

# Forging Trust Evolving Stronger

Annual Report 2023



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## Glossary

For ease of reading, this glossary provides definitions of abbreviations that are frequently used throughout this report.

ADR	: Average Daily Rate
AGM	: Annual General Meeting
ARCC	: Audit, Risk and Compliance Committee
Board	: FHT's Board of Directors
DI	: Income Available for Distribution to Stapled Securityholders
DPS	: Distribution per Stapled Security
ESG	: Environmental, Social and Governance
FF&E	: Furniture, Fixtures and Equipment
FH-BT	: Frasers Hospitality Business Trust
FH-REIT	: Frasers Hospitality Real Estate Investment Trust
FHT	: Frasers Hospitality Trust
Frasers Property or the Sponsor	: Frasers Property Limited
Frasers Property Group or the Group	: Frasers Property and its subsidiaries
FY	: Financial Year Ended 30 September
GOP	: Gross Operating Profit
GOR	: Gross Operating Revenue
GR	: Gross Revenue
MAS	: Monetary Authority of Singapore
MICE	: Meetings, Incentives, Conferences and Exhibitions
NPI	: Net Property Income
NRC	: Nominating and Remuneration Committee
REIT	: Real Estate Investment Trust
REITAS	: REIT Association of Singapore
RevPAR	: Revenue per available room
Stapled Securities	: Stapled Securities of FHT
Stapled Securityholders	: FHT's Stapled Securityholders
The Managers	: The REIT Manager and the Trustee-Manager
The REIT Manager	: REIT Manager of FH-REIT or Frasers Hospitality Asset Management Pte. Ltd.
The Trustee-Manager	: Trustee-Manager of FH-BT or Frasers Hospitality Trust Management Pte. Ltd.
YoY	: Year-on-Year
YTD	: Year-to-Date

# Forging Trust Evolving Stronger

At Frasers Hospitality Trust (FHT), everything we do is based on the firm foundations of experience, expertise and trust. Across our global portfolio of quality assets, we shape spaces with our partners and help build connections to deliver lasting shared value for our stakeholders. Our shared Purpose - **Inspiring experiences, creating places for good.** - anchors our approach to long-term value creation. When we consistently deliver quality products and positive experiences, we forge greater trust with our stakeholders. This strengthens our relationships, fuels further growth, and helps us to evolve and progress as a future-ready, resilient and stronger hospitality real estate investment trust.



## About Fraser's Hospitality Trust

Fraser Hospitality Trust (**FHT**) is a global hotel and serviced residence trust that has been listed on the Mainboard of the Singapore Exchange since 14 July 2014.

Established with the principal strategy of investing globally (excluding Thailand) on a long-term basis in income-producing real estate assets used predominantly for hospitality purposes, we provide investors exposure to a global hospitality portfolio with 3,477 keys comprising 2,635 hotel rooms and 842 serviced residence units.

Our well-diversified portfolio consists of 14 quality assets in prime locations within nine key cities in Asia, Australia and Europe. With a combined appraised value of approximately S\$1.93 billion as at 30 September 2023, these eight hotels and six serviced residences are: InterContinental Singapore, Fraser Suites Singapore, Fraser Suites Sydney, Novotel Sydney Darling Square, Novotel Melbourne on Collins, Fraser Suites Queens Gate London, Park International London, Fraser Place Canary Wharf London, ibis Styles London Gloucester Road, Fraser Suites Edinburgh, Fraser Suites Glasgow, ANA Crowne Plaza Kobe, The Westin Kuala Lumpur and Maritim Hotel Dresden.

FHT's properties are managed by renowned international hospitality chains such as AccorHotels, InterContinental Hotels Group, Marriott International, as well as Fraser's Hospitality, one of the largest serviced residence operators globally.

Our sponsor is Fraser's Property Limited (**Fraser's Property** or the **Sponsor**), a multinational investor-developer-manager of real estate products and services across five asset classes, namely commercial & business parks, hospitality, industrial & logistics, residential and retail.

Our strategic partner, the TCC Group\*, is one of the largest conglomerates in Southeast Asia engaged in a variety of businesses including real estate.

While we enjoy full flexibility in sourcing for acquisitions from third parties, we have been granted the right of first refusal to a pipeline of hospitality assets owned by both the Sponsor and the TCC Group. This further provides us access to future acquisition opportunities.



InterContinental Singapore

FHT, a stapled group comprising Fraser's Hospitality Real Estate Investment Trust (**FH-REIT**) and Fraser's Hospitality Business Trust (**FH-BT**), is managed by Fraser's Hospitality Asset Management Pte. Ltd., the REIT Manager of FH-REIT (the **REIT Manager**) and Fraser's Hospitality Trust Management Pte. Ltd., the Trustee-Manager of FH-BT (the **Trustee-Manager**) (collectively known as the **Managers**).

\* The TCC Group refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and the estate of the late Khunying Wanna Sirivadhanabhakdi.

## Our Strategy

The Managers' main objectives are to deliver stable, long-term growth in distribution and net asset value to our Stapled Securityholders, while maintaining an appropriate capital structure.

### Acquisition Growth

The Managers actively pursue asset acquisitions that will provide attractive cash flows and yields in line with their investment mandate to enhance the returns to FHT's Stapled Securityholders (**Stapled Securityholders**) and improve the future income and capital growth prospects of FHT.

