

Frasers Hospitality Trust 1Q FY2018 Financial Review for 1 Oct 2017 to 31 Dec 2017

24 January 2018



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

Content

- ➔ **Key Highlights**
- ➔ **Portfolio Performance**
- ➔ **Risk and Capital Management**
- ➔ **Outlook**

Novotel Melbourne on Collins



Key Highlights

Financial Review for 1Q FY2018

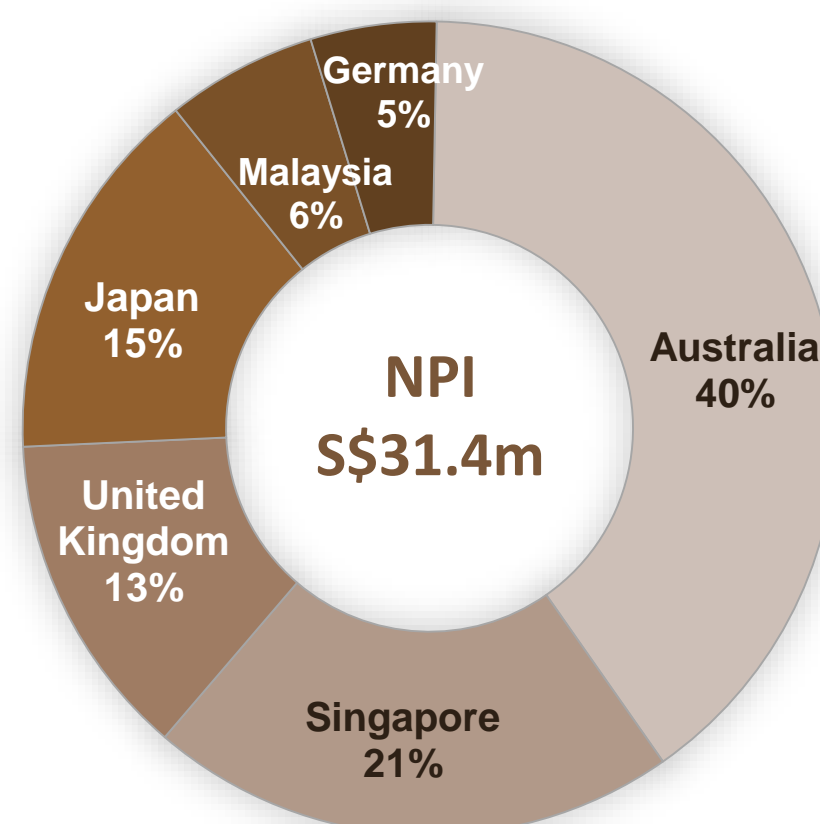
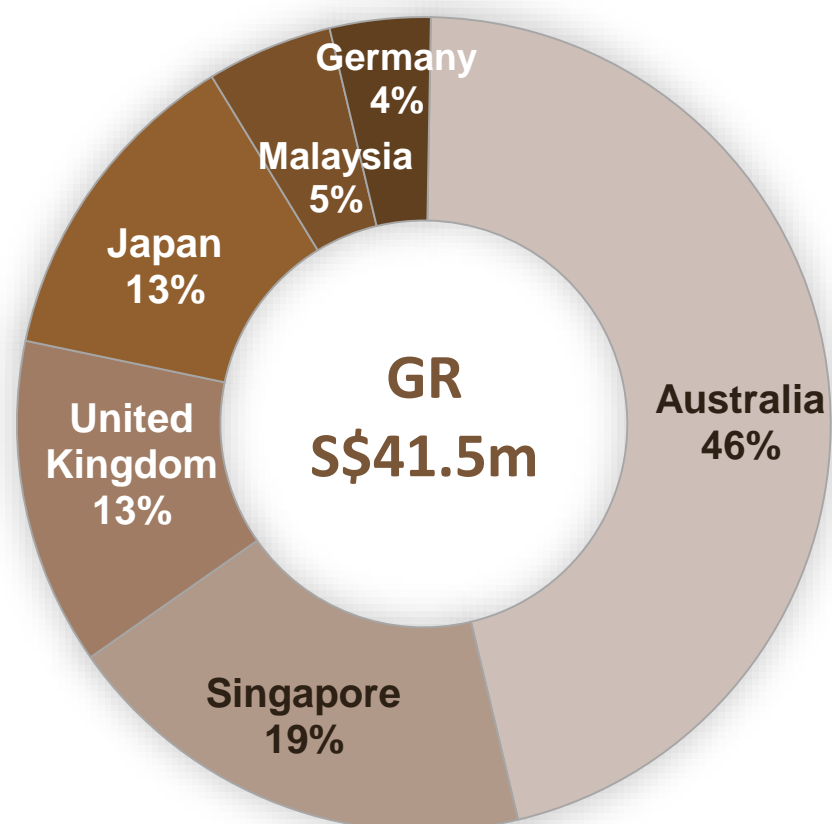
S\$m	1Q FY2018	1Q FY2017	Variance
Gross Revenue (GR)	41.5	39.6	▲ 4.8%
Net Property Income (NPI)	31.4	30.5	▲ 3.1%
Distribution Income (DI)	24.4	24.4	▲ 0.2%
No. of Issued Stapled Securities (million)	1,861.2	1,841.2	▲ 1.1%
Distribution Per Stapled Security (DPS)	1.3107 cents	1.3258 cents	▼ 1.1%

- GR and NPI improved yoy by 4.8% and 3.1% respectively due to better performance of all country portfolios except for the UK.
- As part of FHT's prudent capital management strategy, FH-REIT extended its debt maturity by refinancing the S\$115 million 3-year bank loan with a 5-year tenure bond issuance at a higher interest cost.
- DI was maintained at S\$24.4 million despite lower contribution from Novotel Rockford Darling Harbour which is undergoing renovation.
- Due to a higher stapled security base, DPS was slightly lower yoy.

