



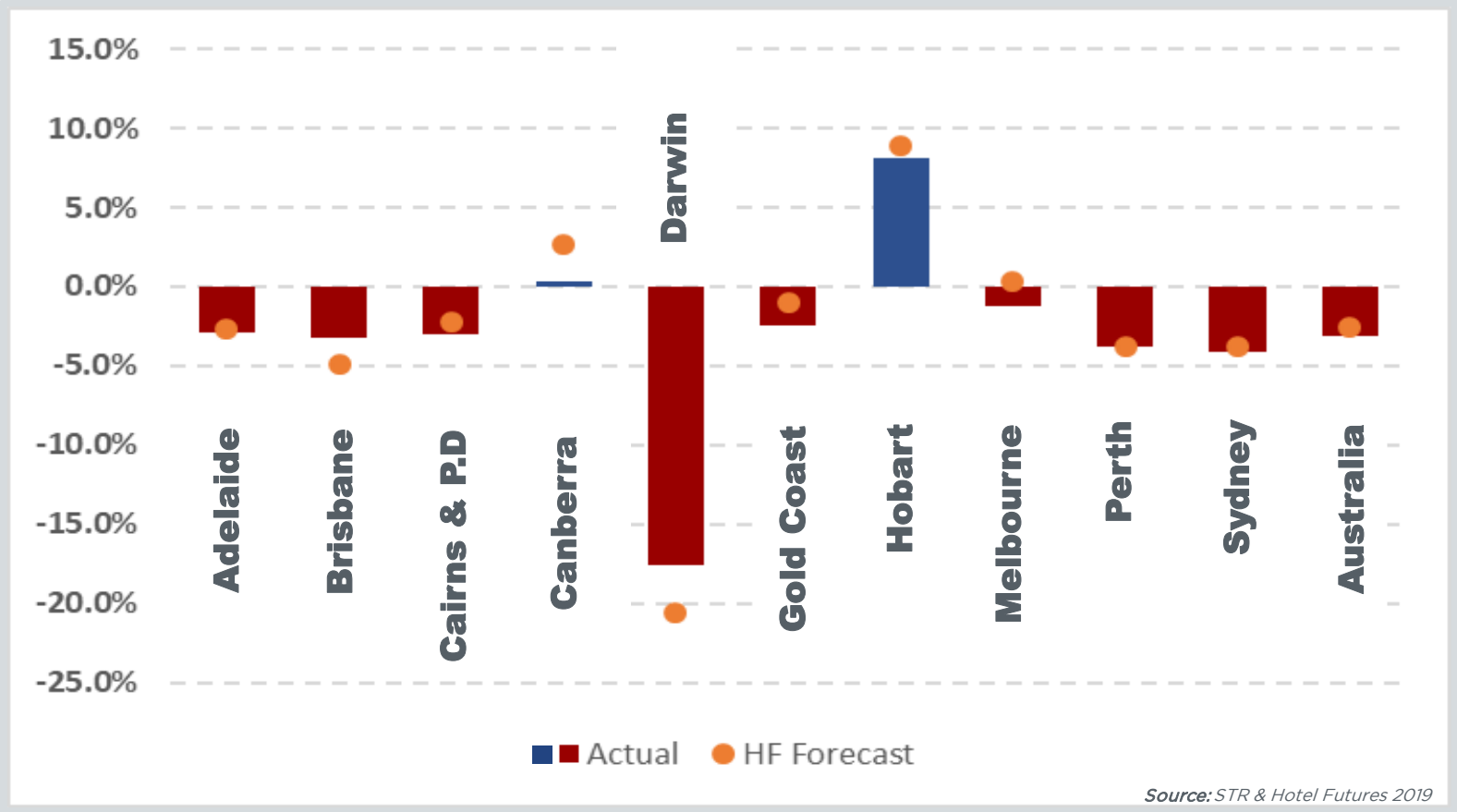
DRANSFIELD

FORECAST UPDATE

OCTOBER 2019

DRANSFIELD
HOTELS & RESORTS

FY2019 REVPAR GROWTH ACTUAL VS FORECAST



Source: STR & Hotel Futures 2019

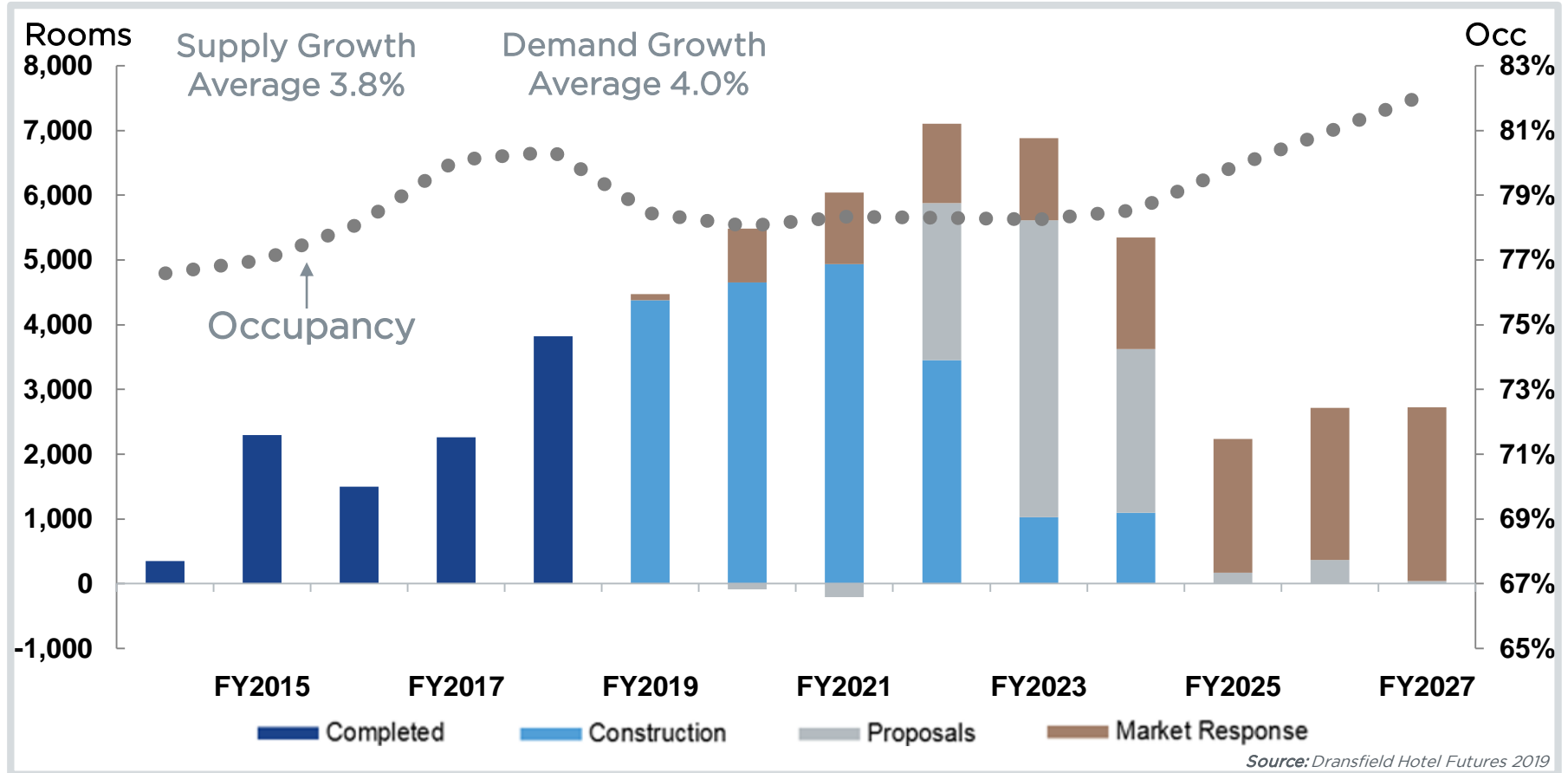
MAJOR CITY REVPAR FORECAST UPDATE

MEDIUM & LONG TERM FORECAST AVERAGE PER ANNUM FROM FY2020

| Forecast Average RevPAR Growth p.a. | | | |
|-------------------------------------|-------------------------------------|-----------------------------------|------------------------------------|
| Location | Medium Term 3 Years FY2020-22 | Long Term 9 Years FY2020-28 | Long term Upgrade/ Downgrade |
| Adelaide | 1.2% | 3.3% | Maintain |
| Brisbane | 5.0% | 5.9% | Maintain |
| Cairns | 2.8% | 3.0% | Maintain |
| Canberra | 2.2% | 3.2% | Maintain |
| Darwin | 3.0% | 3.8% | Downgrade |
| Gold Coast | 3.3% | 3.7% | Maintain |
| Hobart | -0.1% | 2.1% | Maintain |
| Melbourne | 0.1% | 3.3% | Maintain |
| Perth | 2.2% | 4.6% | Maintain |
| Sydney | 2.6% | 3.9% | Downgrade |

