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# Frasers Hospitality Trust

## Investor Presentation

February 2020



# Important notice

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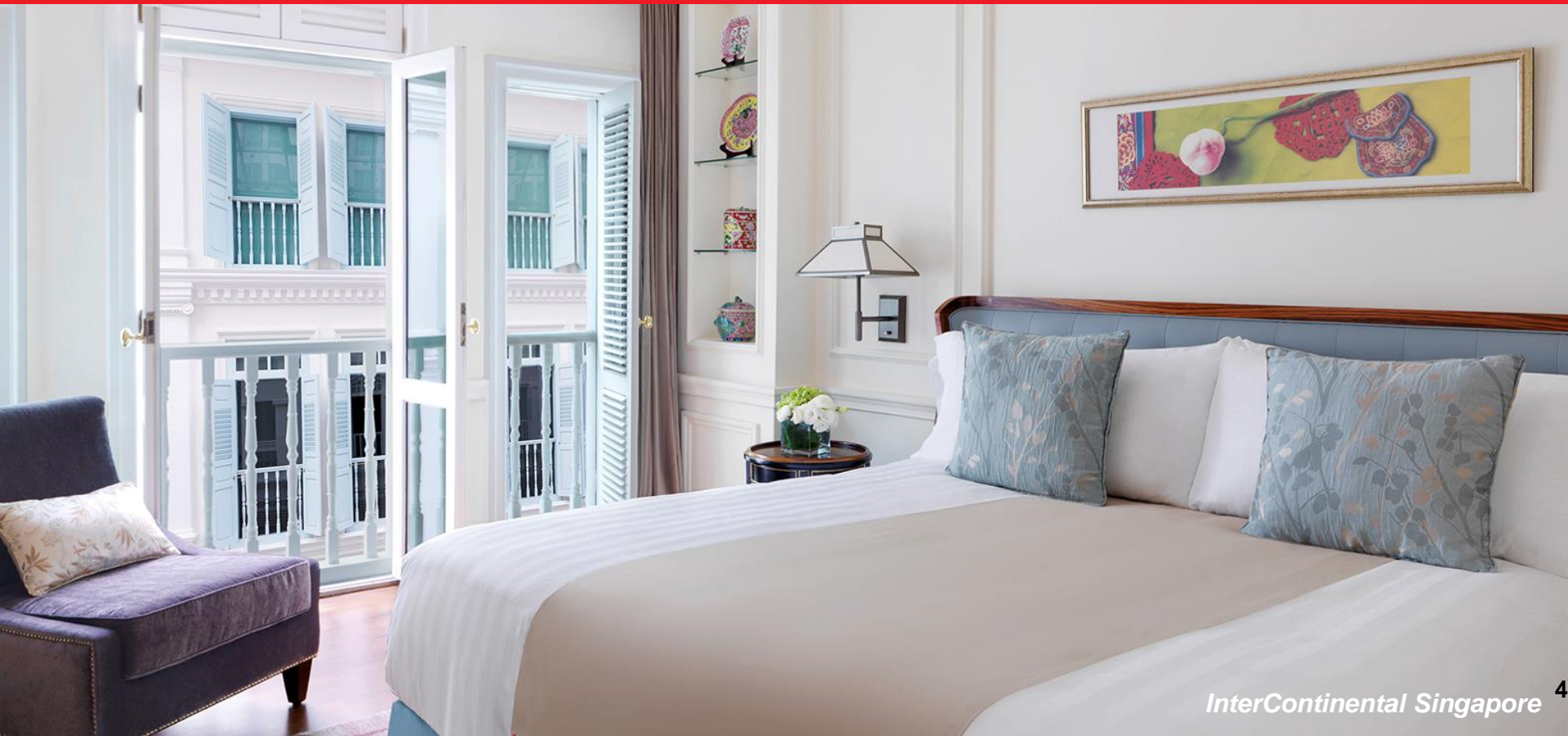
This advertisement has not been reviewed by the Monetary Authority of Singapore.

Any discrepancies in the figures included herein between the listed amounts and total thereof are due to rounding.

# **Contents**

- ◆ Overview of FHT
- ◆ Financial Review: 1Q FY2020
- ◆ Strategy
- ◆ Market Outlook

# Overview of FHT



# Global Hotel and Serviced Residence Trust

<b>Stapled Group</b>	Comprises FH-REIT and FH-BT <sup>1</sup>
<b>Investment Mandate</b>	Hospitality and hospitality-related assets located globally, excluding Thailand
<b>Sponsor and Strategic Partner</b>	<ul style="list-style-type: none"><li>♦ Frasers Property – 25.2%</li><li>♦ TCC Group Investments – 37.0%</li></ul>
<b>The Managers</b>	<ul style="list-style-type: none"><li>♦ For FH-REIT: Frasers Hospitality Asset Management</li><li>♦ For FH-BT: Frasers Hospitality Trust Management</li></ul> (Both are wholly-owned subsidiaries of Frasers Property)
<b>Date of Listing</b>	14 Jul 2014
<b>Market Capitalisation</b>	Approximately SGD 1.3 b

<sup>1</sup> Activated on 19 Oct 2016 to act as the Master Lessee of Novotel Melbourne on Collins under the Melbourne Master Lease Agreement.

# Independent Platform Providing Flexibility and Access

## Strong Developer-Sponsor in Frasers Property

- ♦ One of Singapore's largest real estate groups with strong real estate capabilities and proven track record in REIT management.



## Independent Hospitality Trust Platform

- ♦ Best of both worlds – leverage on resources of both Frasers Hospitality and third-party operators.
- ♦ Access to networks and distribution channels of international chain operators.