InterContinental Singapore

Portfolio Performance

Portfolio Contribution by Country – 1Q FY2018



Portfolio Highlights By Country – 1Q FY2018

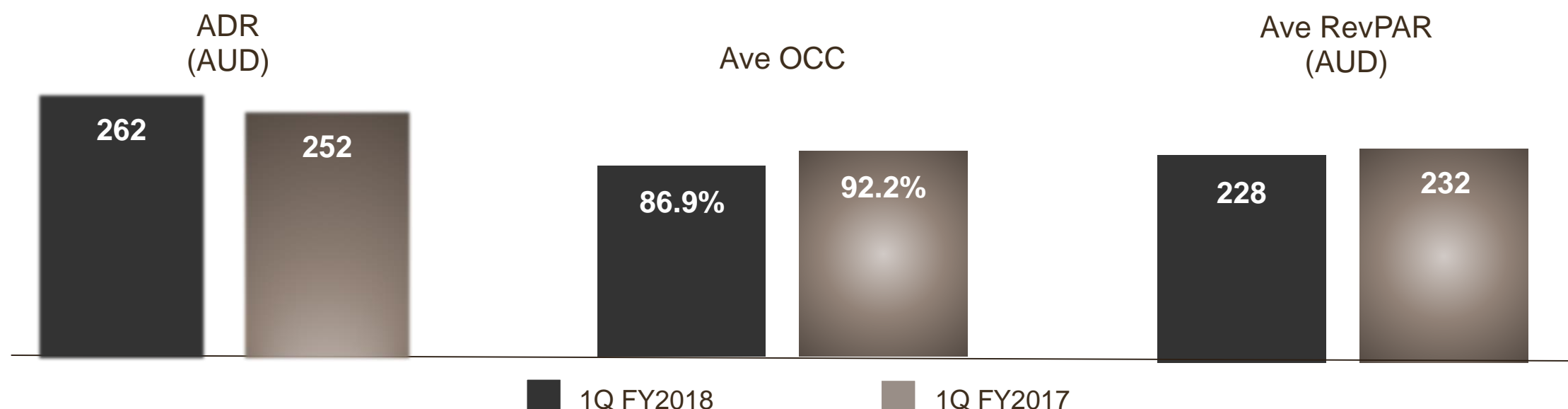
Country	1Q FY2018			
	Gross Operating Revenue (GOR)		Gross Operating Profit (GOP)	
	Local Currency (m)	Variance (yoy)	Local Currency (m)	Variance (yoy)
Australia	34.2	▲ 3.7%	15.7	▲ 4.9%
Singapore	22.0	▲ 1.7%	9.0	▲ 4.5%
UK	6.0	▼ 1.1%	3.2	▼ 4.0%
Japan	1,812.9	▲ 2.9%	585.3	▲ 6.2%
Malaysia	24.7	▲ 1.9%	7.9	▲ 2.4%
Germany	3.1	▲ 3.9%	1.4	▼ 3.2%

Australia Portfolio Performance

AUD (m)	1Q FY2018	1Q FY2017	Variance
GOR	34.2	33.0	▲ 3.7%
GOP	15.7	14.9	▲ 4.9%

- ❖ **Novotel Melbourne on Collins (NMOC)**
- ❖ **Novotel Rockford Darling Harbour (NRDH)**
- ❖ **Sofitel Sydney Wentworth (SSW)**
- ❖ **Fraser Suites Sydney (FSS)**

- NMOC was the key contributor to the increase in GOR and GOP of Australia portfolio in 1Q FY2018.
- Due to the renovation of NRDH, RevPAR for the portfolio declined 1.8% yoy on the back of lower overall occupancy. RevPAR for Sydney (excl. NRDH) and Melbourne properties improved by 1.0% and 6.1% respectively for the quarter.
- Sydney and Melbourne continued to enjoy busy events calendars, with Sydney in particular benefitting from the opening of the International Convention Centre.