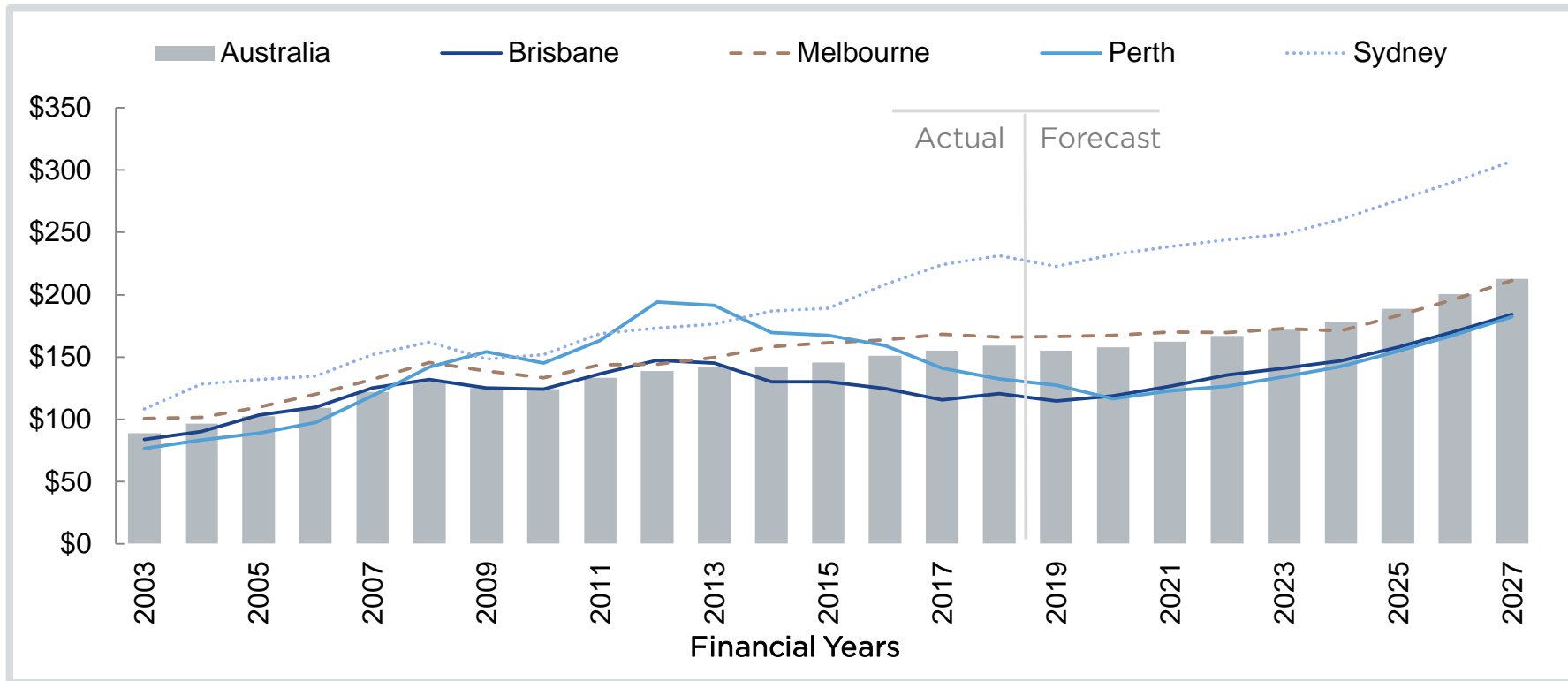
Source: Dransfield Hotel Futures 2020

MARKET OUTLOOK - SUPPLY AND DEMAND - AUSTRALIA



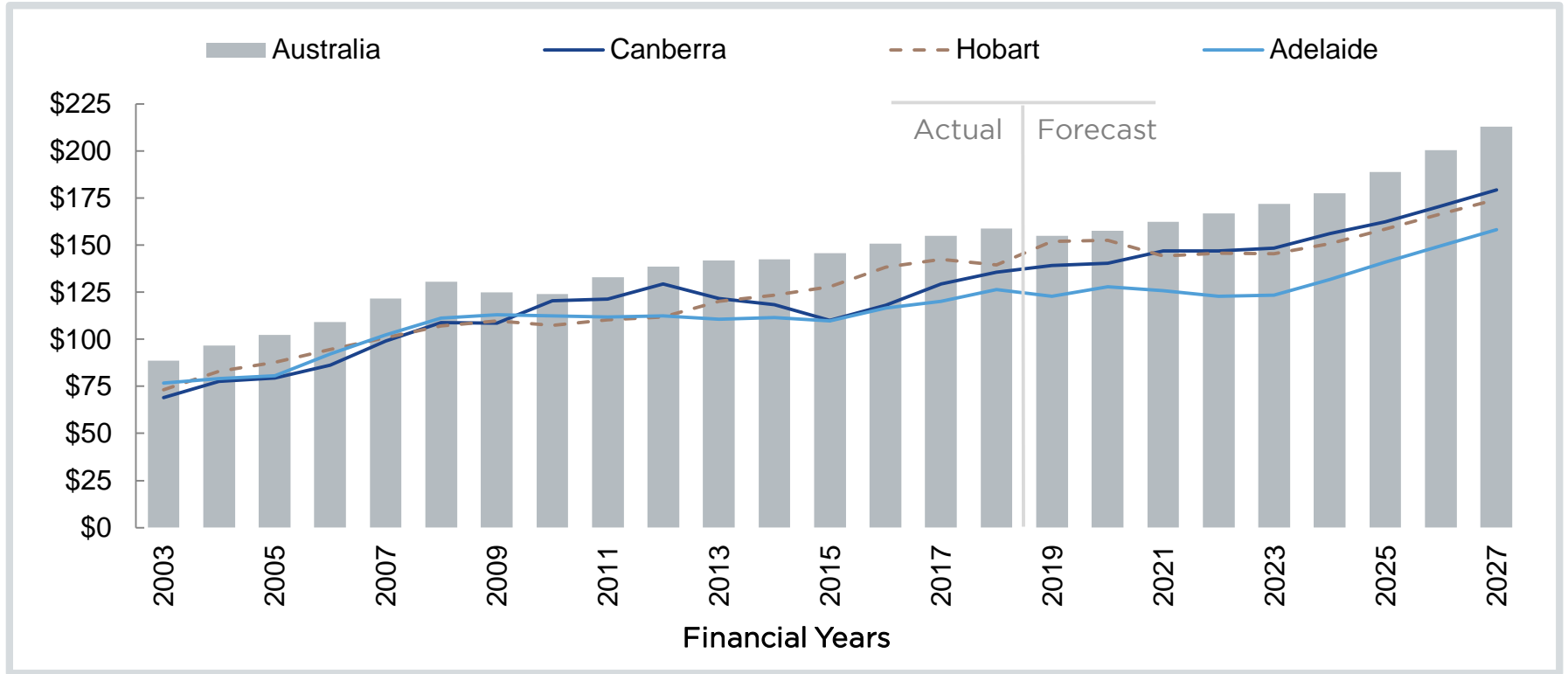
Source: Dransfield Hotel Futures 2019

MAJOR CITIES REVPAR FORECASTS



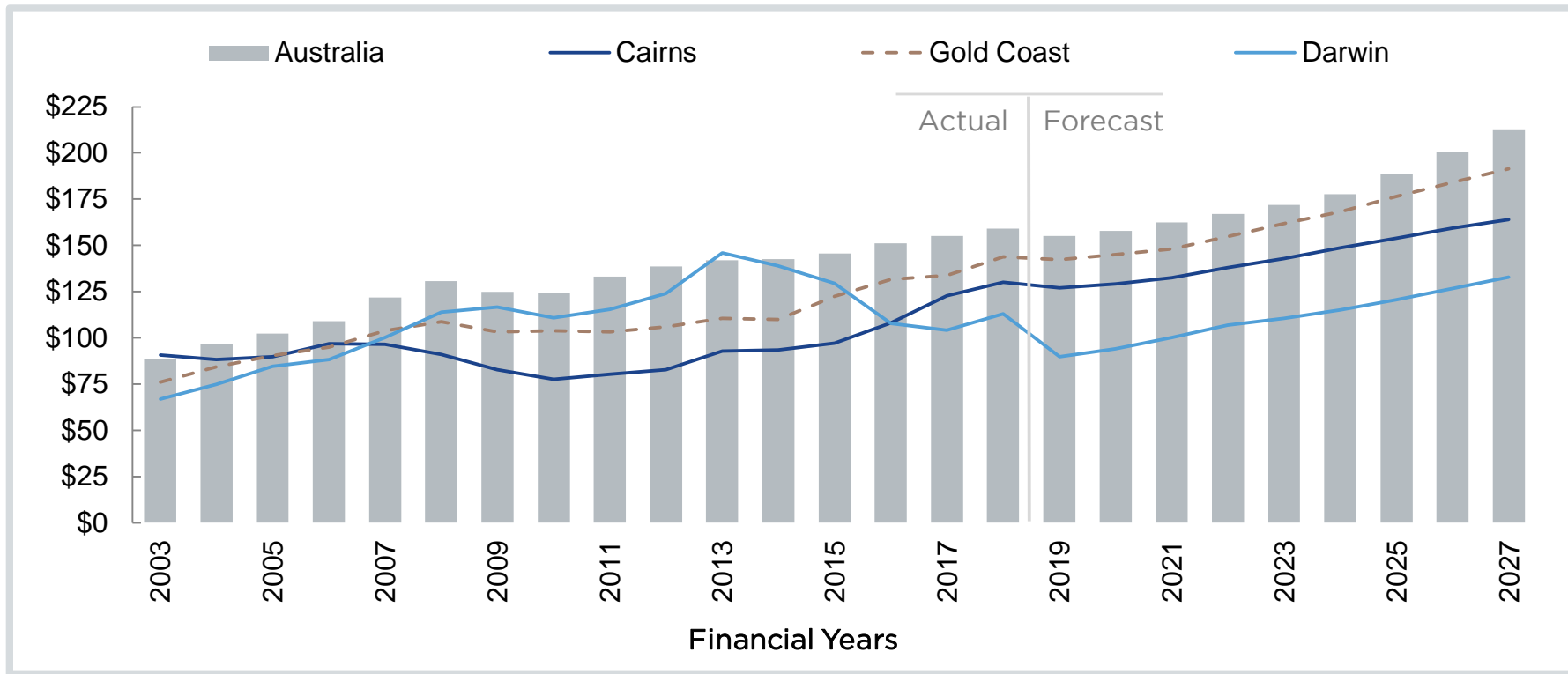
Source: Dransfield Hotel Futures 2019

SECONDARY CITIES REVPAR FORECASTS



Source: Dransfield Hotel Futures 2019

LEISURE CITIES REVPAR FORECASTS



Source: Dransfield Hotel Futures 2019

ADELAIDE OUTLOOK

High occupancy environment provides opportunity for rate growth, albeit medium supply arrivals will need to be absorbed. Stable long term outlook with growing demand drivers in business, leisure and events.

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|----------|--------|----------|--------|
| FY2019 Actual | 79.6 | \$152.99 | -3.0% | \$121.75 | -3.7% |
| FY2020 Forecast | 80.4 | \$157.58 | 3.0% | \$126.75 | 4.1% |

Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|-----|------|--------|
| FY2020 YTD (Sep) | 4.3 | 0.5% | 4.8% |

Source: STR

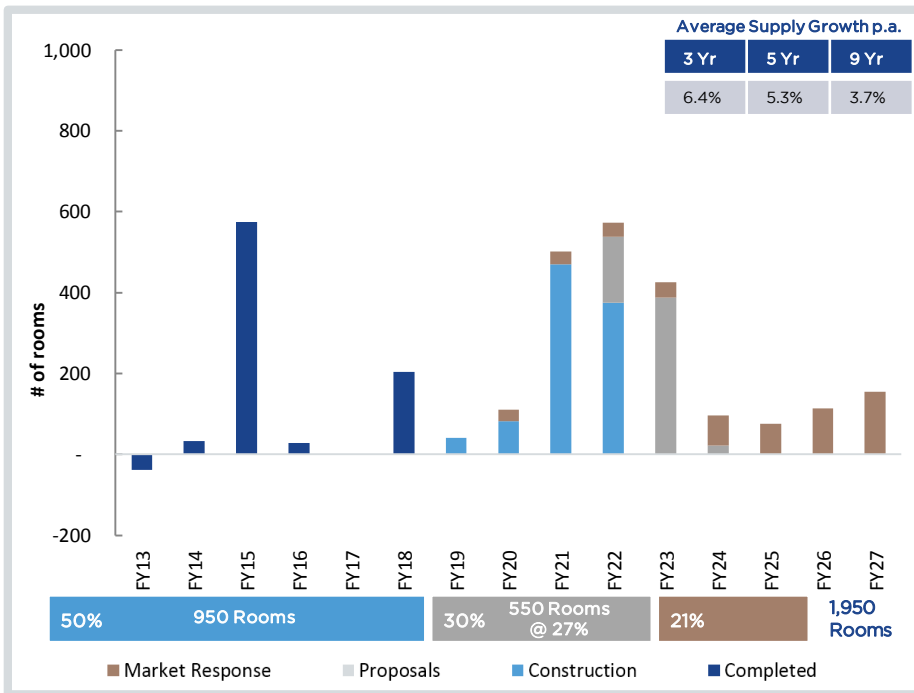
Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|------|------|--------|--------------------------|
| 3 Years to FY2022 | -0.8 | 1.0% | 0.0% | 0% |
| 5 Years to FY2024 | -0.2 | 1.7% | 1.5% | 1.2% |
| 9 Years to FY2029 | 0.4 | 2.9% | 3.5% | 3.3% |

Factors Driving the Update

- Minor reduction in TFC forecast
- Material medium term supply arrivals affecting growth potential
- Rate opportunity, but will it be taken?

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019

BRISBANE OUTLOOK

A highly positive outlook with material new high quality hotels now available. Strong demand is expected following a once in a generation improvement in tourism infrastructure and improved demand drivers.