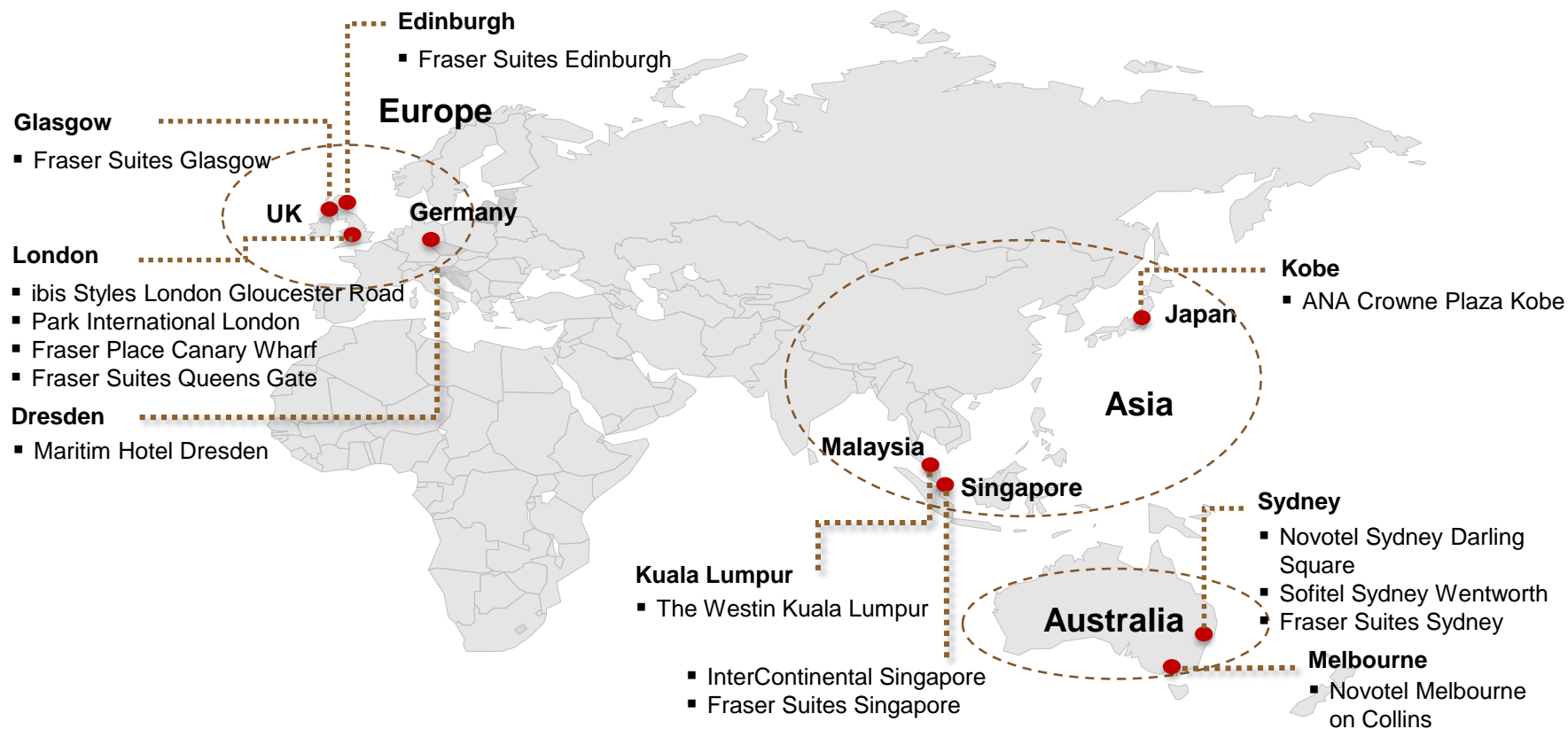
## Full Flexibility to Source for Acquisition Opportunities

- ♦ Robust pipeline of “rights of first refusal” assets from the Sponsor.
- ♦ Full flexibility to acquire third-party assets.





# Resilient and Diversified Portfolio Across Geography



**15  
properties**

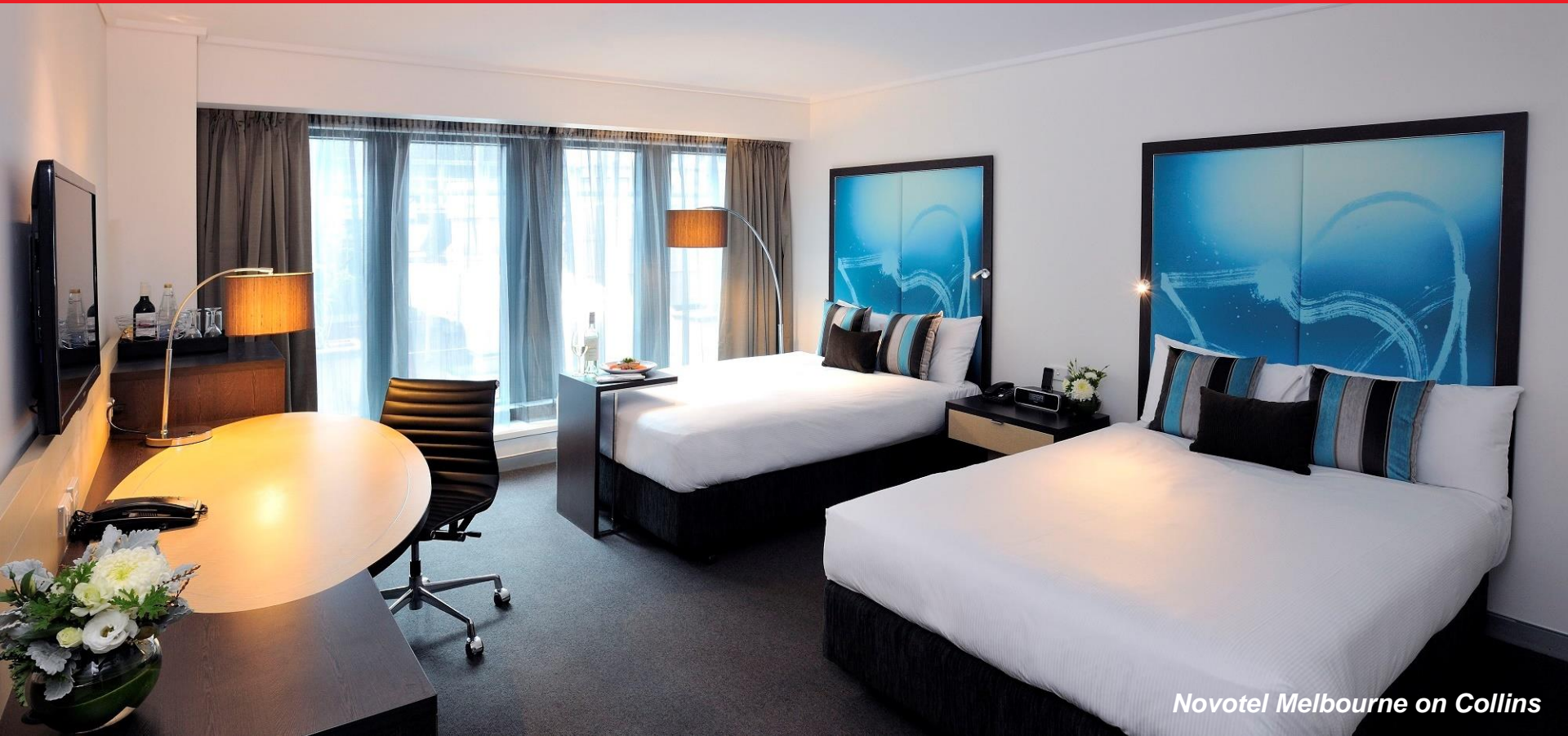
**9  
cities**

**3,913  
keys**

**SGD 2.35 b  
portfolio value**

# Financial Review:

## 1Q FY2020

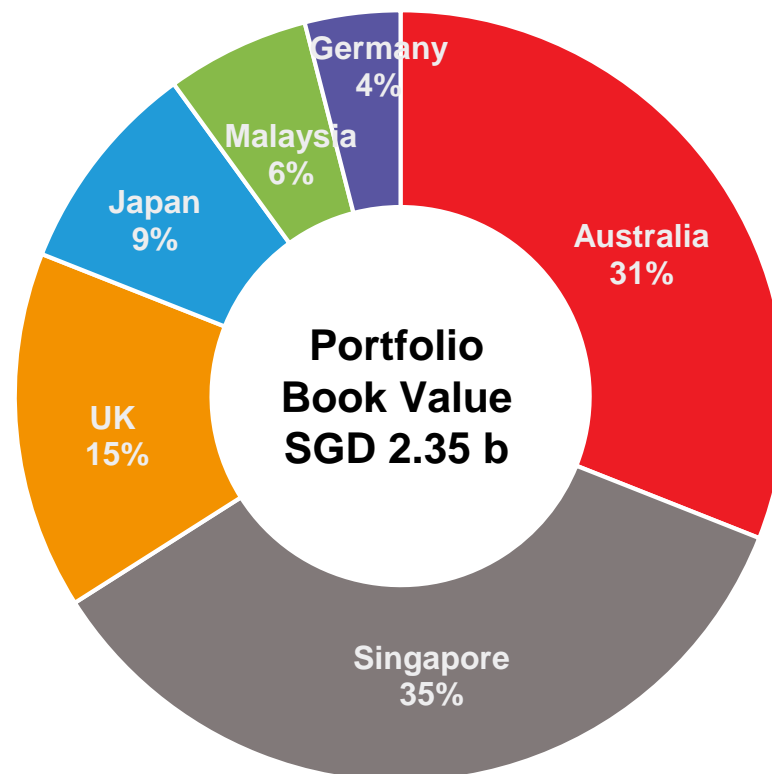


*Novotel Melbourne on Collins*



## Book Value of Portfolio as at 31 Dec 2019

Country	Book Value of Portfolio as at 31 Dec 2019
Australia	AUD 722.0 m
Singapore	SGD 837.2 m
UK	GBP 192.6 m
Japan	JPY 16,888.6 m
Malaysia	MYR 420.9 m
Germany	EUR 69.3 m
Total	SGD 2,354.3 m