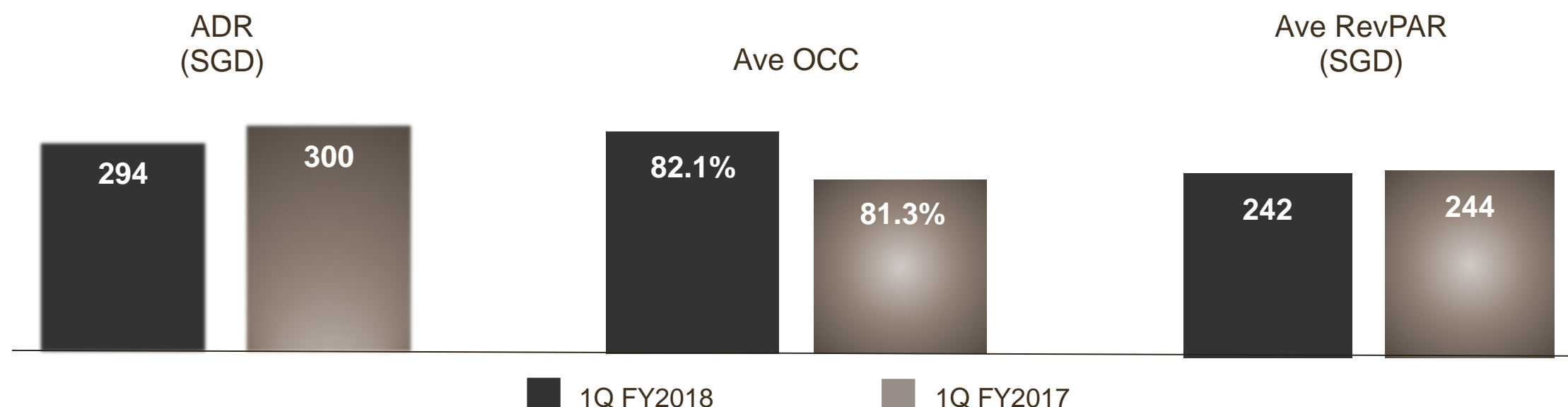
Singapore Portfolio Performance

SGD (m)	1Q FY2018	1Q FY2017	Variance
GOR	22.0	21.7	▲ 1.7%
GOP	9.0	8.6	▲ 4.5%

❖ InterContinental Singapore (ICSG)

❖ Fraser Suites Singapore (FSSG)

- In 1Q FY2018, ICSG achieved higher RevPAR on the back of occupancy and ADR gains as well as higher F&B outlet revenue.
- However, portfolio ADR and RevPAR were lower yoy by 2.0% and 1.0% respectively due to downward pressure on ADR at FSSG.



UK Portfolio Performance

GBP (m)	1Q FY2018	1Q FY2017	Variance
GOR	6.0	6.1	▼ 1.1%
GOP	3.2	3.3	▼ 4.0%

❖ Best Western Cromwell London (BWCL)

❖ Fraser Place Canary Wharf (FPCW)

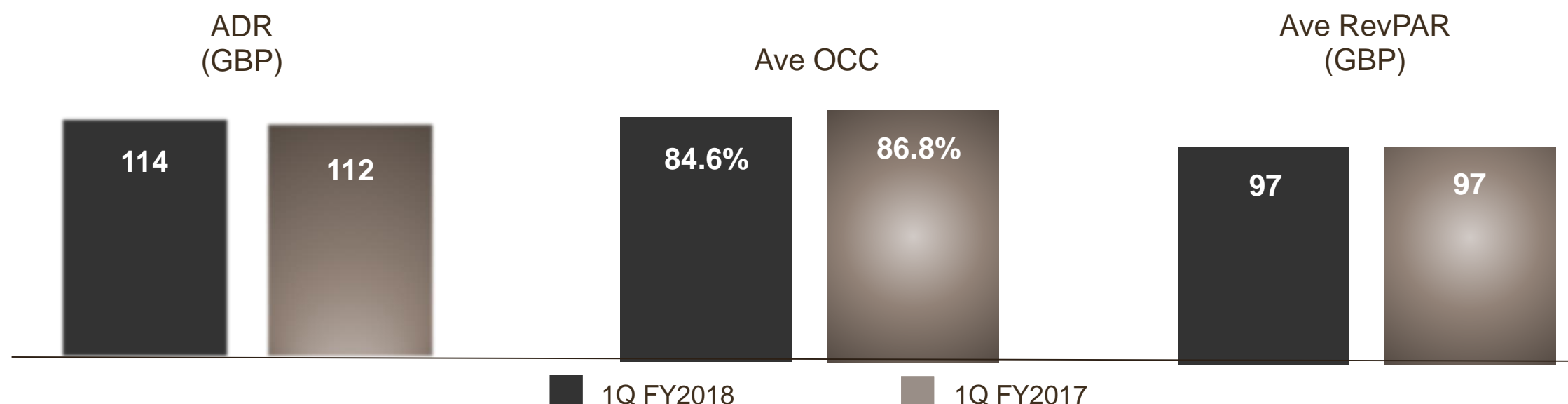
❖ Fraser Suites Glasgow (FSG)

❖ Park International London (PIL)

❖ Fraser Suites Edinburgh (FSE)

❖ Fraser Suites Queens Gate (FSQG)

- GOR and GOP of the UK portfolio declined 1.1% and 4.0% respectively due to overall weaker room revenue as well as increase in staff costs due to higher minimum wage rates.
- Pressure on GOP is expected to persist with the anticipation of further increase in minimum wage rates.