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|----------|--------|----------|--------|
| FY2019 Actual | 72.2 | \$159.03 | -0.4% | \$114.74 | -4.7% |
| FY2020 Forecast | 73.4 | \$162.21 | 2.0% | \$119.09 | 3.8% |

Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|-----|------|--------|
| FY2020 YTD (Sep) | 1.8 | 0.4% | 2.2% |

Source: STR

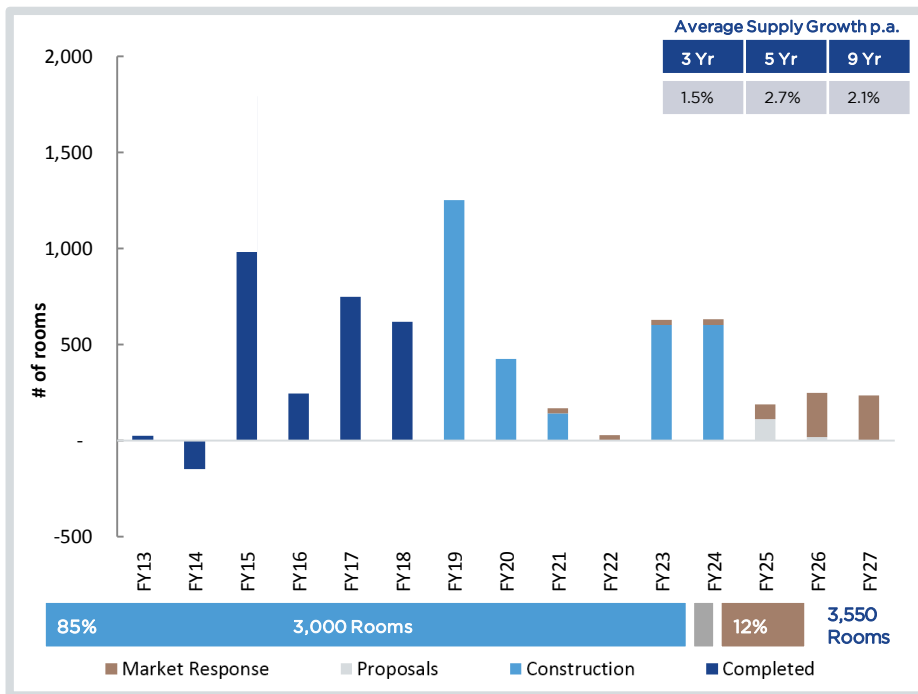
Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|-----|------|--------|--------------------------|
| 3 Years to FY2022 | 2.0 | 3.0% | 5.8% | 5.7% |
| 5 Years to FY2024 | 1.2 | 3.4% | 5.1% | 5.0% |
| 9 Years to FY2029 | 1.4 | 4.4% | 6.4% | 5.9% |

Factors Driving the Update

- High quality new hotels and improvement in business and leisure drivers spurring strong hotel performance
- Robust rate growth as occupancy builds, underpinning the forecast
- Limited additional supply growth up until Queens Wharf hotels in FY2023.