The Managers seek opportunities in key cities with sound economic fundamentals, favourable hospitality market conditions, and a good mix of both business and leisure guests. With FHT's global investment mandate (excluding Thailand), the Managers have maximum flexibility in seeking opportunities within the hotel and serviced residence asset classes in various regions.

FHT's acquisition strategy is further complemented by the right of first refusal granted by Frasers Property and the TCC Group, which provides access to future opportunities to acquire income-producing properties that are primarily used for hospitality purposes.

### Active Asset Management and Enhancement Strategy

The Managers continue to identify opportunities and implement strategies to enhance the operational cash flow of the properties. Working closely with the hotel and serviced residence operators, the Managers focus on the areas of revenue optimisation, cost control and operating efficiency while prioritising strategies that have the greatest impact on the overall performance of the properties.

In addition to active asset management of the properties, the Managers proactively identify opportunities for asset enhancement initiatives to successfully reposition the properties, generate higher cash flows and further increase the value of the properties within the portfolio.

### Capital and Risk Management Strategy

The Managers endeavour to maintain a strong balance sheet and manage exposure to risks prudently by employing various strategies and measures to optimise the returns to Stapled Securityholders. These measures may involve employing an appropriate mix of debt and equity in financing acquisitions, securing diversified funding sources by accessing both financial institutions and capital markets, and utilising interest rate and foreign exchange hedging strategies, where appropriate, to minimise exposure to market volatility.

## Our Portfolio

FHT has a well-diversified portfolio of 14 quality assets, most of which are located in prime locations within key gateway cities across Asia, Australia and Europe.

**S\$1.93B**  
Total Portfolio Value<sup>1</sup>

**9** | **14** | **3,477**  
Key Cities | Properties | Keys

<sup>1</sup> As at 30 September 2023



**JAPAN**

- ANA Crowne Plaza Kobe

**MALAYSIA**

- The Westin Kuala Lumpur

**SINGAPORE**

- InterContinental Singapore
- Fraser Suites Singapore

**GERMANY**

- Maritim Hotel Dresden

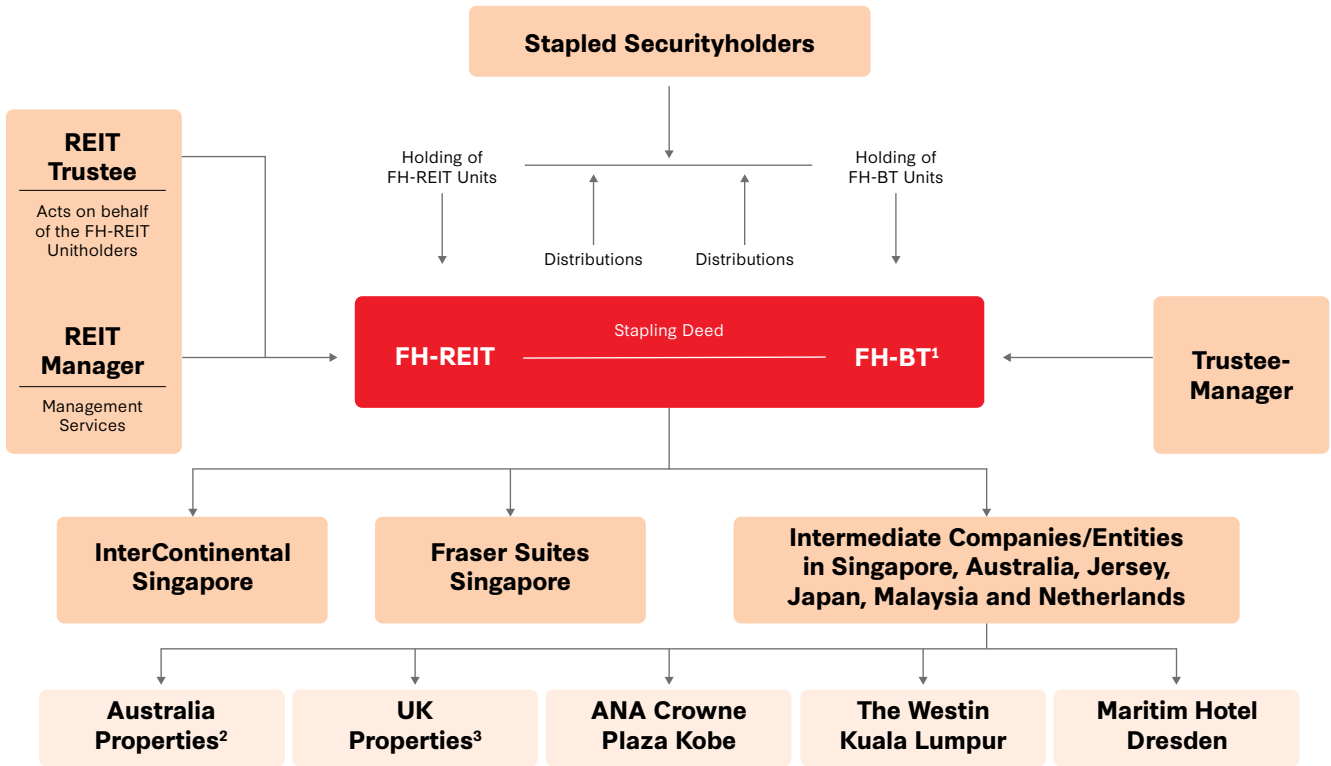
**UNITED KINGDOM**

- Fraser Suites Queens Gate London
- Park International London
- Fraser Place Canary Wharf London
- ibis Styles London Gloucester Road
- Fraser Suites Edinburgh
- Fraser Suites Glasgow