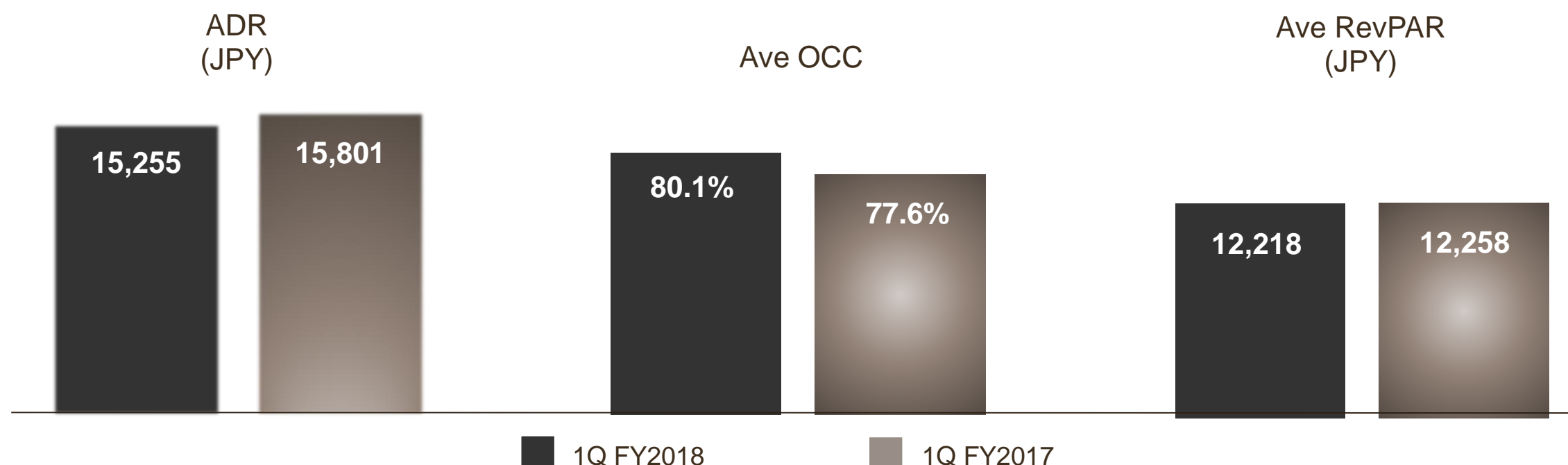


Japan Portfolio Performance

JPY (m)	1Q FY2018	1Q FY2017	Variance
GOR	1,812.9	1,762.5	▲ 2.9%
GOP	585.3	551.2	▲ 6.2%

❖ ANA Crowne Plaza Kobe (CPK)

- CPK's GOR and GOP in 1Q FY2018 increased yoy by 2.9% and 6.2% respectively due to more events being held at the hotel which led to better banquet performance.
- Apart from continuing to drive room revenue, the hotel remains focused on increasing revenue from local and international conferences and events.

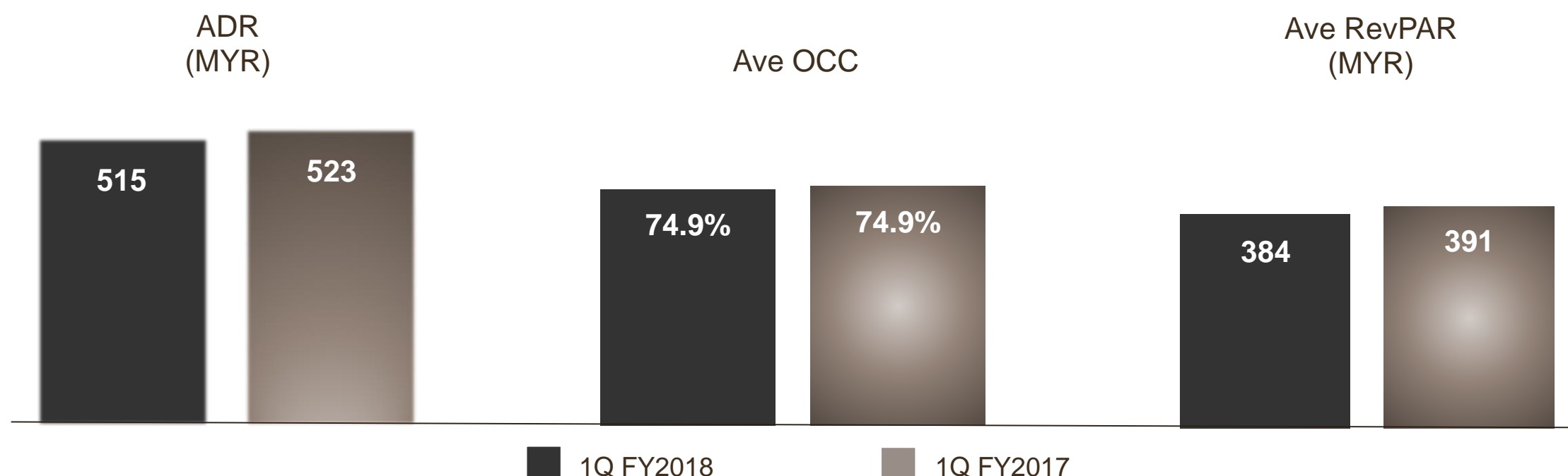


Malaysia Portfolio Performance

MYR (m)	1Q FY2018	1Q FY2017	Variance
GOR	24.7	24.3	▲ 1.9%
GOP	7.9	7.7	▲ 2.4%

❖ The Westin Kuala Lumpur (TWKL)

- TWKL's GOR and GOP grew yoy by 1.9% and 2.4% respectively due to higher F&B revenue on the back of stronger banquet performance.
- The hotel's RevPAR declined 1.8% in this quarter as a result of softer corporate demand.