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019

CAIRNS & PORT DOUGLAS OUTLOOK

Medium term volatility as new supply arrives. The absorption of these could take time to build and may be dependent on favourable weather. How competitors in the market react in terms of rate will set the bar for performance.

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|----------|--------|----------|--------|
| FY2019 Actual | 73.4 | \$170.82 | 3.3% | \$125.46 | -3.5% |
| FY2020 Forecast | 73.2 | \$174.23 | 2.0% | \$127.59 | 1.7% |




Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|------|-------|--------|
| FY2020 YTD (Sep) | -1.1 | -4.9% | -5.9% |

Source: STR

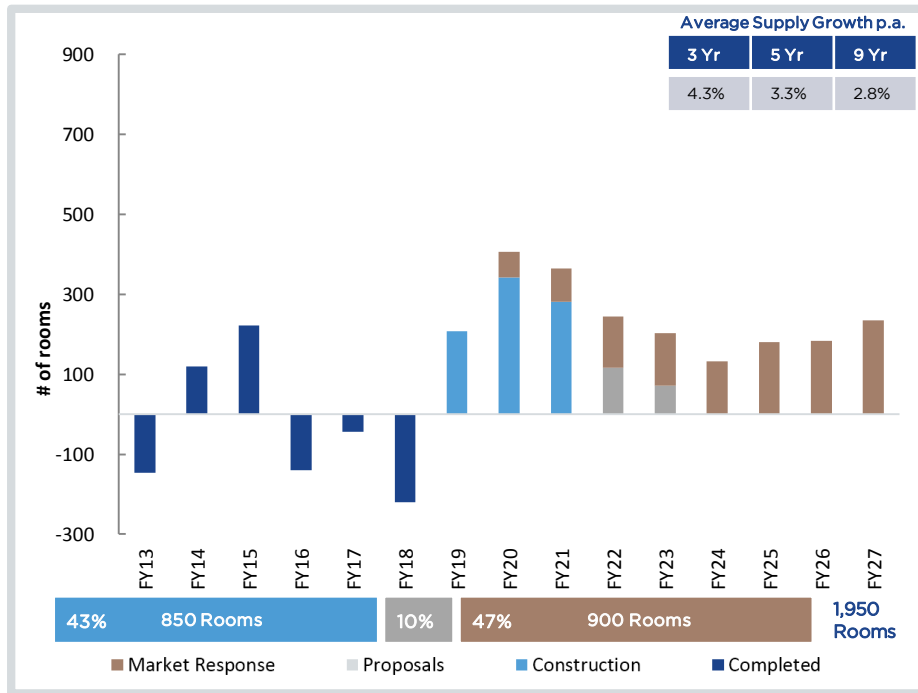
Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|-----|------|--------|--|
| 3 Years to FY2022 | 0.3 | 2.3% | 2.7% |  2.0% |
| 5 Years to FY2024 | 0.4 | 2.6% | 3.2% |  2.8% |
| 9 Years to FY2029 | 0.3 | 2.8% | 3.2% |  3.0% |

Factors Driving the Update

- New stock to be absorbed over the next three years
- Opportunity for rate growth as quality supply arrives, although will also hinge on discounting tactics from competitors
- Demand sentiment will continue to be dependent on weather outcomes.

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019

CANBERRA OUTLOOK

Rate and occupancy growth has supported a strong and relatively stable market. Medium term supply influxes are expected to temper RevPAR growth. A positive long term RevPAR outlook, slightly above inflation targets

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|----------|--------|----------|--------|
| FY2019 Actual | 77.7 | \$173.12 | -0.3% | \$134.44 | -1.0% |
| FY2020 Forecast | 76.0 | \$178.32 | 3.0% | \$135.59 | 0.9% |

Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|------|-------|--------|
| FY2020 YTD (Sep) | -1.0 | -3.9% | -4.8% |

Source: STR

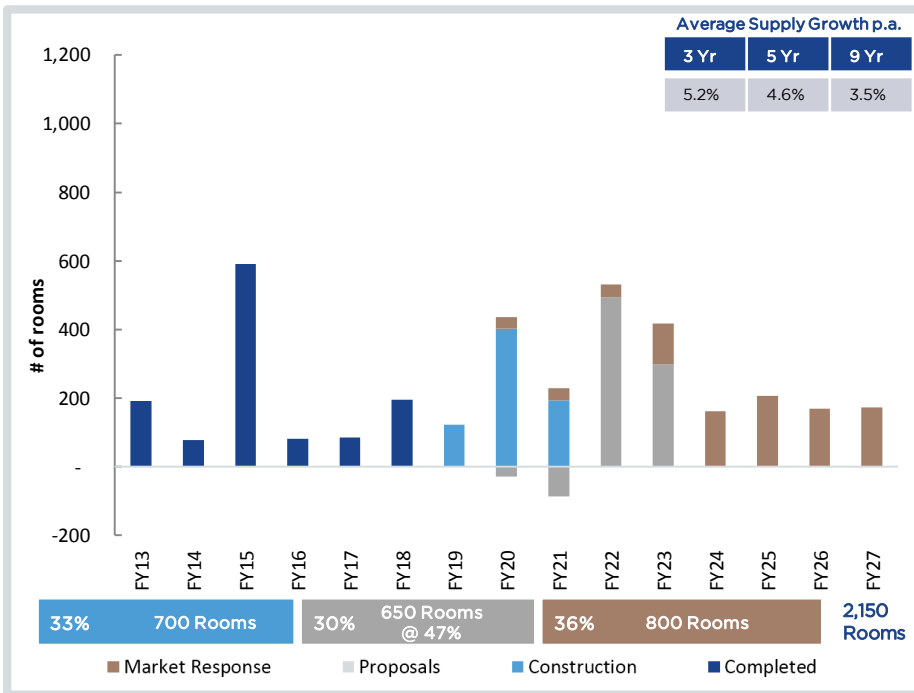
Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|------|------|--------|--------------------------|
| 3 Years to FY2022 | -0.7 | 2.7% | 1.8% | 1.6% |
| 5 Years to FY2024 | -0.5 | 2.9% | 2.3% | 2.2% |
| 9 Years to FY2029 | -0.1 | 3.6% | 3.4% | 3.2% |