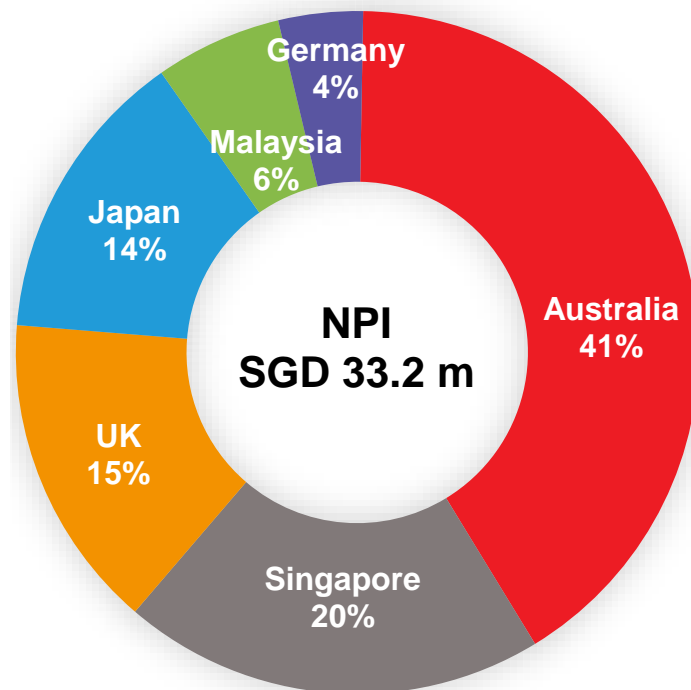
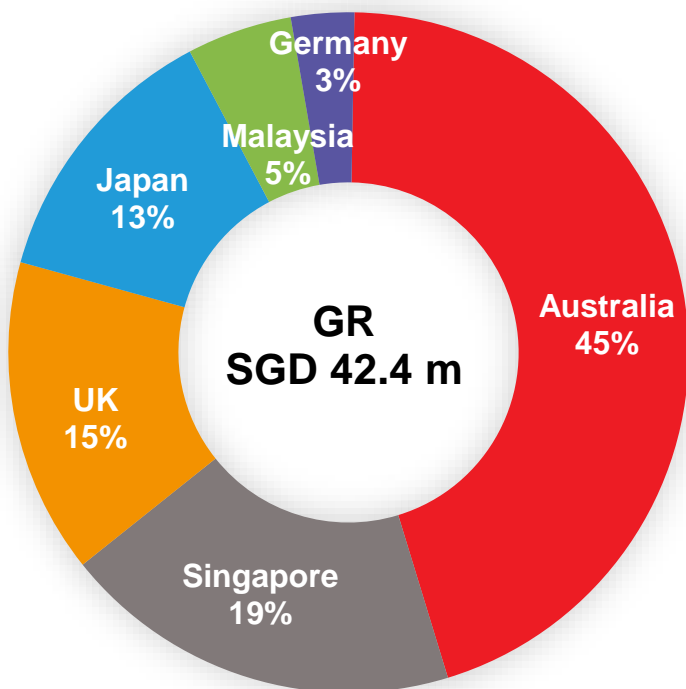


# Financial Review for 1Q FY2020

SGD m	1Q FY2020	1Q FY2019	Variance
<b>Gross Revenue (GR)</b>	42.4	40.6	▲ 4.3%
<b>Net Property Income (NPI)</b>	33.2	31.1	▲ 6.8%
<b>Distribution Income (DI)</b>	25.5	23.7	▲ 7.4%
<b>Distribution Per Stapled Security (DPS)</b>	1.3301 cents	1.2542 cents	▲ 6.1%

- ◆ GR and NPI improved yoy (year-on-year) due to better portfolio performance across all countries.
- ◆ Australia portfolio reported improved profit on higher F&B (food and beverage) revenue and lower operating expenses, which more than offset its weaker room revenue.
- ◆ Singapore and UK portfolios continued to record healthy revenue per available room (RevPAR) gains of 6.9% and 4.9% respectively.
- ◆ Japan portfolio achieved higher profit in this quarter due to gains in operational efficiency.
- ◆ Malaysia portfolio continued to recover from a low base, with RevPAR growing 11.5% yoy. Its profit saw a steeper increase due mainly to gains in operational efficiency which lowered operating costs.
- ◆ With the higher NPI, DI increased 7.4% yoy while DPS rose 6.1% to 1.3301 cents.

# Portfolio Contribution by Country for 1Q FY2020



## Portfolio Highlights By Country for 1Q FY2020

Country	Gross Operating Revenue (GOR)		Gross Operating Profit (GOP)	
	Local Currency (m)	Variance (yoy)	Local Currency (m)	Variance (yoy)
Australia	36.5	▲ 1.9%	17.7	▲ 5.4%
Singapore	22.7	▲ 2.6%	9.1	▲ 2.0%
UK	6.9	▲ 5.5%	3.7	▲ 7.3%
Japan	1,675.8	▼ 3.3%	570.2	▲ 13.1%
Malaysia	23.5	▲ 7.5%	8.0	▲ 46.4%
Germany	3.5	▲ 8.5%	1.5	▲ 7.6%

# Australia Portfolio Performance

AUD m	1Q FY2020	1Q FY2019	Variance
GOR	36.5	35.9	▲ 1.9%
GOP	17.7	16.8	▲ 5.4%

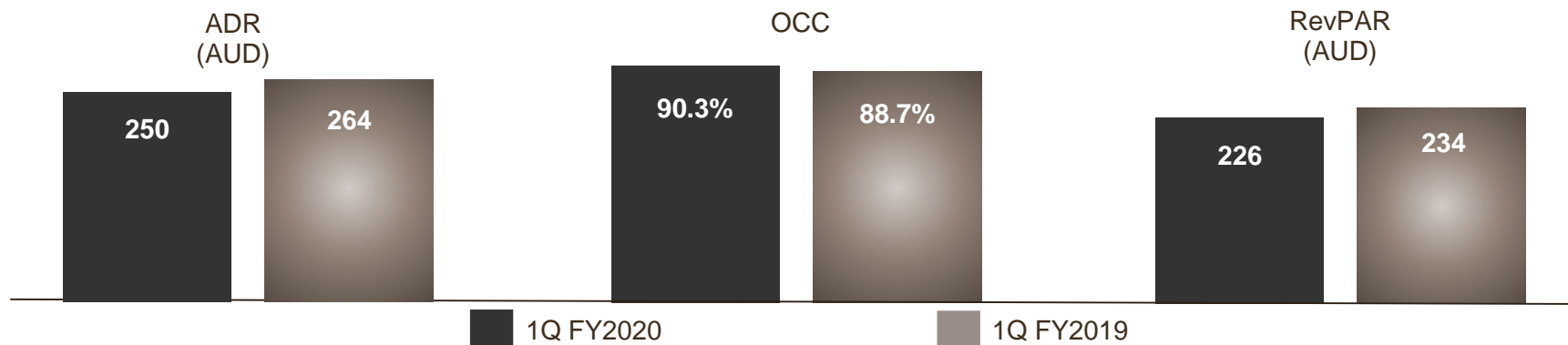
- **Novotel Melbourne on Collins (NMOC)**