Asset Enhancement Initiatives (AEI)

Novotel Rockford Darling Harbour – Now Known as Novotel Sydney Darling Square (NSDS)

- Renovation on schedule to complete by 31 Jan 2018. Full room inventory back since 14 Dec 2017.
- Extension of the driveway, replacement of awning and renovation for Pumphouse restaurant to be completed by Q4 FY2018.
- The franchise agreement with AccorHotels has been converted to a management agreement with effect from 1 Jan 2018 at lower fees.
- To capitalise on the positive momentum of the Darling Square precinct, this hotel has been renamed Novotel Sydney Darling Square.



Asset Enhancement Initiatives (AEI)

Best Western Cromwell London – Now Known as ibis Styles London Gloucester Road (ISLG)

- Conversion from Best Western (franchised) to ibis Styles (AccorHotels managed) with effect from 1 Jan 2018.
- Embarking on a GBP2.2 million renovation to re-position the hotel in line with the Ibis Styles brand. Renovation works will cover guest rooms and public areas.
- Timeline:
 - Feb 2018 – Aug 2018: design finalisation, mock-up rooms
 - Sep 2018 – Feb 2019: site works





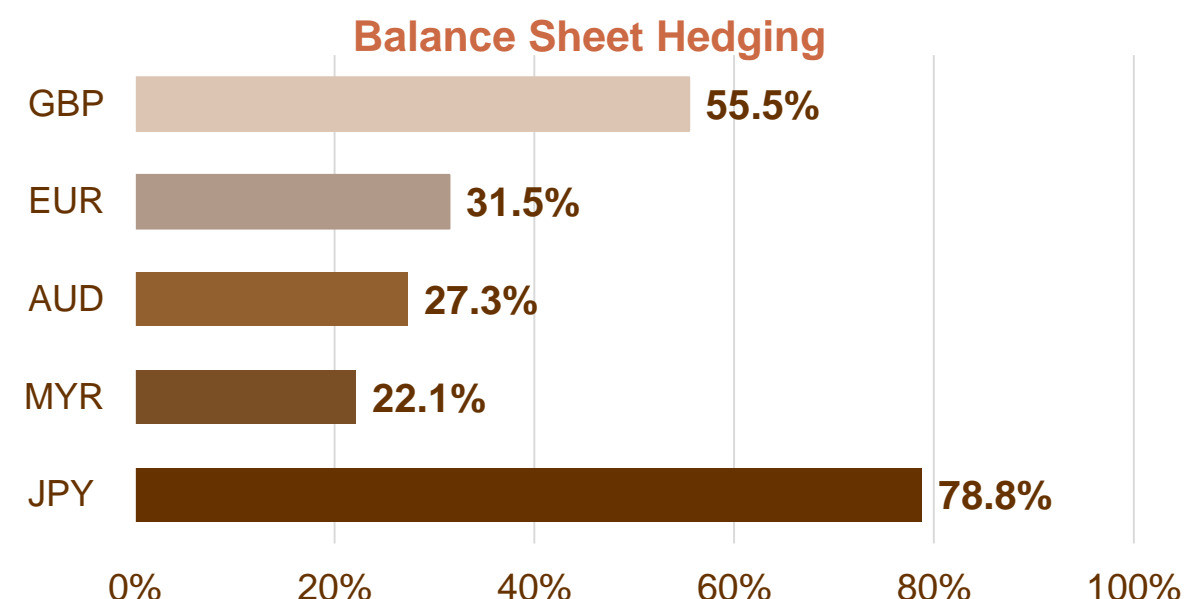
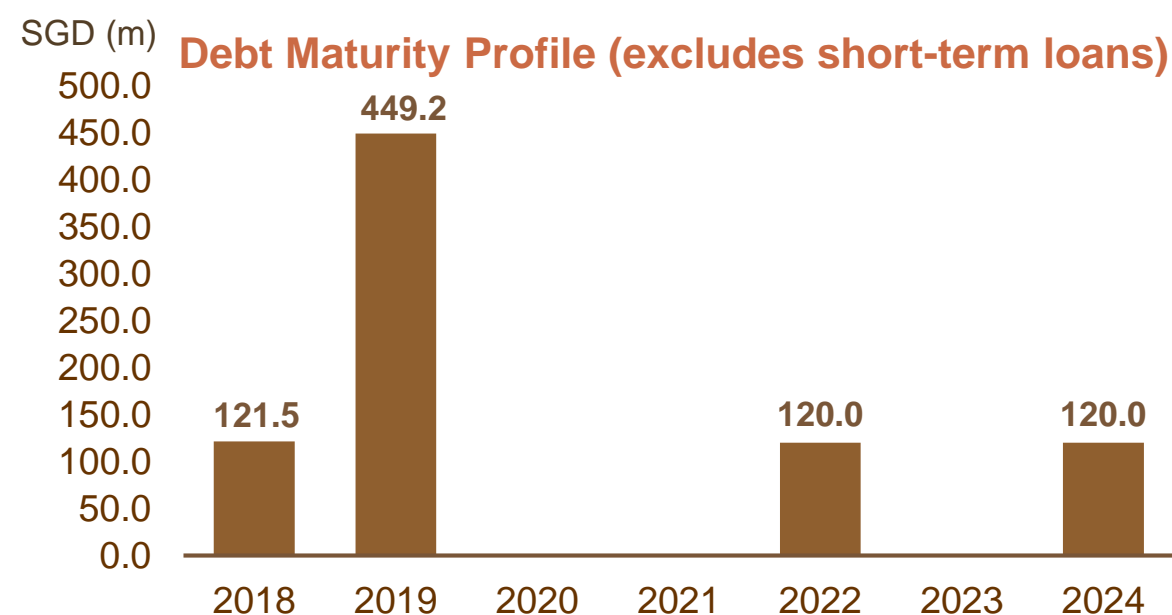
Park International London