**AUSTRALIA**

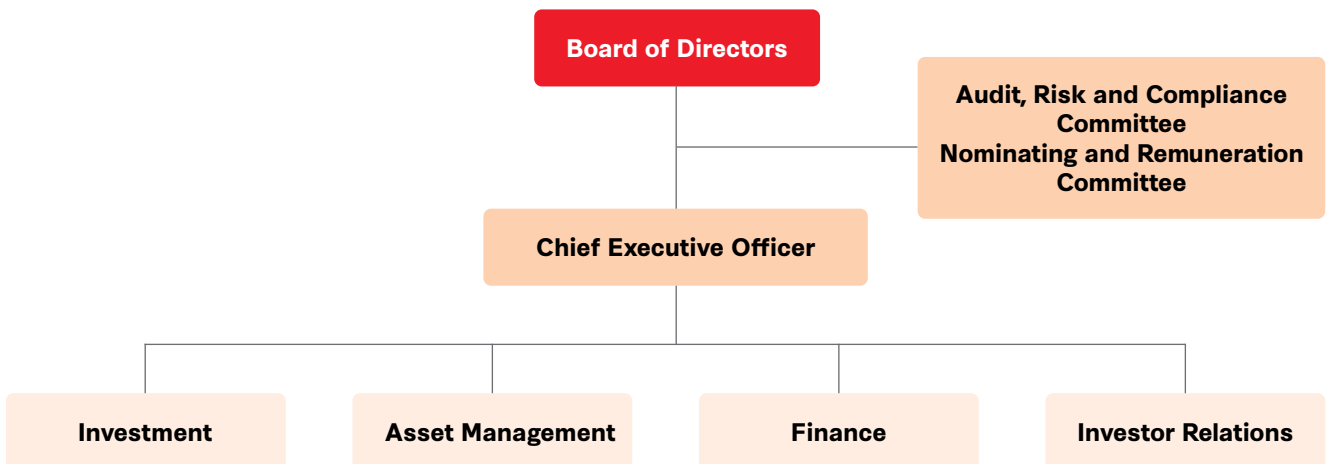
- Fraser Suites Sydney
- Novotel Sydney Darling Square
- Novotel Melbourne on Collins

# Trust Structure



1 FH-BT is the master lessee of "Novotel Melbourne on Collins" under the Master Lease Agreement.  
 2 Australia Properties refer to Fraser Suites Sydney, Novotel Sydney Darling Square and Novotel Melbourne on Collins.  
 3 UK Properties refer to Fraser Suites Queens Gate London, Park International London, Fraser Place Canary Wharf London, ibis Styles London Gloucester Road, Fraser Suites Edinburgh and Fraser Suites Glasgow.

# Organisation Structure





# Corporate Information

As at 30 September 2023

## REIT MANAGER OF FH-REIT

Frasers Hospitality Asset Management Pte. Ltd.

## TRUSTEE-MANAGER OF FH-BT

Frasers Hospitality Trust Management Pte. Ltd.

## REGISTERED ADDRESS OF REIT MANAGER AND TRUSTEE-MANAGER

438 Alexandra Road  
#21-00 Alexandra Point  
Singapore 119958  
Tel: (65) 6276 4882 | Fax: (65) 6276 6328  
Website: [www.frasershospitalitytrust.com](http://www.frasershospitalitytrust.com)

## DIRECTORS OF THE REIT MANAGER AND TRUSTEE-MANAGER

### Panote Sirivadhanabhakdi

Chairman, Non-Executive and Non-Independent Director

### Soong Hee Sang

Non-Executive and Lead Independent Director

### Quah Ban Huat

Non-Executive and Independent Director

### Nagaraj Sivaram

Non-Executive and Independent Director

### David Wong See Hong

Non-Executive and Non-Independent Director

## AUDIT, RISK AND COMPLIANCE COMMITTEE OF THE REIT MANAGER AND TRUSTEE-MANAGER

Nagaraj Sivaram, Chairman  
Soong Hee Sang  
Quah Ban Huat  
David Wong See Hong

## NOMINATING AND REMUNERATION COMMITTEE OF THE REIT MANAGER AND TRUSTEE-MANAGER

Soong Hee Sang, Chairman  
Quah Ban Huat  
Nagaraj Sivaram  
Panote Sirivadhanabhakdi  
David Wong See Hong

## COMPANY SECRETARY

Catherine Yeo

## TRUSTEE

Perpetual (Asia) Limited  
16 Collyer Quay #07-01  
Singapore 049318  
Tel: (65) 6908 8203  
Fax: (65) 6438 0255

## STAPLED SECURITY REGISTRAR AND STAPLED SECURITY TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.  
1 Harbourfront Avenue  
Keppel Bay Tower #14-07  
Singapore 098632  
Tel: (65) 6536 5355  
Fax: (65) 6536 1360