- **Sofitel Sydney Wentworth (SSW)**

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

- **Fraser Suites Sydney (FSS)**

- Australia portfolio's GOR and GOP increased 1.9% and 5.4% yoy respectively. GOR improved due to higher F&B revenue while the steeper GOP increase was attributed to better cost control on operating expenses.
- Portfolio occupancy rose to 90.3%, from 88.7% a year ago, despite the weaker trading environment weighing on average daily rate (ADR). This mitigated the decline in RevPAR and enabled all properties to outperform the market.





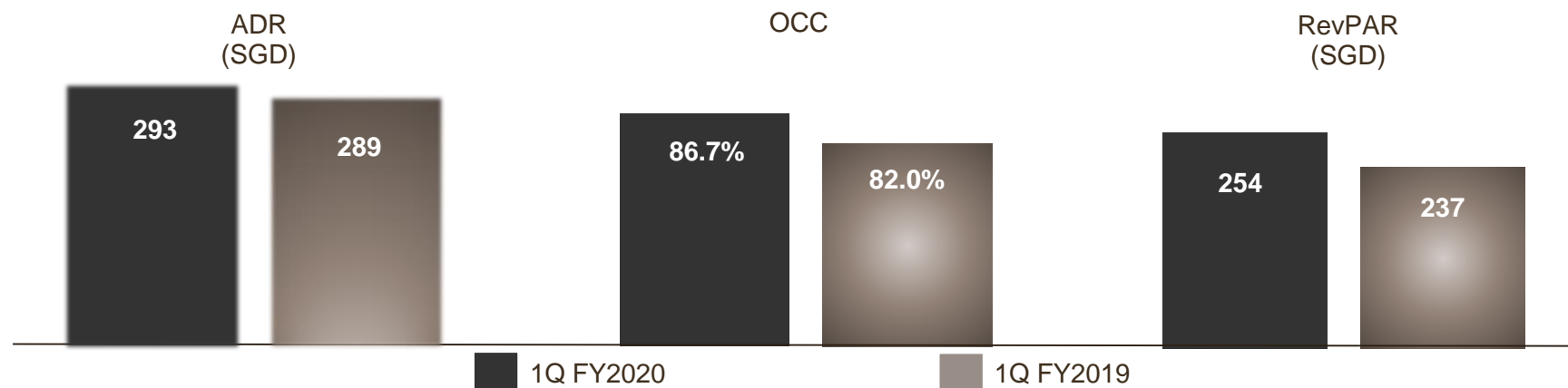
# Singapore Portfolio Performance

SGD m	1Q FY2020	1Q FY2019	Variance
GOR	22.7	22.1	▲ 2.6%
GOP	9.1	8.9	▲ 2.0%

- **InterContinental Singapore (ICSG)**

- **Fraser Suites Singapore (FSSG)**

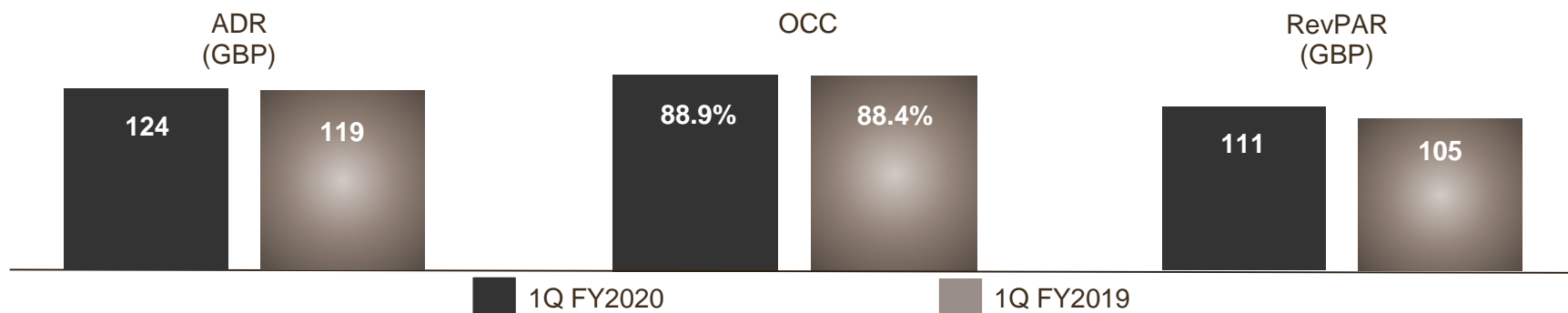
- Singapore portfolio reported a 2.6% increase in GOR and a 2.0% increase in GOP yoy.
- Portfolio RevPAR improved 6.9% yoy on the back of higher ADR and occupancy.
- Both ICSG and FSSG saw healthy gains in RevPAR, driven by stronger leisure and corporate demand.



# UK Portfolio Performance

GBP m	1Q FY2020	1Q FY2019	Variance
<b>GOR</b>	6.9	6.6	▲ 5.5%
<b>GOP</b>	3.7	3.5	▲ 7.3%

- **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 continued to benefit from the weak pound. As a result, GOR and GOP rose yoy by 5.5% and 7.3% respectively.
  - Portfolio RevPAR was 4.9% above the levels in 1Q FY2019 due to higher ADR and occupancy.

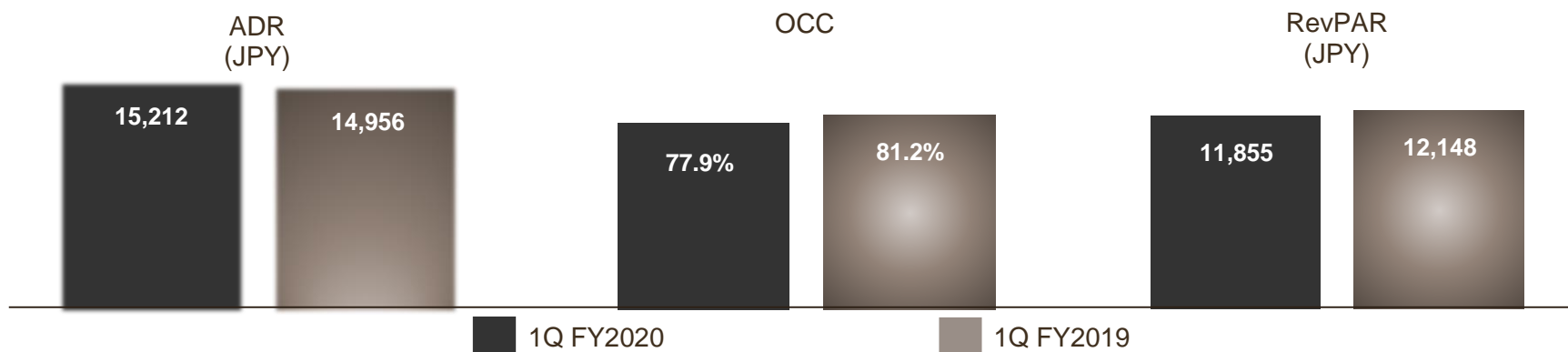


# Japan Portfolio Performance

JPY m	1Q FY2020	1Q FY2019	Variance
<b>GOR</b>	1,675.8	1,732.4	▼ 3.3%
<b>GOP</b>	570.2	504.3	▲ 13.1%

- ANA Crowne Plaza Kobe (CPK)**

- CPK's GOR declined 3.3% or JPY 56.6 m yoy due to lower room and F&B revenue.
- Notwithstanding the lower GOR, its GOP increased 13.1% or JPY 65.9 m yoy. The hotel has been reviewing and re-grouping resources to streamline its operations. This continual effort in driving operational efficiency resulted in the positive GOP growth.