Capital Management

Risk and Capital Management

As at 31 Dec 2017	
Investment Properties	S\$2,157.3m
Property, Plant and Equipment	S\$259.5m
Total Assets	S\$2,496.9m
Total Borrowings	S\$821.3m
Gearing	33.0%
Net Asset Value (NAV) per Stapled Security	78.66 cents

As at 31 Dec 2017	
Weighted Average Years to Maturity	2.61 years
Unsecured Debt	96.1%
Effective Cost of Borrowing	2.8% ¹
Borrowings on Fixed Rates	88.5%
Interest Cover	5.5 times
FHT's Issuer Rating by Moody's	Baa2



¹ The effective cost of borrowing includes the full amortisation of the debt upfront cost which relates to the prepayment of S\$110 million of Facility B of FH-REIT's S\$615 million Term Loan Facility. Excluding the effect of this one-time amortisation cost, the effective cost of borrowing is 2.6% per annum.

ANA Crowne Plaza Kobe



Outlook

Australia

- For Jan to Nov 2017, Tourism Australia reported an increase in international arrivals of 6.9% yoy, with Chinese visitors growing 12.2%.
- Sydney's hotel market is expected to strengthen, with continued strong demand bolstered by the opening of the International Convention Centre. Stable occupancy and anticipated increases in ADR are expected to push RevPAR up further¹.
- While Melbourne continues to enjoy strong visitor growth, the market buoyancy of recent years is anticipated to moderate over the medium term as the city's hotel development pipeline continues to build².



Pictures from Novotel Sydney Darling Square and Sofitel Sydney Wentworth

1. Source: JLL – Asia Pacific Property Digest, Q3 2017

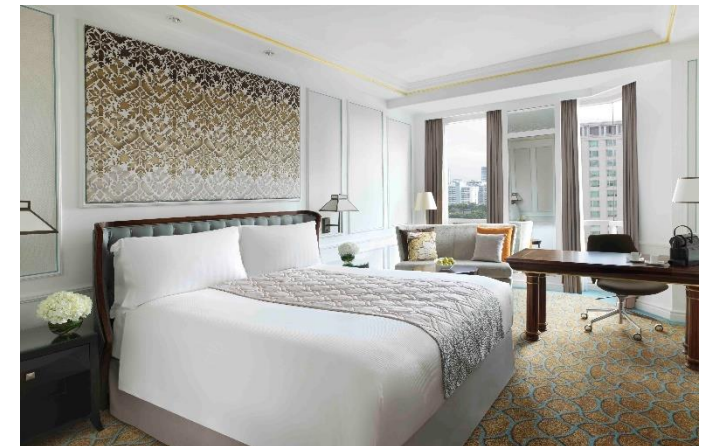
2. Source: JLL – Hotel Destinations Asia Pacific, Oct 2017

Singapore

- Growth in visitor arrivals continued on a positive trajectory as the Singapore Tourism Board reported a yoy growth of 5.8% for Jan to Oct 2017. China and Indonesia were the top source markets, accounting for 35.5% of total visitor arrivals.
- Singapore continues to grow its status as a leading MICE destination. Prominent events lined up for 2018 include the biennial Singapore Airshow, Food&HotelAsia, World Cities Summit, Dental Aesthetics Meeting in Asia and ITLM Asia Pacific.
- The decline in Singapore's hotel trading performance is expected to improve as the market is nearing the end of a protracted rise in new hotel supply. Continued visitor growth should provide a strong base for hotel demand¹.

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

1. Source: JLL – Asia Pacific Property Digest, Q3 2017 and Hotel Destinations Asia Pacific, Oct 2017



United Kingdom

- According to Visit Britain, the UK received 33.3 million overseas visitors for Jan to Oct 2017, up 5.0% yoy.
- However, for the same period, there were 4% fewer business visits to the UK. It appears that headwinds from policy uncertainty, including Brexit, have impacted corporate demand¹.
- Going forward, uncertainty in the UK economy, the slowing effect of the weak British pound and increasing cost of labour are expected to continue to weigh on the UK hotel industry¹.