## AUDITOR

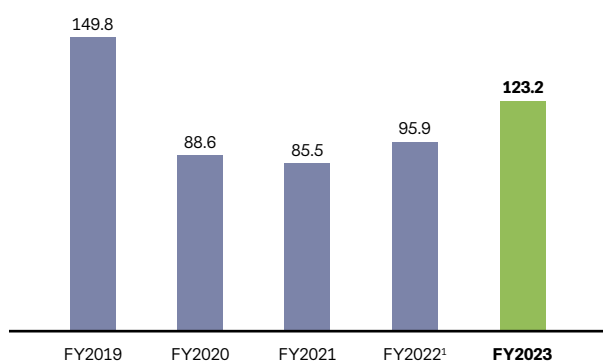
KPMG LLP  
12 Marina View #15-01  
Asia Square Tower 2  
Singapore 018961  
Tel: (65) 6213 3388  
Fax: (65) 6225 0984  
Partner-in-charge: Tan Chun Wei (Chen Junwei)  
(Appointed since FY2023)

## PRINCIPAL BANKERS

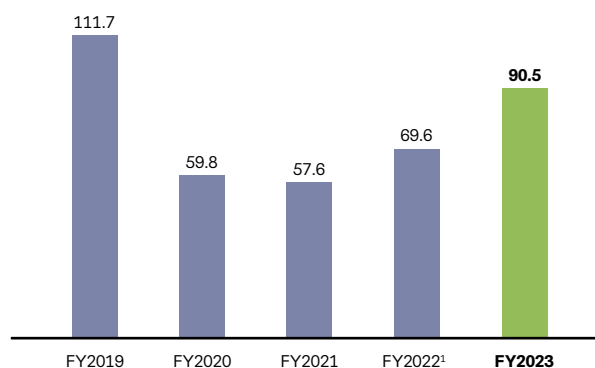
Bank of China Limited, Singapore Branch  
DBS Bank Ltd  
Malayan Banking Berhad, Singapore Branch  
Oversea-Chinese Banking Corporation Limited  
United Overseas Bank Limited  
United Overseas Bank Limited, Tokyo Branch

## Financial Highlights

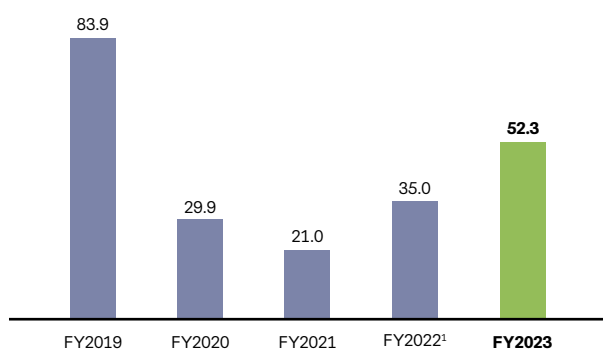
### Gross Revenue (S\$ million)



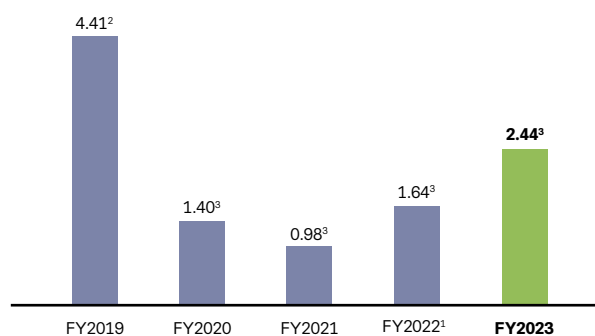
### Net Property Income (S\$ million)



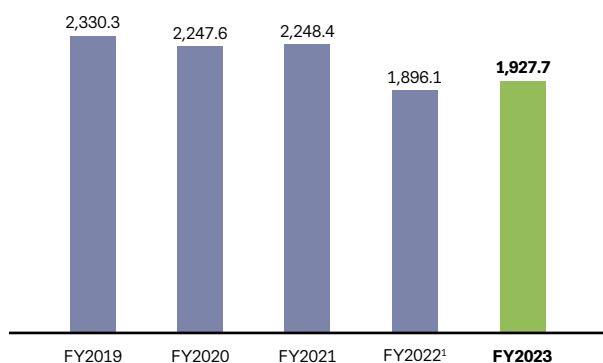
### Income Available For Distribution attributable to Stapled Securityholders (Distributable Income) (S\$ million)



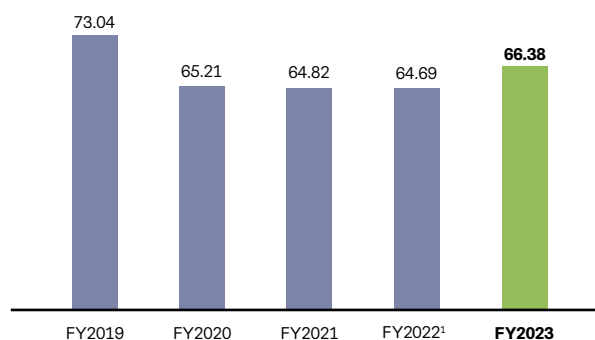
### Distribution per Stapled Security (Singapore cents)



### Total Portfolio Valuation (S\$ million)



### Net Asset Value per Stapled Security (Singapore cents)



1 Sofitel Sydney Wentworth was divested in April 2022  
 2 Based on 100.0% payment of Distributable Income  
 3 Based on 90.0% payment of Distributable Income