Factors Driving the Update

- Fluctuations in the supply levels over the next five years
- The TFC forecast is slightly improved. Canberra Airport's draft 2020 Masterplan anticipates a significant increase in direct international and domestic flights/routes. Passenger volumes are forecast to grow at 4.3% p.a. to FY2040
- Education options are driving international students, while experiential leisure is improving. Demand will, however, largely remain pinned to parliamentary sittings.

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019

DARWIN OUTLOOK

Medium term forecast downgrade as actual performance continues to recover from lost mining contracts. Recovery should eventuate as these demand gaps are filled, although impediments to access the city is further muddying the waters.

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|----------|--------|---------|--------|
| FY2019 Actual | 59.1 | \$149.23 | -0.7% | \$88.16 | -22.0% |
| FY2020 Forecast | 61.8 | \$149.23 | 0.0% | \$92.29 | 4.7% |

Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|------|-------|--------|
| FY2020 YTD (Sep) | -8.2 | -0.9% | -9.1% |

Source: STR

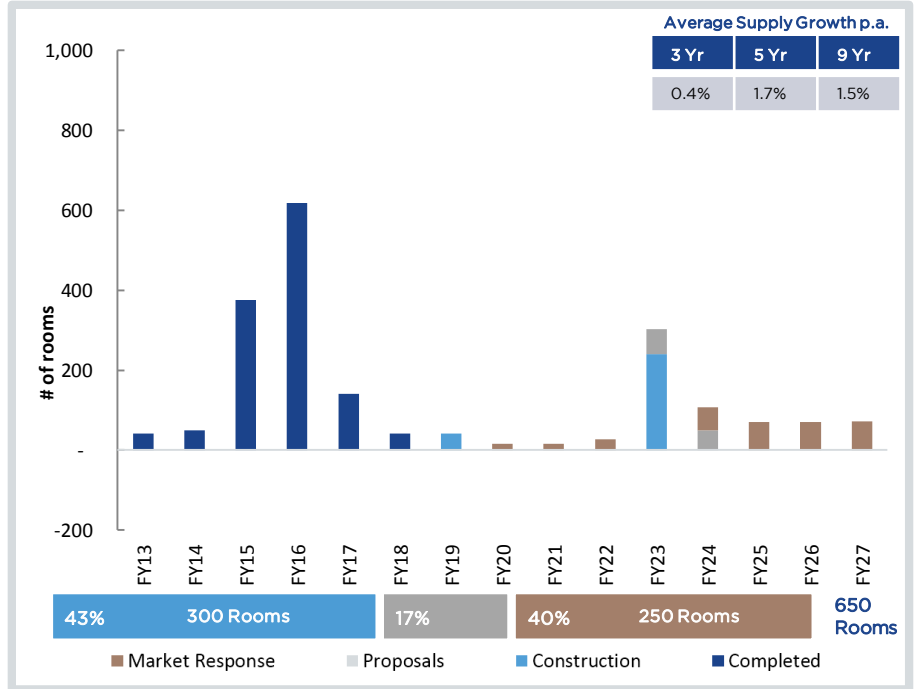
Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|-----|------|--------|--------------------------|
| 3 Years to FY2022 | 2.6 | 1.7% | 6.0% | ↓ 2.7% |
| 5 Years to FY2024 | 1.7 | 2.4% | 5.1% | ↓ 3.0% |
| 9 Years to FY2029 | 1.5 | 2.7% | 5.0% | ↓ 3.8% |

Factors Driving the Update

- Domestic flight cancellations in the low season
- Large decrease in TFC forecasts
- Previously contracted corporate demand remains unfulfilled at the moment.

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019

GOLD COAST OUTLOOK

Stable long term outlook underpinned by favourable supply and demand equation. Currency position expected to remain favourable for the foreseeable future which will assist, although medium term supply will need to be absorbed.

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|----------|--------|----------|--------|
| FY2019 Actual | 70.2 | \$197.44 | 0.0% | \$138.60 | -3.6% |
| FY2020 Forecast | 69.9 | \$202.38 | 2.5% | \$141.46 | 2.1% |

Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|------|-------|--------|
| FY2020 YTD (Sep) | -4.2 | -0.8% | -4.9% |

Source: STR

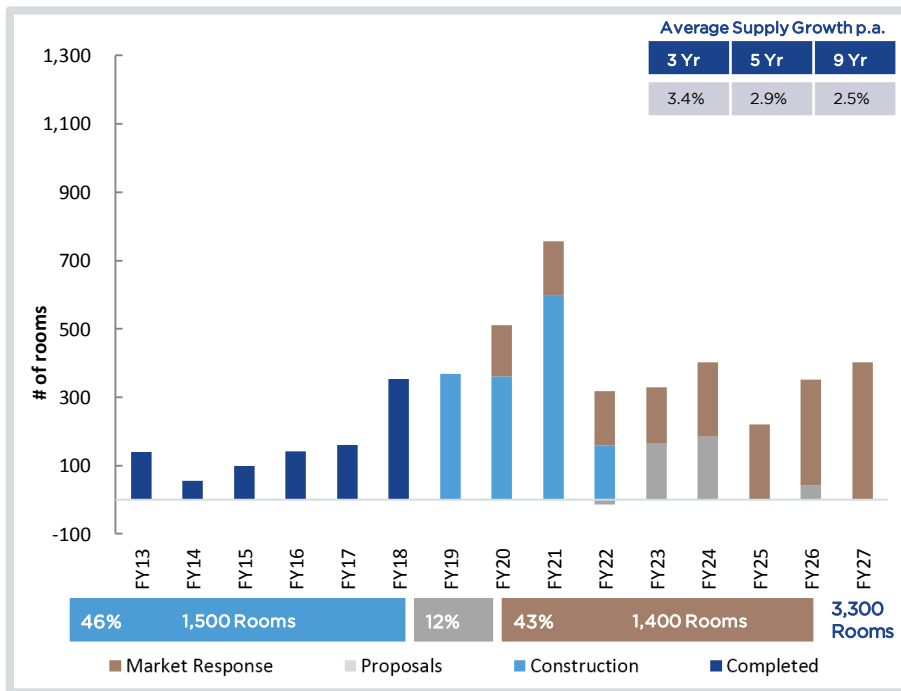
Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|-----|------|--------|--------------------------|
| 3 Years to FY2022 | 0.1 | 2.8% | 2.9% | 2.7% |
| 5 Years to FY2024 | 0.2 | 3.1% | 3.4% | 3.3% |
| 9 Years to FY2029 | 0.4 | 3.3% | 3.8% | 3.7% |