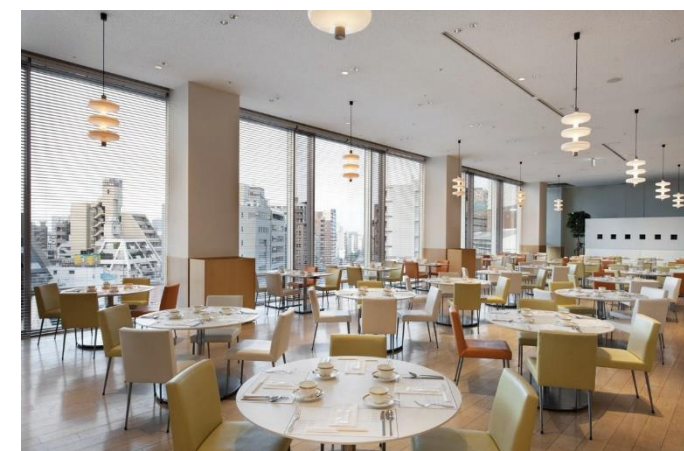
Pictures from Visit London, Fraser Place Canary Wharf and Fraser Suites Queens Gate
1 Source: PwC – As Good As It Gets – UK Hotels Forecast 2018, Sep 2017

Japan

- For 2017, Japan National Tourism Organization recorded 19.3% growth in foreign visitors, with the number of Korean and Chinese visitors growing yoy by 40.3% and 15.4% respectively.
- The strong momentum of inbound tourism is expected to continue, supported by key events including the Rugby World Cup 2019, 2020 Tokyo Olympic Games and the highly anticipated integrated resort development¹.
- With the government's efforts to develop tour routes in regional cities, there appears to be more upside potential for hotels outside of Tokyo¹.

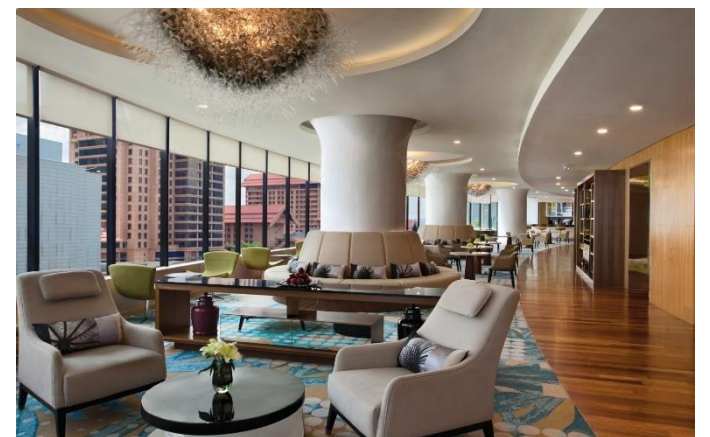
Pictures from IHG ANA Crowne Plaza Kobe

¹ Source: Savills – Spotlight: Japan Hospitality, Sep 2017



Malaysia

- According to Tourism Malaysia, tourist arrivals declined by 2.5% yoy to 21.5 million for Jan to Oct 2017. However, Chinese tourists grew 8.1% yoy for the same period.
- While the hotel trading performance in Kuala Lumpur has seen some improvement in 2017, the anticipated influx of new supply is expected to place further pressure on room rates¹.



Pictures from Tourism Malaysia and The Westin Kuala Lumpur
1 Source: JLL – Hotel Destinations - Asia Pacific Oct 2017

Germany

- The Federal Statistical Office of Germany recorded a 3.0% yoy increase in the number of domestic and foreign overnight stays for Jan to Nov 2017¹.
- In Dresden, the total number of domestic and foreign visitors rose 4.6% yoy for Jan to Oct 2017².
- The capital city of the Free State of Saxony continues to grow its pipeline of MICE events including Energie, Lab Supply, Bauen Kaufen Wohnen, Hematology and Oncology Conference, Sachsenback and International Symposium Additive Manufacturing.