Fraser Suites Sydney

	FY2019	FY2020	FY2021	FY2022 <sup>1</sup>	FY2023
<b>Statement of Total Return (\$ million)</b>					
Gross Revenue	149.8	88.6	85.5	95.9	<b>123.2</b>
Net Property Income	111.7	59.8	57.6	69.6	<b>90.5</b>
Distributable Income	83.9	29.9	21.0	35.0	<b>52.3</b>
<b>Balance Sheet Highlights (as at 30 September) (\$ million)</b>					
Total Assets	2,446.5	2,361.3	2,349.2	2,085.6	<b>2,073.0</b>
Total Portfolio Valuation	2,330.3	2,247.6 <sup>2</sup>	2,248.4 <sup>2</sup>	1,896.1 <sup>2</sup>	<b>1,927.7<sup>2</sup></b>
Total Liabilities	962.7	1,008.2	1,100.7	839.7	<b>794.5</b>
Total Borrowings (gross)	858.0	889.4	991.2	758.4	<b>703.2</b>
Net Assets	1,483.7	1,353.2	1,248.5	1,245.9	<b>1,278.5</b>
<b>Key Financial Indicators</b>					
Distribution per Stapled Security (Singapore cents)	4.41 <sup>3</sup>	1.40 <sup>4</sup>	0.98 <sup>4</sup>	1.64 <sup>4</sup>	<b>2.44<sup>4</sup></b>
Net Asset Value per Stapled Security (Singapore cents)	73.04	65.21	64.82	64.69	<b>66.38</b>
Gearing	35.1%	37.7%	42.2%	36.4%	<b>34.0%</b>
Interest Cover (times)	4.7	2.3	2.2	2.6	<b>3.6</b>
Effective Cost of Borrowing	2.5%	2.3%	2.0%	2.3%	<b>3.1%</b>
Borrowings on Fixed Rates	68.9%	74.9%	77.2%	81.7%	<b>75.5%</b>
Unsecured Debt	96.2%	96.3%	96.7%	96.0%	<b>96.1%</b>
Unencumbered Assets as a % of Property Portfolio	94.1%	94.3%	94.7%	93.8%	<b>93.3%</b>
<sup>1</sup> Sofitel Sydney Wentworth was divested in April 2022 <sup>2</sup> Excludes right-of-use assets recognised under FRS116 (adopted since 1 October 2019) <sup>3</sup> Based on 100.0% payment of Distributable Income <sup>4</sup> Based on 90.0% payment of Distributable Income					



**Panote Sirivadhanabhakdi**  
Chairman

**Eric Gan**  
Chief Executive Officer

# Letter to Stapled Securityholders

## **Dear Stapled Securityholders,**

On behalf of FHT's Board of Directors (**Board**) and management, we are pleased to present to you our annual report for the financial year ended 30 September 2023 (FY2023).

## **SUSTAINED RECOVERY IN FY2023**

2023 has been a year of continued recovery for international tourism. Despite global economic and geopolitical challenges, demand for travel has shown remarkable resilience and recovery and that has helped the hospitality industry.

According to the World Tourism Organization, international tourism recovered 87% of pre-pandemic levels in the first nine months of 2023. It remains on track to reach close to 90% of pre-pandemic levels by the end of the year, driven by the still pent-up travel demand, increased air connectivity and reopening of China.

However, as the Israel-Hamas conflict unfolded in October 2023, we remain watchful of potential disruption to the world economy and the impact it might have on further recovery for the hospitality industry if the conflict spreads wider in the Middle East.

## FINANCIAL PERFORMANCE

In FY2023, FHT reported gross revenue (**GR**) of S\$123.2 million and net property income (**NPI**) of S\$90.5 million, up year-on-year (**YoY**) by 28.5% and 30.1% respectively. The better performance reflects the sustained recovery in global tourism as well as the growing events and MICE (meetings, incentives, conferences and exhibitions) segments in most of our markets. In tandem with the higher GR and NPI, our income available for distribution to Stapled Securityholders (**DI**) for FY2023 increased by 49.4% YoY to S\$52.3 million.

FHT declared a distribution per Stapled Security (**DPS**) of 2.4426 Singapore cents for FY2023, in line with FH-REIT's policy of paying at least 90% of its DI as distribution. This represents a 49.3% increase YoY. Based on FHT's closing stapled security price of S\$0.505 as at 30 September 2023, this would translate to a distribution yield of 4.8%. As FHT's distributions are paid on a semi-annual basis, we have distributed an interim DPS of 1.2649 Singapore cents on 28 June 2023 and the final DPS of 1.1777 Singapore cents will be paid on 29 December 2023.

## PORTFOLIO PERFORMANCE

FHT has a global portfolio of 14 quality assets and majority of these assets are in prime locations within key gateway cities in Asia, Australia and Europe.

As at 30 September 2023, our investment portfolio was valued at S\$1.93 billion by independent valuers, up from S\$1.90 billion in FY2022. The improvement was attributed to better operating performance across all our properties, which outweighed the higher capitalisation and discount rates arising from the higher interest rate environment. As such, we saw valuation gains in all country portfolios, except Germany. Fears of prolonged recession in the country, along with having the highest interest rates and lowest hotel transaction volumes in a decade, have led to a lower valuation for our hotel in Dresden, Germany, despite its performance surpassing the pre-pandemic levels.

The valuation gains, however, were partially offset by foreign currency translation losses arising from the strengthening of the Singapore dollar against most of the operational currencies, excluding the Euro and the British pound, and this moderated the increase in our portfolio value to 1.7%.

Looking at our portfolio performance in FY2023, we are heartened to see that revenue per available room (**RevPAR**) growth and consequently, higher gross operating revenue (**GOR**) and gross operating profit (**GOP**) were achieved across all country portfolios. In addition, all our country portfolios, except Japan, have achieved RevPAR that surpassed the pre-COVID levels by the third quarter of FY2023. The continued resurgence in

demand for travel, resumption of MICE, sporting events and concerts as well as increased flight capacity have been key growth drivers across most of our markets.