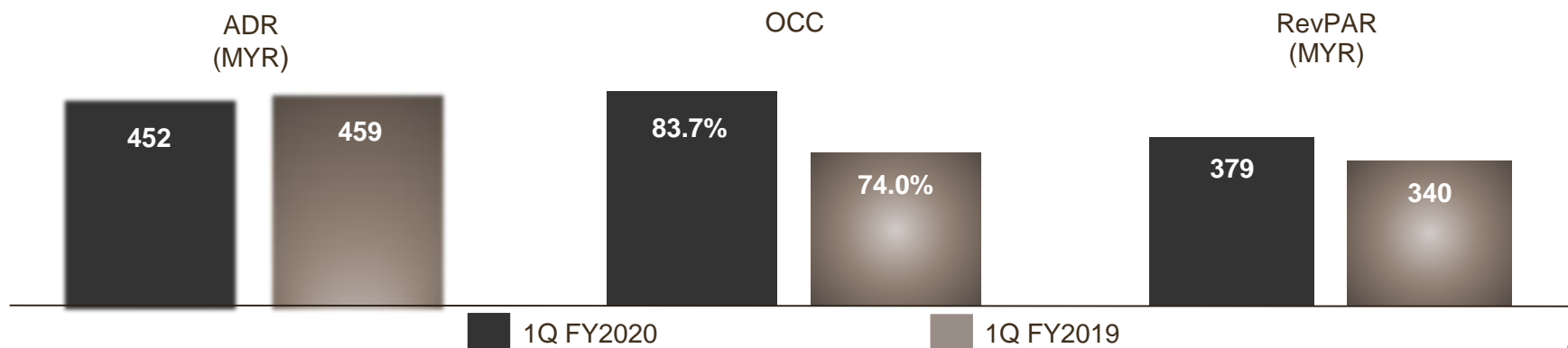


# Malaysia Portfolio Performance

MYR m	1Q FY2020	1Q FY2019	Variance
GOR	23.5	21.8	▲ 7.5%
GOP	8.0	5.5	▲ 46.4%

- The Westin Kuala Lumpur (TWKL)**

- TWKL continued to recover from a market-wide low base as GOR improved 7.5% yoy, driven mainly by higher room revenue.
- With its continual efforts to increase operational efficiency, the hotel has achieved reduction in operating costs and improved its profitability. Its recent sustainability drive including the installation of new energy-efficient heat pumps led to substantial savings in utilities costs. Coupled with the 11.5% increase in room revenue, its GOP rose 46.4% or RM2.5 million yoy.



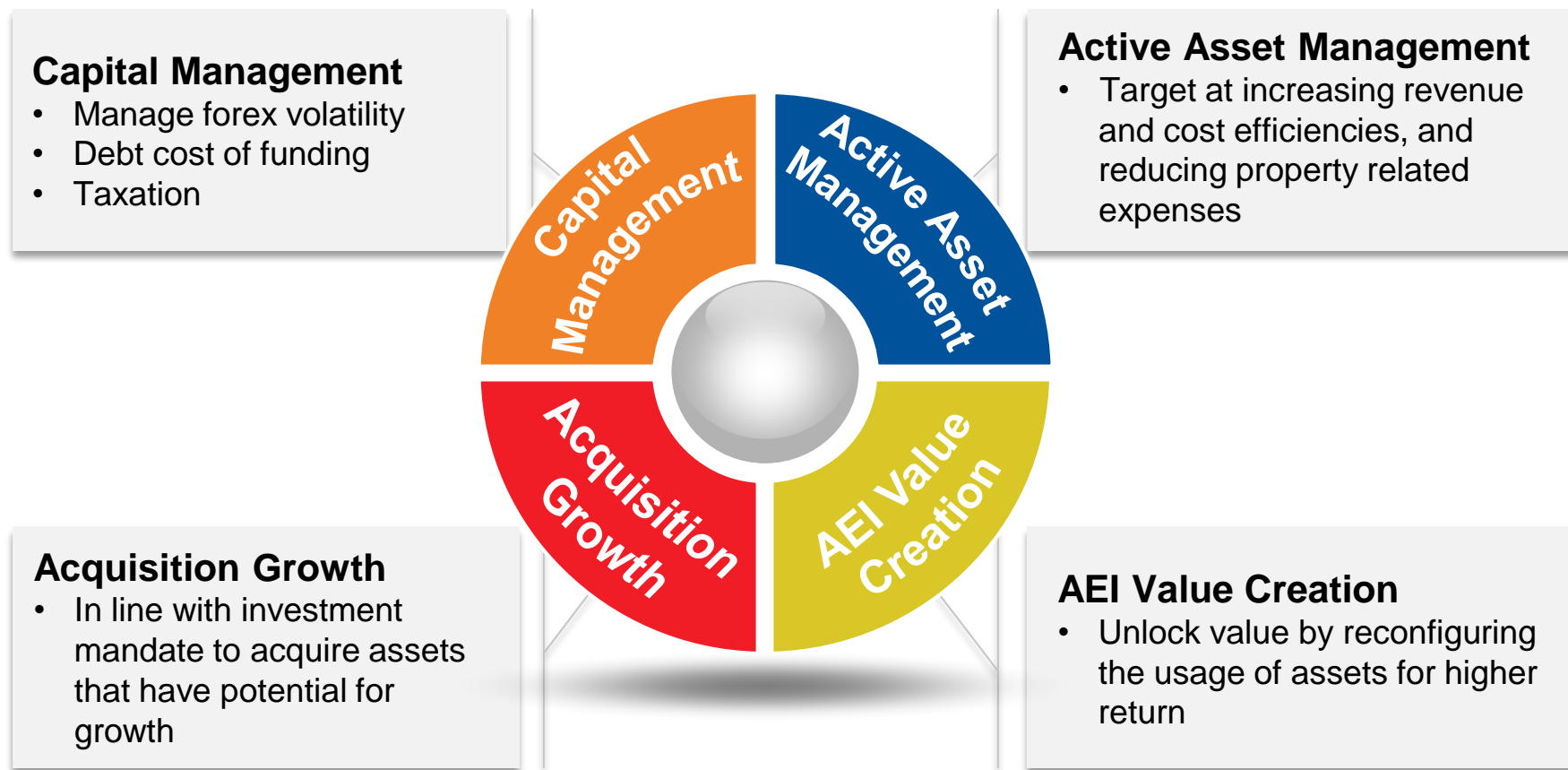
# Strategy



*ANA Crowne Plaza Kobe*



# Enhancing Stapled Securityholders' Returns



# Recent Asset Enhancement Initiative

## **ibis Styles London Gloucester Road (ISLG) – formerly Best Western Cromwell London**

- ◆ Conversion from Best Western (franchised) to ibis Styles (AccorHotels managed) since 1 Jan 2018.
- ◆ Renovation to reposition the hotel in line with the ibis Styles brand was completed in Feb 2019. Total cost of renovation was GBP 2.2 m.



