and foreign visitors fell 64.5% YoY in Jan-Jun 2021.
- Since Jun 2021, Germany had already started admitting travellers who have taken European Medicines Agency vaccines. International tourists have lauded Germany's COVID-19 safety precautions with the country ranking lowest for risk of infection in a survey conducted by IPK International. Germany is seeing longer-stay tourists, with the average length stay for Jun-Jul 2021 recorded as 16.7 days, compared with 10 days in 2019.



# Global travel expected to see further gradual recovery in 2022



Prospects for Sep-Dec 2021 remain mixed, according to UNWTO survey<sup>1</sup>

- > The largest share of experts in the survey expect APAC's tourism to return to pre-COVID in 2024 or later
- > For Europe, half of the survey's respondents indicated this could happen in 2023



For air travel, gradual recovery trends expected to continue in 2022, albeit an uneven recovery<sup>2</sup>

- > Pace of vaccine rollout and government policies will determine course of international traffic while domestic travel will remain strong

## FHT well-positioned to capture upside when market recovers:



### Quality assets in prime locations

- A rebound in domestic tourism will benefit assets in Australia, Japan and UK, countries which have sizeable domestic tourism markets
- Access to renowned global hotel operators with strong management expertise
- Portfolio reconstitution if opportunities arise



### Downside protection for portfolio

- Long-term master lease contracts provide downside protection
- No master leases due for renewal till 2024
- Long weighted average lease expiry of 12.8 years as at 30 Sep 2021



### Strengthening of portfolio fundamentals

- Collaborating with hotel and serviced residence operators to improve operational efficiencies
- Pursuing new revenue opportunities

1. Source: UNWTO, "Vaccines and Reopen Borders Driving Tourism's Recovery", 4 Oct 2021

2. Source: International Air Transport Association, "Economic performance of the Airline Industry", 4 Oct 2021

Inspiring experiences,  
creating places for good.



# Hotels managed by third-party operators

	Property	Country	Description	Tenure	Class	Rooms	Valuation, 30 Sep 2021
	Novotel Melbourne on Collins	Australia	Strategically located within Melbourne's core CBD area along Collins Street	Freehold	Upscale	380	A\$231.0 m (A\$0.6 m/key)
	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	A\$109.0 m (A\$0.5 m/key)
	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	A\$270.0 m (A\$0.6 m/key)
	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	S\$506.0 m (S\$1.2 m/key)
	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	£19.2 m (£0.2 m/key)

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

2. Commencing from 5 Jul 2015

# Hotels managed by Frasers Hospitality and third-party operators

	Property	Country	Description	Tenure	Class	Rooms	Valuation, 30 Sep 2021
	Park International London	UK	Elegant hotel ideally located in the heart of Kensington and Chelsea	75 years <sup>1</sup>	Mid-scale	171	£38.6 m (£0.2 m/key)
	ANA Crowne Plaza Kobe	Japan	Unique panoramic view of Kobe city from Rokko mountain	Freehold	Upper Upscale	593	¥16,200.0 m (¥27.3 m/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	RM368.0 m (RM0.8 m/key)
	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	EUR59.3 m (EUR0.2 m/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, 30 Sep 2021
	Fraser Suites Sydney	Australia	First luxury apartments in Sydney designed by internationally renowned architects	75 years <sup>1</sup>	Upper Upscale	201	A\$127.5 m (A\$0.6 m/key)
	Fraser Suites Singapore	Singapore	Luxurious serviced residences in the prime residential district of River Valley	75 years <sup>1</sup>	Upper Upscale	255	S\$292.0 m (S\$1.1 m/key)
	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	£15.0 m (£0.2 m/key)
	Fraser Suites Glasgow	UK	Stunningly restored 1850s building which was formerly the city bank of Glasgow	75 years <sup>1</sup>	Upper Upscale	98	£9.2 m (£0.1 m/key)
	Fraser Suites Queens Gate	UK	Beautiful Victorian apartment hotel in Kensington	75 years <sup>1</sup>	Upper Upscale	105	£54.3 m (£0.5 m/key)
	Fraser Place Canary Wharf	UK	Stunning apartments located by the River Thames, showcasing chic contemporary design	75 years <sup>1</sup>	Upper Upscale	108	£36.7 m (£0.3 m/key)

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