Pictures from Semperoper Dresden and Maritim Hotel Dresden

1 Source: www.destatis.de

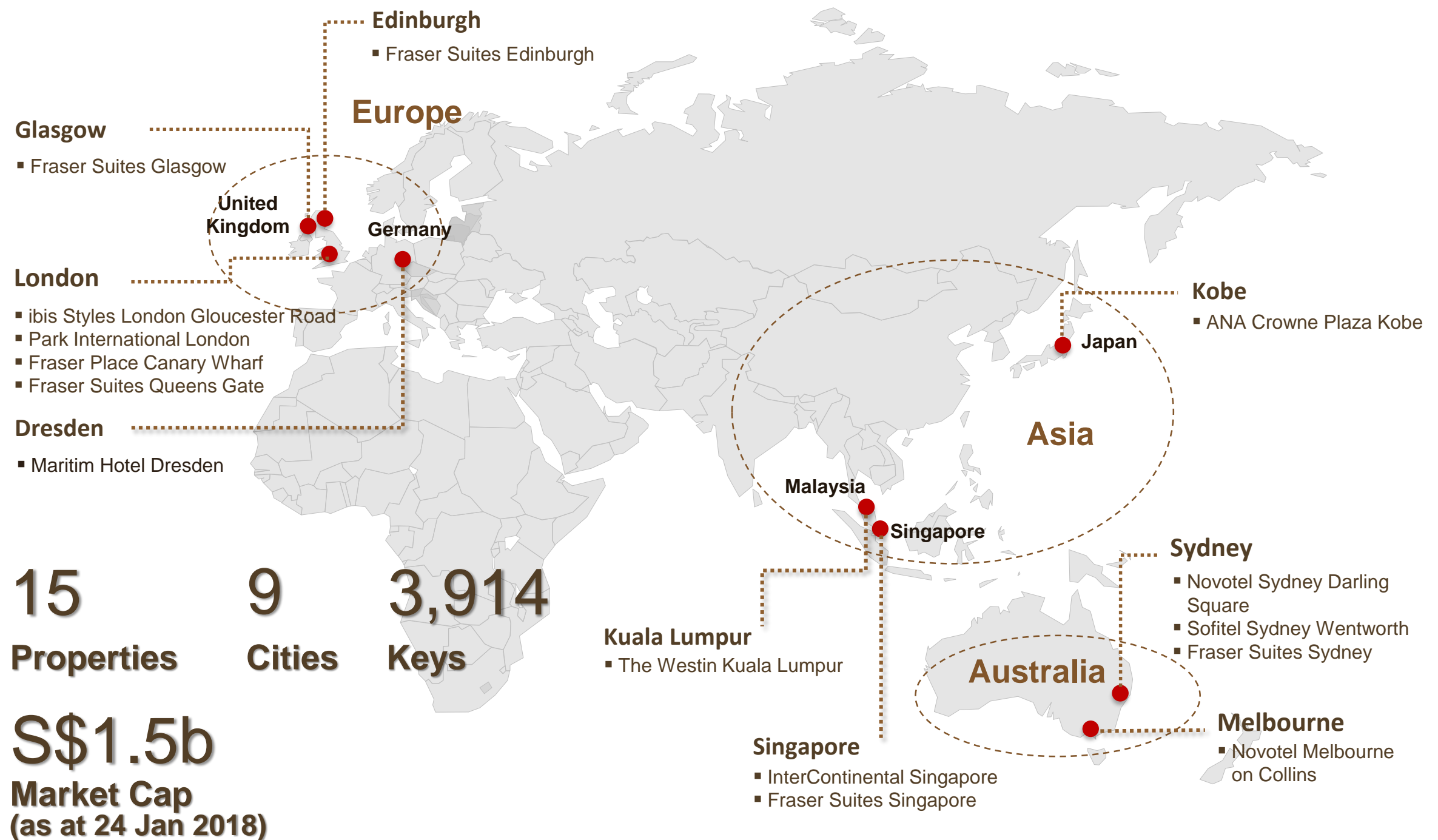
2 Source: www.dresden.de








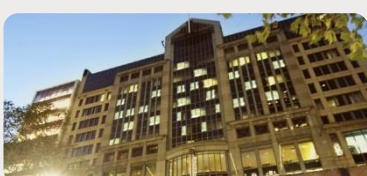

Thank you.

Resilient and Diversified Portfolio Across Geography



Portfolio Overview

Hotel Properties Managed by Third-Party Operators

	Property	Country	Description	Tenure ¹	Class	Rooms
	InterContinental Singapore	Singapore	Only 5-star luxury hotel in Singapore to preserve Peranakan heritage in a shop house style setting	75 years	Luxury	406
	Novotel Sydney Darling Square	Australia	4.5-star hotel located within close proximity of Sydney's Darling Harbour & Chinatown	84 years	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	Luxury	436
	Novotel Melbourne on Collins	Australia	Strategically located within Melbourne's core CBD area along Collins Street	Freehold	Upscale	380
	ibis Styles London Gloucester Road	United Kingdom	Distinctive white Victorian façade located in the heart of London	75 years	Mid-scale	85

¹ From 14 July 2014

Portfolio Overview

Hotel Properties Managed by Third-Party Operators

	Property	Country	Description	Tenure ¹	Class	Rooms
	Park International London	United Kingdom	Elegant hotel ideally located in the heart of Kensington & Chelsea	75 years	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 center of Kuala Lumpur's bustling Golden Triangle area	Freehold	Upper Upscale	443
	Maritim Hotel Dresden	Germany	Heritage-listed and located in the historical city centre of Dresden, the capital city of the eastern German state of Saxony	Freehold	Upscale	328

¹ From 14 July 2014

Portfolio Overview

Serviced Residences Managed by Frasers Hospitality

	Property	Country	Description	Tenure ¹	Class	Rooms
	Fraser Suites Singapore	Singapore	Luxurious serviced residences in the prime residential district of River Valley	75 years	Upper Upscale	255
	Fraser Suites Sydney	Australia	First luxury apartments in Sydney designed by internationally renowned architects	75 years	Upper Upscale	201
	Fraser Suites Edinburgh	United Kingdom	Rustic 1750s sandstone building located in the heart of Edinburgh's Old Town	75 years	Upper Upscale	75
	Fraser Suites Glasgow	United Kingdom	Stunning renovated 1850s building formerly the city bank of Glasgow	75 years	Upper Upscale	98
	Fraser Suites Queens Gate	United Kingdom	Beautiful Victorian apartment hotel in Kensington	75 years	Upper Upscale	105
	Fraser Place Canary Wharf	United Kingdom	Stunning apartments located by River Thames showcasing chic contemporary design	75 years	Upper Upscale	108

¹ From 14 July 2014