# Other Potential Asset Enhancement Initiatives

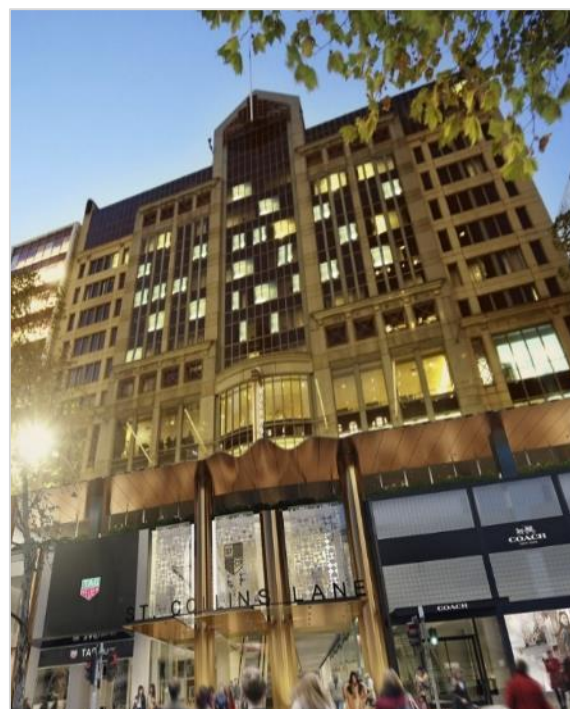
- ◆ ANA Crowne Plaza Kobe
- ◆ Park International London
- ◆ Novotel Melbourne on Collins



ANA Crowne Plaza Kobe



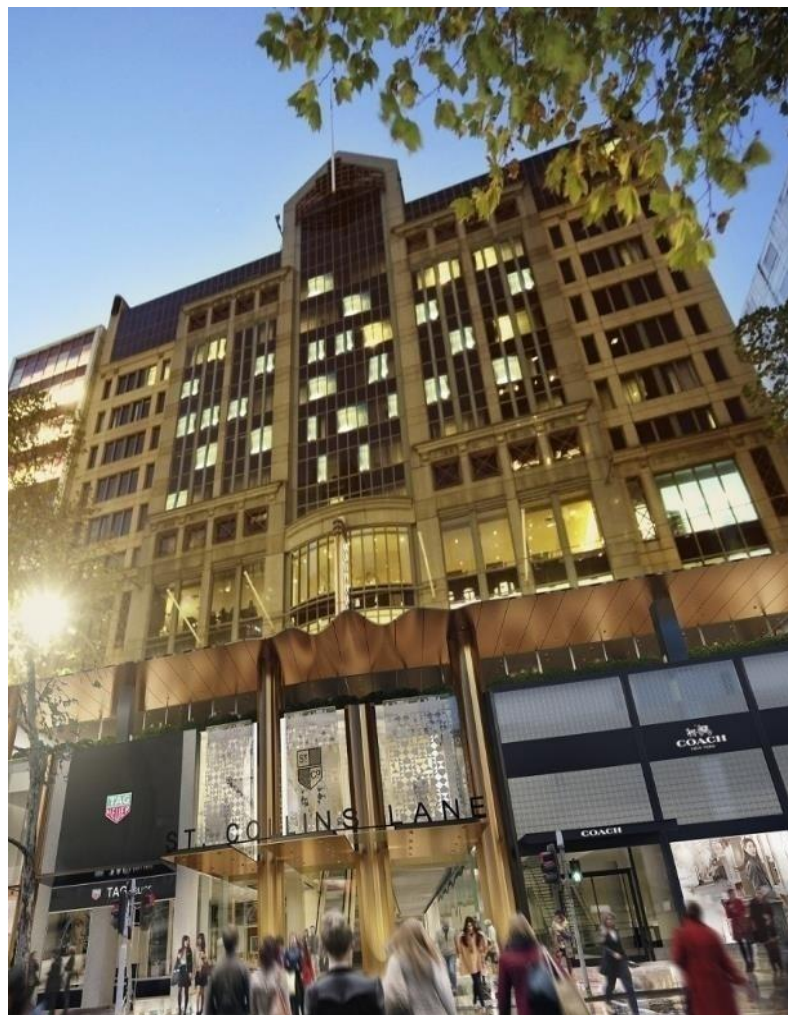
Park International London



Novotel Melbourne on Collins



# Defensive Acquisition of Novotel Melbourne on Collins



<b>Location</b>	♦ 270 and 233-239 Collins Street, Melbourne, Victoria, Australia
<b>Tenure</b>	♦ Freehold
<b>Gross Floor Area</b>	♦ 20,860 sq m (224,535 sq ft)
<b>Description</b>	<ul style="list-style-type: none"><li>♦ Located along the prime Collins Street, in the heart of Melbourne CBD</li><li>♦ Surrounded by Grade A commercial offices and retail malls</li><li>♦ Near Federation Square, Rod Laver Arena and Melbourne Cricket Ground</li></ul>
<b>Rooms &amp; Facilities</b>	<ul style="list-style-type: none"><li>♦ 380 rooms</li><li>♦ 2 F&amp;B outlets, 9 conference/meeting rooms, gym, indoor swimming pool and spa</li><li>♦ 72 carpark lots separately located on 233-239 Collins Street</li></ul>
<b>Brand &amp; Operating Structure</b>	<ul style="list-style-type: none"><li>♦ Upscale</li><li>♦ Managed by AccorHotels Group</li></ul>
<b>Purchase Consideration</b>	♦ AUD 237.0 m
<b>Method of Financing</b>	♦ Rights issue of 441,549,281 new Stapled Securities at SGD 0.603 each

# Yield-Accretive Acquisition of Maritim Hotel Dresden



<b>Location</b>	♦ Devrientstr. 10 and 12, Kleine Packhofstr. 17, 01067 Dresden
<b>Tenure</b>	♦ Freehold
<b>Description</b>	<ul style="list-style-type: none"><li>♦ Located in Dresden's historical city centre; within the vicinity of various government and business offices and major tourist attractions</li><li>♦ Directly connected to the International Congress Centre Dresden</li></ul>
<b>Rooms &amp; Facilities</b>	<ul style="list-style-type: none"><li>♦ 328 rooms</li><li>♦ Restaurant, bar, swimming pool and gym</li></ul>
<b>Brand &amp; Operating Structure</b>	<ul style="list-style-type: none"><li>♦ Upscale Maritim brand</li><li>♦ Master leased to Maritim Hotel Group</li></ul>
<b>Purchase Consideration</b>	♦ EUR 58.4 m
<b>NPI Yield</b>	♦ 6.8% (Based on annual fixed rent payable by the Master Lessee)
<b>Method of Financing</b>	♦ Issuance of SGD 100 m subordinated 4.45% fixed rate perpetual securities