Factors Driving the Update

- Some volatility expected in the medium term as new hotel supply arrive
- Positioning of the AUD will promote travel from both domestic and international guests
- Low long term supply growth should see all new rooms easily absorbed over the long term creating upward rate pressure.

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019

HOBART OUTLOOK

Seasonal nature and fully loaded supply pipeline, albeit some at risk, poses volatility questions around medium term absorption.

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|----------|--------|----------|--------|
| FY2019 Actual | 82.0 | \$183.53 | 3.6% | \$150.50 | 7.9% |
| FY2020 Forecast | 81.6 | \$185.36 | 1.0% | \$151.21 | 0.5% |

Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|-----|------|--------|
| FY2020 YTD (Sep) | 6.6 | 0.8% | 7.5% |

Source: STR

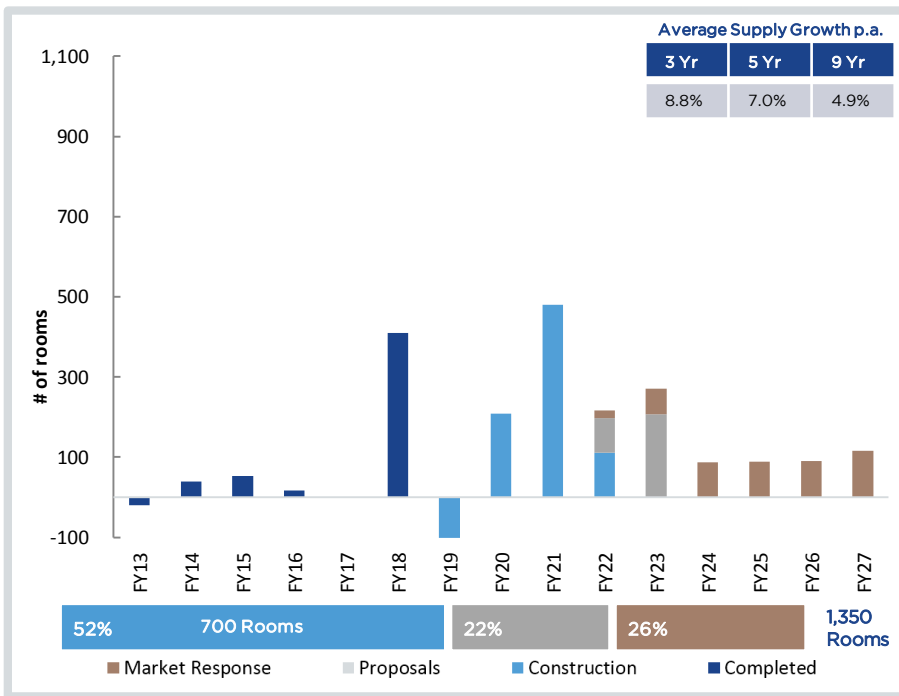
Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|------|------|--------|--------------------------|
| 3 Years to FY2022 | -2.0 | 1.2% | -1.4% | ■ -1.4% |
| 5 Years to FY2024 | -1.5 | 1.8% | -0.1% | ■ -0.1% |
| 9 Years to FY2029 | -0.7 | 3.0% | 2.1% | ■ 2.1% |

Factors Driving the Update

- TFC forecast remains inline with previous edition
- Five years of material supply arriving, although some projects still at risk. Volatility expected through this period, dependent on what actually arrives
- Absorption through the high season should easily occur, however, off season performance may take time for occupancy to build.

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019

MELBOURNE OUTLOOK

Robust market fundamentals remain with high rate and high occupancy persisting despite material medium term supply arrivals. Growth through this period is likely to be soft with volatility points linked to hoteliers competitive rate behaviour. Slight depression in occupancy expected although largely upheld through considerable growth in demand generators over the parallel period

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|----------|--------|----------|--------|
| FY2019 Actual | 82.9 | \$197.61 | 0.5% | \$163.87 | -1.3% |
| FY2020 Forecast | 81.7 | \$201.57 | 2.0% | \$164.59 | 0.4% |

Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|------|-------|--------|
| FY2020 YTD (Sep) | -3.6 | -1.3% | -4.8% |

Source: STR

Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|------|------|--------|--------------------------|
| 3 Years to FY2022 | -1.1 | 2.0% | 0.6% | ↓ 0.3% |
| 5 Years to FY2024 | -0.8 | 1.6% | 0.5% | ↓ 0.1% |
| 9 Years to FY2029 | 0.4 | 3.1% | 3.6% | ↔ 3.3% |

Factors Driving the Update

- Market sentiment suggests there is considerable risk in the timing and delivery of the pipeline
- We have been receiving and will continue to expect supply to be a couple points above organic demand growth which will put pressure on occupancy maintenance
- Revenue metrics remain high and although growth will perhaps be below inflation over the medium term. Yields will continue to tightening maintaining much of the value.

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019

PERTH OUTLOOK

A couple more years of supply absorption which will hinder medium term growth. Long term fundamentals appear strong following the influx, with quality product now available to entice and capture a new mix of guests.