In FY2023, our Singapore portfolio recorded higher average daily rate (**ADR**) and occupancy, leading to a YoY increase in RevPAR by over 60%. This was mainly attributed to the recovery of Singapore's tourism sector and the return of marquee events such as FHA-Food & Beverage, CommunicAsia, Forbes Global CEO Conference and F1 Grand Prix. Supported by InterContinental Singapore's transient business and Fraser Suites Singapore's long-stay business, both GOR and GOP of the Singapore portfolio increased by more than 65% YoY.

Our Australia portfolio's occupancy grew by 36.7 percentage points YoY to 80% while ADR rose by 16.1% on the back of recovery from corporate and group segments, and strong events calendar in Sydney and Melbourne. Consequently, the portfolio's RevPAR increased by over 100% YoY and its GOR and GOP increased YoY by 19.9% and 22.2% respectively.

Our UK portfolio's RevPAR grew by 28.8% YoY in FY2023, supported by higher occupancy and ADR. While domestic leisure demand remained strong, this was partially offset by the gradual recovery in business travel demand amidst challenging market and economic conditions. As such, the portfolio's GOR increased 29.2% while its GOP was 16.5% higher YoY.

In Japan, ANA Crowne Plaza Kobe's RevPAR increased by 74.4% YoY, resulting in more than 30% increase YoY in both GOR and GOP. Notwithstanding the better performance, the slow recovery of

## Letter to Stapled Securityholders

its MICE business and inflationary pressure have impeded the hotel's pace of recovery to pre-pandemic levels.

The Westin Kuala Lumpur's RevPAR more than doubled YoY in FY2023, boosted by ADR and occupancy growth as corporate and leisure demand improved significantly compared to last year. Consequently, the hotel's GOR and GOP increased by more than 100% YoY.

The performance of Maritim Hotel Dresden improved YoY in FY2023, supported by the recovery in domestic travel and the return of MICE business. Despite ongoing challenges in the macroeconomic environment, the hotel reported YoY growth of 44.5% and 46.6% in GOR and GOP respectively.

### PRUDENT RISK AND CAPITAL MANAGEMENT

Our financial metrics remained strong in FY2023 as we maintained our disciplined risk management and proactive approach to capital management. As such, we ended the year with an improved gearing ratio of 34.0%, down from 36.4% in FY2022. This ratio remains well below the 50% limit set by the Monetary Authority of Singapore.

As at 30 September 2023, the proportion of our fixed-rate borrowings to total borrowings was 75.5% while 96.1% of our borrowings were unsecured debt which continued to provide FHT with greater flexibility for future financing. Our debt maturity profile averaged 2.32 years, with loan maturities well spread out from FY2024 to FY2028.

Due to refinancing in a rising interest rate environment, our effective cost of borrowing rose from 2.3% a year ago to 3.1% per

annum. However, our interest cover improved from 2.6 times a year ago to 3.6 times, attributable to stronger financial performance. We continue to have ample headroom and adequate liquidity to meet our operational needs and financial commitments going forward.

### SUSTAINABILITY

Over the course of FY2023, FHT continued to drive actions across our sustainability commitments through close collaboration with our hotel and serviced residence operators, business partners, employees and other key stakeholders. We recognise that embedding ESG in our strategy is key to building a sustainable business.

We maintained our active pursuit of green building certifications, with all properties in the UK portfolio completing their BREEAM assessment in the second half of FY2023 and awaiting their certification awards, in line with the overall Group goals.

As a testament to our continued focus on sustainability, we are proud to have achieved a score and rating of 82 and 4-Star respectively in the 2023 GRESB Real Estate Assessment, while maintaining our third-place ranking in the 'Asia Pacific Hotel - Listed' category under the Assessment. This is the third consecutive year that we have attained improvements in both our rating and score.

### AWARDS

We are pleased to note that many of our properties continued to be acknowledged as the preferred choice of accommodation for business and leisure travellers globally.

InterContinental Singapore bagged the Gold award for Best Hotel in Singapore for the 2023 DestinAsian Readers' Choice Awards. In addition, it was named the Best Luxury Hotel for the 2023 Luxury Lifestyle Awards and was amongst the winners for Best of the Best Top Hotels in Singapore in the 2023 Tripadvisor Travellers' Choice Awards.

Our other properties, namely Fraser Suites Sydney, Novotel Sydney Darling Square and The Westin Kuala Lumpur, were also proud recipients of the 2023 Tripadvisor Travellers' Choice Awards.

### LOOKING AHEAD

From the International Monetary Fund's (IMF) October projections, global economic growth is expected to slow to 3.0% in 2023 and 2.9% in 2024 as the global economy continues to recover from COVID-19, the conflict in Ukraine and higher cost of living. With core inflation still high and declining slowly in many advanced economies, central banks are expected to keep monetary policy tighter for longer.

The IMF cautions about risks related to China's property crisis. If the situation deepens, China's growth could be lowered by as much as 1.6 percentage points, which in turn would knock 0.6 percentage points off global growth. The IMF also raises concerns about volatile commodity prices, increasing geopolitical tensions including the Israel-Hamas conflict, and the resurgence in inflation.

In the same vein, the World Tourism Organization has warned that the challenging global economic environment could weigh on spending patterns, with tourists increasingly seeking value for money, travelling closer to home and making shorter trips.