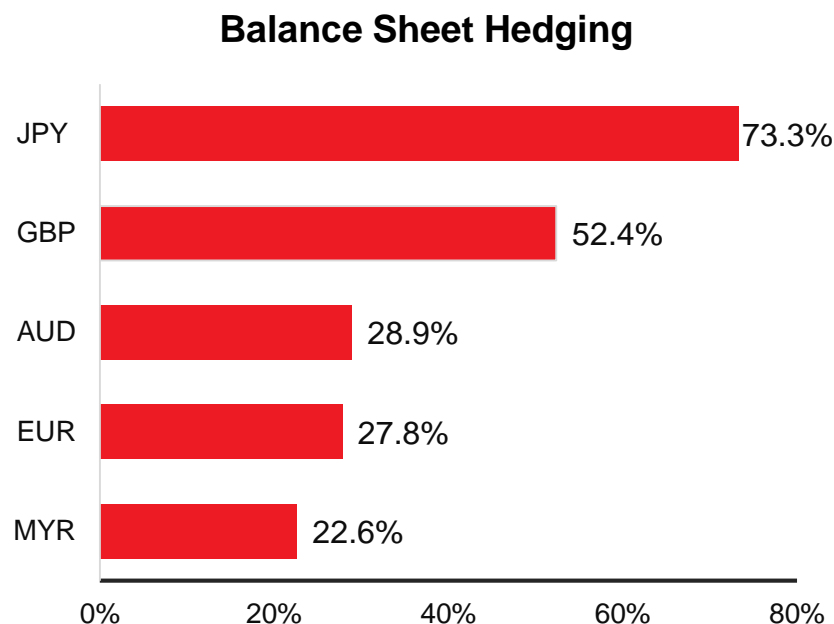
# Yield-Accretive Acquisition of Sofitel Sydney Wentworth



<b>Location</b>	♦ 61 – 101 Phillip Street, Sydney, Australia
<b>Grade</b>	♦ Luxury
<b>Leasehold Tenure</b>	♦ 75-year leasehold
<b>Gross Floor Area</b>	♦ 33,589 sqm
<b>Description</b>	♦ An iconic heritage 5-star hotel strategically located in Sydney's core CBD and within a short walk to major office buildings, tourist attractions and transport hubs
<b>Rooms &amp; Facilities</b>	♦ 436 rooms ♦ 2 F&B outlets, business centre, ballroom and 11 meeting rooms
<b>Acquisition Price</b>	♦ AUD 224.0 m
<b>Method of Financing</b>	♦ Debt financing of AUD 117.2 m ♦ Issuance of 150 million new stapled securities at SGD 0.82 each

# Disciplined Approach in Capital Management

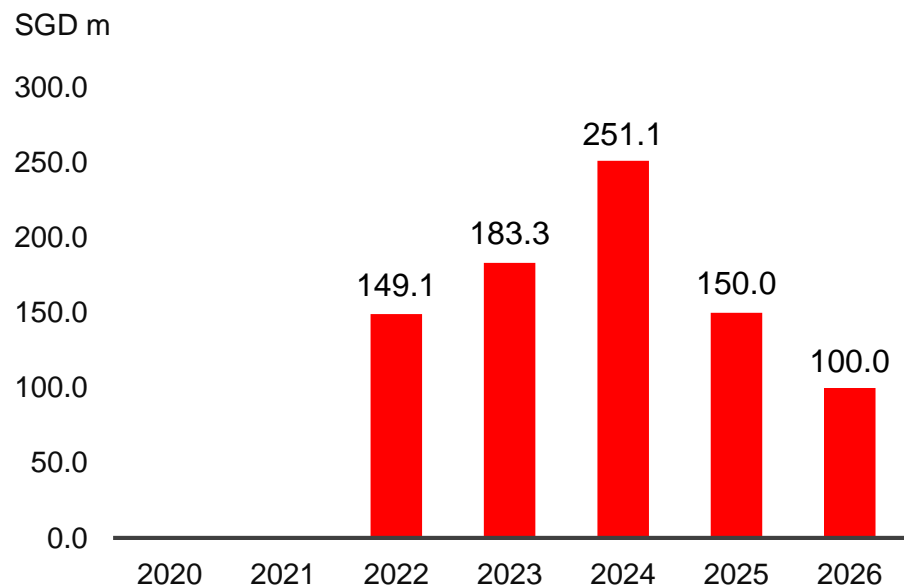
As at 31 Dec 2019	
Investment Properties	SGD 2,128.2 m
Property, Plant and Equipment	SGD 226.1 m
Total Assets	SGD 2,462.3 m
Total Borrowings	SGD 870.0 m
Gearing	35.5%
Net Asset Value per Stapled Security	SGD 0.72



- ◆ Healthy balance sheet with gearing at 35.5%.
- ◆ Maintained loan-to-valuation ratio of between 22.6% to 73.3% for overseas assets through natural hedging (using cross currency swaps and borrowing in foreign currencies).

# Prudent Risk Management

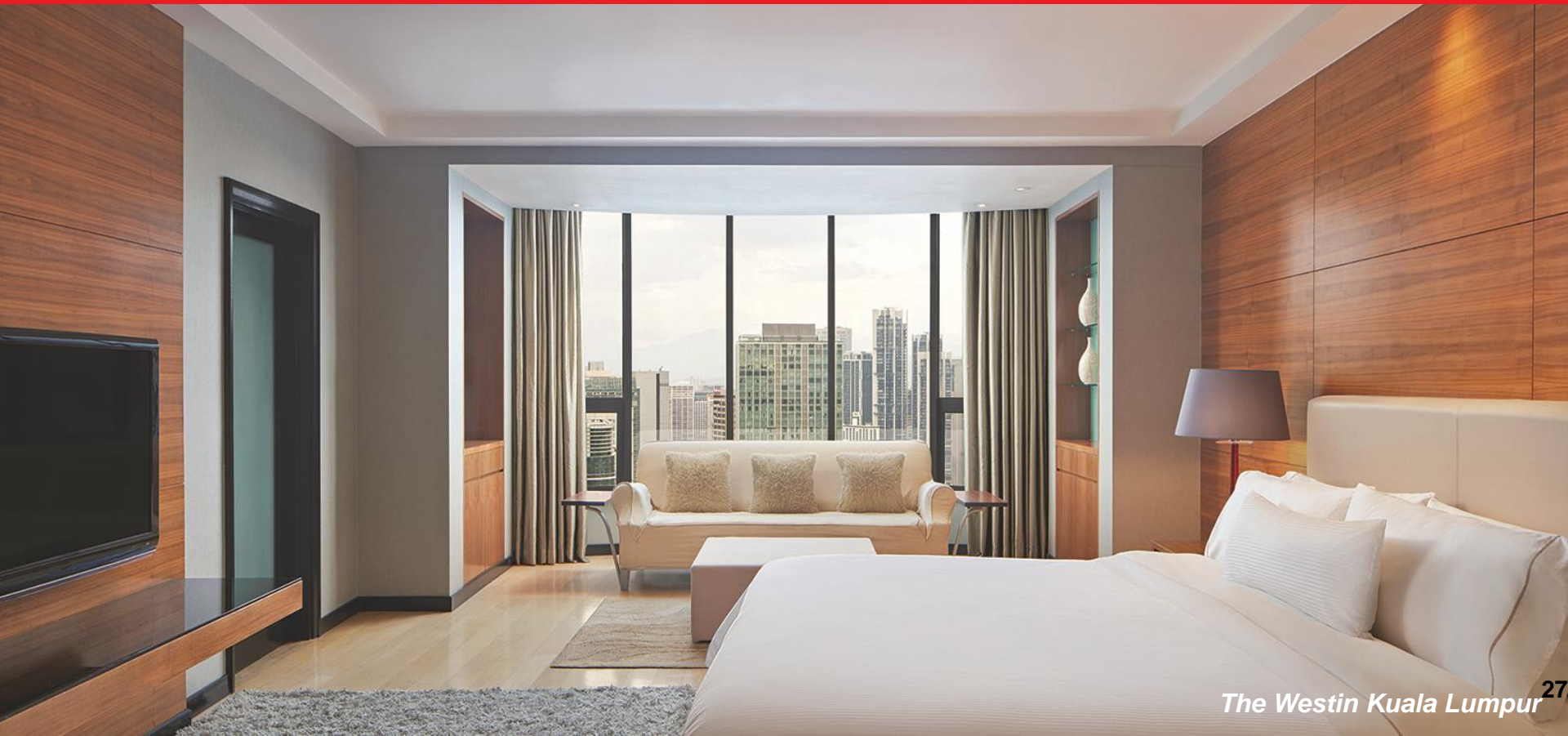
**Debt Maturity Profile  
(excludes short-term loans)**