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|----------|--------|----------|--------|
| FY2019 Actual | 74.1 | \$171.26 | -1.4% | \$126.92 | -4.2% |
| FY2020 Forecast | 69.8 | \$166.12 | -3.0% | \$115.94 | -8.7% |

Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|-----|-------|--------|
| FY2020 YTD (Sep) | 3.6 | -0.7% | 2.8% |

Source: STR

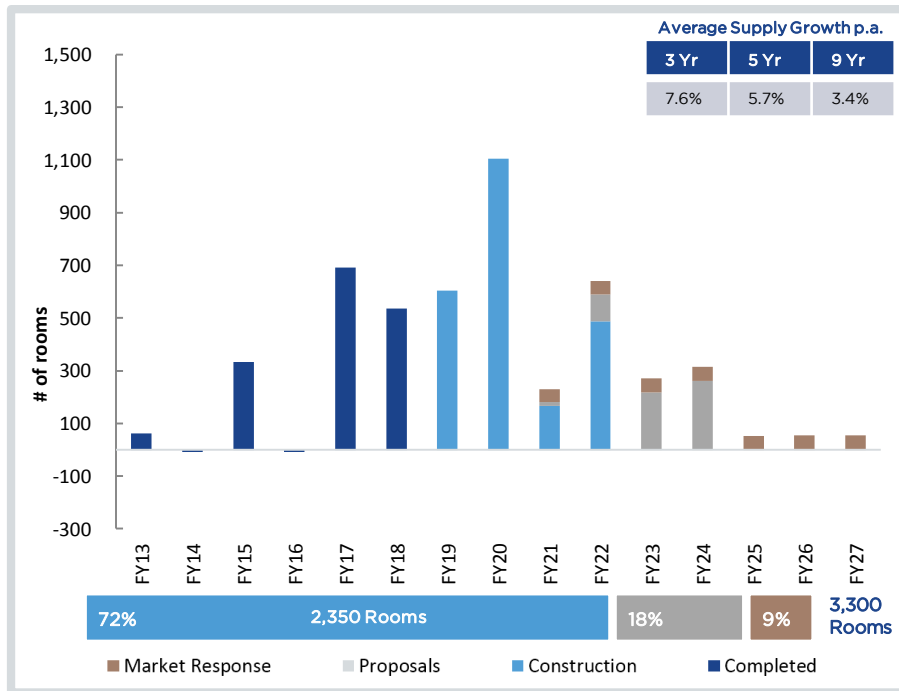
Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|------|------|--------|--------------------------|
| 3 Years to FY2022 | -0.8 | 0.8% | -0.1% | 0.0% |
| 5 Years to FY2024 | -0.0 | 2.3% | 2.4% | 2.2% |
| 9 Years to FY2029 | 1.2 | 3.5% | 5.2% | 4.6% |

Factors Driving the Update

- Another one to two years of significant supply arrivals will test absorption
- Reductions to the TFC forecast appear overblown
- Moderate year to date performance signaling outperformance opportunity
- Improved corporate and leisure drivers in associate with much improved product range underpinning a stable long term outlook.

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019

SYDNEY OUTLOOK

A continued high occupancy market, with low risk of long term oversupply. Rate opportunities beckon, however, only modest long term RevPAR growth based on hotelier's behaviour

FY2019 Actual and FY2020 Forecast

| | Occ | Rate | % Chng | RevPAR | % Chng |
|-----------------|------|-------|--------|--------|--------|
| FY2019 Actual | 86.4 | \$255 | -3.2% | \$220 | -4.8% |
| FY2020 Forecast | 86.8 | \$265 | 4.0% | \$230 | 4.4% |

Source: STR

Year to Date Sep FY2020 (3 months)

| Average Growth | Occ | Rate | RevPAR |
|------------------|------|-------|--------|
| FY2020 YTD (Sep) | -1.2 | -0.7% | -2.3% |

Source: STR

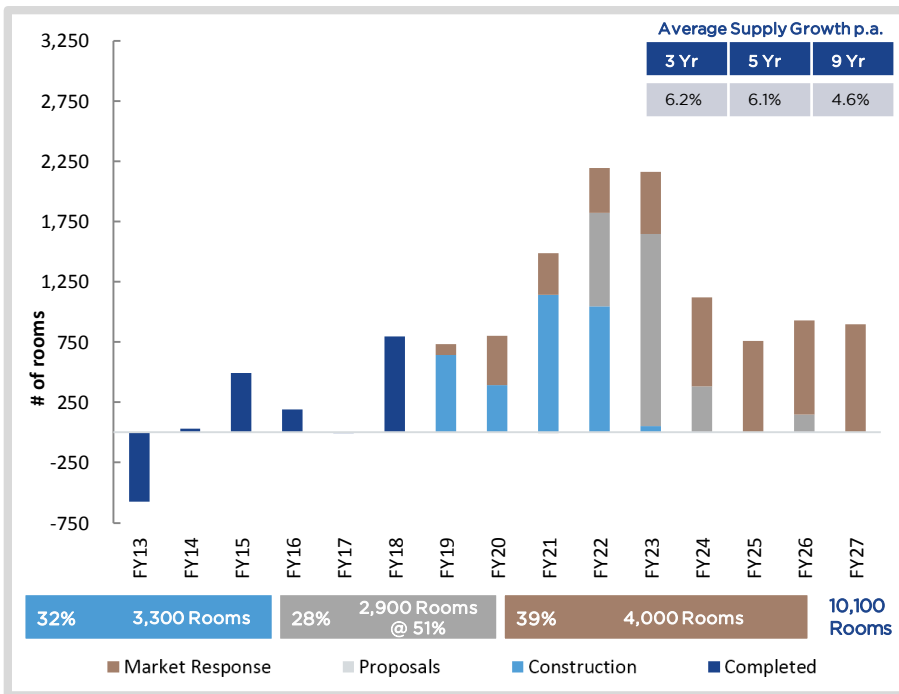
Forecast Update (Avg p.a.)

| Forecasts | Occ | Rate | RevPAR | RevPAR Forecast Revision |
|-------------------|------|------|--------|--------------------------|
| 3 Years to FY2022 | -0.2 | 3.3% | 3.1% | ↓ 1.8% |
| 5 Years to FY2024 | -0.2 | 3.4% | 3.2% | ↓ 2.6% |
| 9 Years to FY2029 | 0.1 | 4.1% | 4.3% | ↓ 3.9% |

Factors Driving the Update

- Minor downgrade to TFC forecast, albeit strong visitor growth numbers not being reflected in Hotel Nights stays
- Conservative hotelier rate outcomes persisting
- Pipeline supply is material, although we wait for many of these to enter construction.

Supply Actual & Forecast By Type FY13-FY27



Source: Dransfield Hotel Futures 2019