As at 31 Dec 2019	
Weighted Average Debt to Maturity	4.38 years
Unsecured Debt	96.3%
Effective Cost of Borrowing	2.4%
Borrowings on Fixed Rates	73.4%
Interest Cover	5.7 times
FHT's Issuer Rating by Moody's	Baa2

- ◆ Weighted average debt to maturity stood at 4.36 years, with no loan maturities due until 2022. The loans are also more widely spread out across 2022 to 2026, with no more than 30% debt due in any one year.
- ◆ Fixed-rate debt of 73.4% limits exposure to any interest rate hikes.

# Market Outlook





# Australia

- ◆ For the first 9 months of 2019, Tourism Australia reported a yoy increase of 2.5% in international arrivals to 6.8 million.
- ◆ While hotel visitor nights in Sydney and Melbourne have risen, the growth has been offset by new supply<sup>1</sup>.
- ◆ In Sydney, approximately 2,300 rooms will be built in the CBD by 2021. This is likely to inhibit rates increase in the short term. However, given the city's global reputation and traditionally strong holiday and corporate visitor demand, the market is expected to absorb the new supply in the medium term<sup>1</sup>.
- ◆ In Melbourne, approximately 4,200 rooms are currently under construction and will enter the market from 2020 to 2022. The significant room pipeline and its impact on rates and occupancy levels warrant some cause for concern for hoteliers<sup>1</sup>.



Pictures from Sofitel Sydney Wentworth and Novotel Sydney Darling Square

1 Source: CBRE – MarketView Australia Hotels, Q3 2019 (30 Oct 2019)



# Singapore

- ◆ For the period from Jan to Nov 2019, the Singapore Tourism Board reported a 2.9% yoy growth in international visitor arrivals to 17.4 million.
- ◆ The outlook for Singapore's tourism sector continues to be positive as refreshed and new tourism offerings and the introduction of new flight services are expected to support hotel trading performance<sup>1</sup>.
- ◆ Additionally, Singapore will play host to biennial and sizeable inaugural MICE (meetings, incentives, conferences and exhibitions) events in 2020.
- ◆ Supply is also 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>.



Pictures from InterContinental Singapore and Fraser Suites Singapore  
1 Source: JLL – Asia Pacific Property Digest Q3 2019 (20 Nov 2019)

# UK

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- ◆ According to VisitBritain, the UK welcomed 29.2 million overseas visitors in the first 9 months of 2019, up 2.0% yoy. Business visits were 1.0% below levels seen in 2018 while holiday visits were up 3.0% yoy.
- ◆ Looking ahead, the weak macroeconomic outlook and Brexit uncertainty may continue to impact business sentiment and corporate bookings. Hotel performance is expected to vary by geography and segment<sup>1</sup>.
- ◆ However, London is anticipated to hold on to some growth, with the weak pound continuing to support inbound leisure demand and events such as the Farnborough International Airshow and UEFA Euro 2020 providing further boost<sup>1</sup>.



Pictures from ibis Styles London Gloucester Road and Park International London

1 PwC – UK Hotels Forecast 2019-2020 (Sep 2019)

# Japan

- ◆ For the period from Jan to Nov 2019, Japan National Tourism Organization reported a 2.8% yoy increase in foreign visitors to 29.4 million.
- ◆ Moving forward, the Tokyo Olympics is expected to drive inbound visitors to reach the 2020 goal of 40.0 million<sup>1</sup>.
- ◆ Hotel supply, on the other hand, is anticipated to soften, which should provide some breathing room for hoteliers<sup>1</sup>.



Picture from IHG ANA Crowne Plaza Kobe

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

# Malaysia

- ◆ For the first 9 months of 2019, Tourism Malaysia reported a yoy growth of 3.7% in tourist arrivals to 20.1 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.
- ◆ In Kuala Lumpur, hotel trading performance in the near term is expected to remain subdued due to the ongoing room supply glut. However, new supply may be partially absorbed by continued visitor growth<sup>1</sup>.



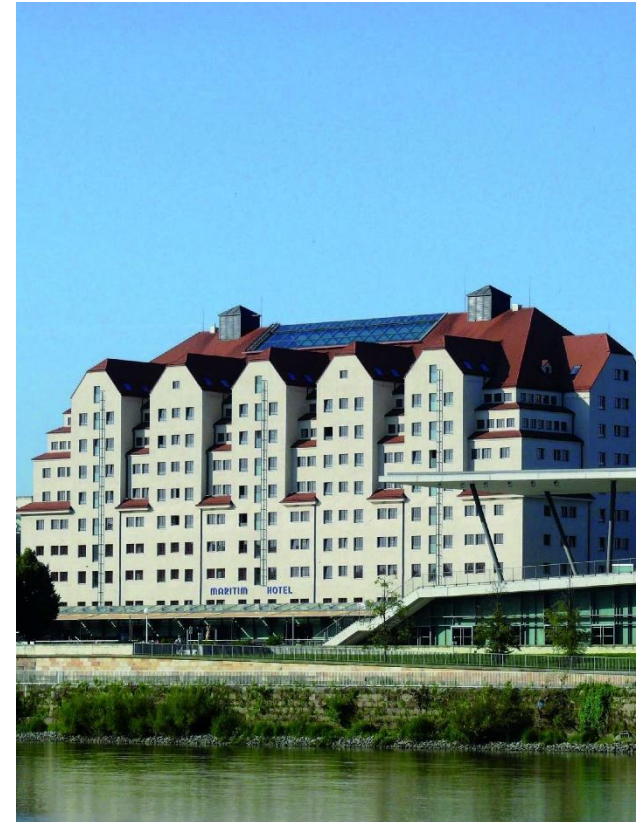
Picture from The Westin Kuala Lumpur

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



# Germany

- ◆ For the period of Jan to Nov 2019, the Federal Statistical Office of Germany recorded a 3.7% yoy increase 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 9 months of 2019 rose 1.2% 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 HAUS (construction and energy fair), Bauen Kaufen Wohnen (real estate and construction fair), 25th Congress of the International Commission for Optics, Hematology and Oncology Conference, and International Conference on Metal-Organic Frameworks and Open Framework Compounds.



Picture from Maritim Hotel Dresden






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

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

**Experience  
matters.**



# 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 façade located in the heart of London	75 years <sup>1</sup>	Mid-scale	84

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

<sup>2</sup> Commencing from 5 July 2015









# Hotel Properties Managed by Third-Party Operators and Frasers Hospitality

	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 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 <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 July 2014 (listing date)