As we move into the new financial year, we remain cautious in view of the ongoing uncertainties arising from the weaker global economic outlook, intensified geopolitical tensions, volatility in foreign exchange rates and higher-for-longer interest rate environment.

We will remain vigilant in managing our costs effectively as we stay focused on strengthening and growing our quality portfolio. This includes pursuing inorganic opportunities and asset enhancement initiatives. We will continue to work alongside the property operators to optimise our portfolio performance while ensuring that our properties are performing well against competition. Our prudent approach to risk and capital management will continue to assure FHT of a resilient balance sheet that provides us with the financial flexibility to meet the needs of our future growth as we evolve stronger.

## ACKNOWLEDGEMENTS

On behalf of the Board and Management, we would like to express our appreciation to our Stapled Securityholders, hotel and serviced residence guests, business partners, advisers, bankers and the Trustee for their continued trust and support.

We wish to take this opportunity to welcome three non-executive, independent directors onboard. Mr Soong Hee Sang joined the Board on 29 May 2023 as the Lead Independent Director and Chairman of the Nominating and Remuneration Committee. Mr Nagaraj Sivaram joined on the same day as Mr Soong and is the Chairman of the Audit, Risk and Compliance Committee while Mr Quah Ban Huat came onboard on 6 June 2023. FHT will benefit from their counsel and extensive

expertise in real estate investment, management, assurance as well as finance and advisory.

At the same time, we would like to put on record our heartfelt thanks for the invaluable contributions and dedication of Mr Law Song Keng, Mr Chua Phuay Hee and Mr Liew Choon Wei, who have retired after serving nine years on the Board. We also wish to express our appreciation to Ms Eu Chin Fen, our former CEO, who has been appointed as CEO of Frasers Hospitality since 1 February 2023.

Lastly, we thank the Board and Management for their hard work and dedication as we continue to ride the recovery and deliver long-term growth in distribution and net asset value to our Stapled Securityholders.

### **Panote Sirivadhanabhakdi**

Chairman

### **Eric Gan**

Chief Executive Officer

## Financial Review

S\$ million unless otherwise indicated	FY2023	FY2022	Change (%)
Gross Revenue ( <b>GR</b> )	123.2	95.9	28.5
Net Property Income ( <b>NPI</b> )	90.5	69.6	30.1
Income Available for Distribution to Stapled Securityholders ( <b>DI</b> )	52.3	35.0	49.4
Distribution per Stapled Security ( <b>DPS</b> ) (Singapore cents)	2.4426	1.6355	49.3

### GR AND NPI

Continued recovery in global tourism, growing meetings, incentives, conferences and exhibitions (**MICE**) segments in various cities and further relaxation of social and travel restrictions have enabled the countries where we have presence in, to transition successfully into the endemic phase. Consequently, our financial and operational performances in FY2023 showed healthy improvements over FY2022.

FHT's GR comprises mainly master lease income and the GOR of Novotel Melbourne on Collins. In FY2023, FHT recorded a higher master lease income of S\$92.7 million which was an increase of S\$17.4 million (+23.1% YoY) on the back of improved operating environment.

Novotel Melbourne on Collins' GOR, which comprises primarily room and food & beverage revenue, and GOP, reported YoY increase of S\$8.6 million and S\$4.6 million respectively due to the full year impact of the hotel's re-opening to the public after exiting from the government quarantine business in February 2022.

FHT's NPI recorded an increase of S\$20.9 million (+30.1% YoY) primarily due to a higher GR of S\$27.3 million (+28.5% YoY), partially offset by higher property management fees, which were in line with higher GOR and GOP recorded by our serviced residences and higher operating expenses experienced by our hotel in Melbourne.

Our asset management team worked closely with our property operators to optimise operating performance through proactive revenue management initiatives. This enabled our hotels and serviced residences to secure revenue streams from both transient and corporate businesses as travel demand continued its recovery trajectory in FY2023.

In FY2023, foreign exchange movements had an unfavourable net impact of 5.0% and 4.3% on both GR and NPI respectively. All operational currencies depreciated against the Singapore Dollar in the range of 2.6% to 11.4%.

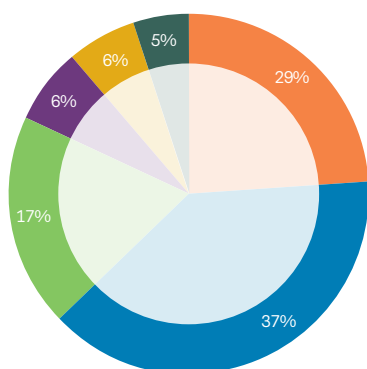


Fraser Suites Singapore



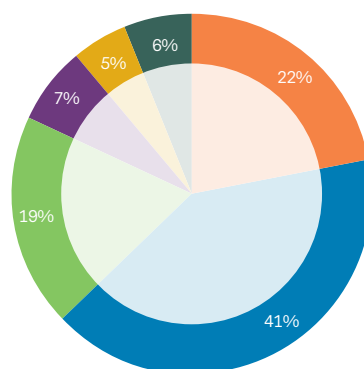
The breakdown of GR and NPI by country is as follows:

**FY2023 Gross Revenue**



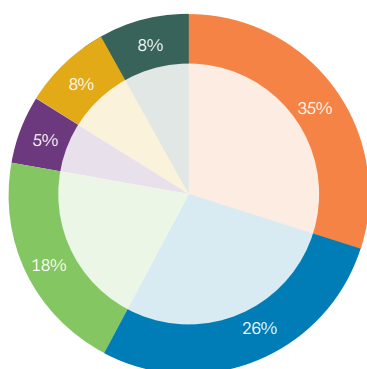
<b>Singapore</b>	<b>29%</b>
<b>Australia</b>	<b>37%</b>
<b>UK</b>	<b>17%</b>
<b>Japan</b>	<b>6%</b>
<b>Malaysia</b>	<b>6%</b>
<b>Germany</b>	<b>5%</b>

**FY2022 Gross Revenue**



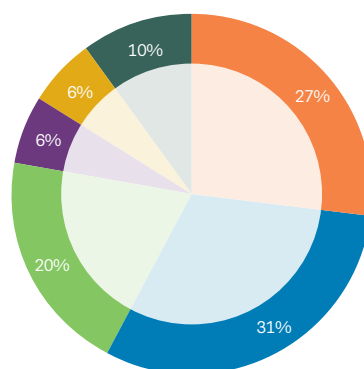
<b>Singapore</b>	<b>22%</b>
<b>Australia</b>	<b>41%</b>
<b>UK</b>	<b>19%</b>
<b>Japan</b>	<b>7%</b>
<b>Malaysia</b>	<b>5%</b>
<b>Germany</b>	<b>6%</b>

**FY2023 Net Property Income**



<b>Singapore</b>	<b>35%</b>
<b>Australia</b>	<b>26%</b>
<b>UK</b>	<b>18%</b>
<b>Japan</b>	<b>5%</b>
<b>Malaysia</b>	<b>8%</b>
<b>Germany</b>	<b>8%</b>

**FY2022 Net Property Income**



<b>Singapore</b>	<b>27%</b>
<b>Australia</b>	<b>31%</b>
<b>UK</b>	<b>20%</b>
<b>Japan</b>	<b>6%</b>
<b>Malaysia</b>	<b>6%</b>
<b>Germany</b>	<b>10%</b>

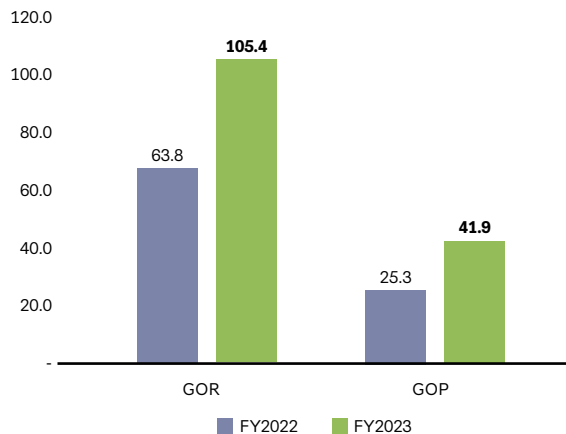
The changes in GR and NPI contributions by country in FY2023 were due to the different pace of recovery seen across the countries where we have presence in, following the lifting of travel restrictions and border

controls. The contribution from our Australia portfolio declined due to the divestment of Sofitel Sydney Wentworth in April 2022, which contributed 7 months of operations in FY2022.

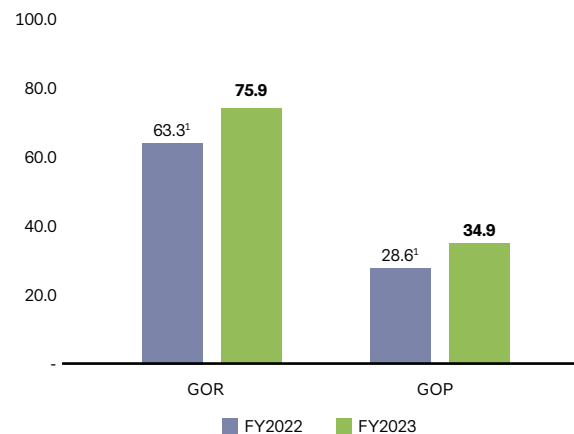
## Financial Review

The operating performance by country (in local currencies) is as follows:

### Singapore Portfolio (S\$ million)



### Australia Portfolio<sup>(1)</sup> (A\$ million)



1 Includes Sofitel Sydney Wentworth from 1 October 2021 to 29 April 2022.

Singapore's tourism industry continued its recovery in FY2023, further supported by the return of marquee events such as FHA-Food & Beverage, CommunicAsia, Forbes Global CEO Conference and F1 Grand Prix. In addition, Singapore recorded 10.1 million visitor arrivals between January 2023 and September 2023. The Singapore Tourism Board expects to hit 12 million to 14 million visitor arrivals for the full year.

The Singapore portfolio achieved a YoY increase in RevPAR by more than 60% in FY2023, underpinned by InterContinental Singapore's transient business and Fraser Suites Singapore's long-stay business. Consequently, the GOR and GOP of the Singapore portfolio increased by 65.3% and 65.7% respectively in FY2023.

The Singapore portfolio recorded occupancy of 77% (FY2022: 70%), ADR of S\$381 (FY2022: S\$259) and RevPAR of S\$294 (FY2022: S\$182).

The Australia portfolio continued its recovery trajectory in FY2023 on the back of recovery in demand from corporate and group segments, and strong events calendar in Sydney and Melbourne.

Tourism Australia reported that the country received approximately 4.5 million international visitors between January 2023 to August 2023, reaching 73.5% of pre-COVID levels.

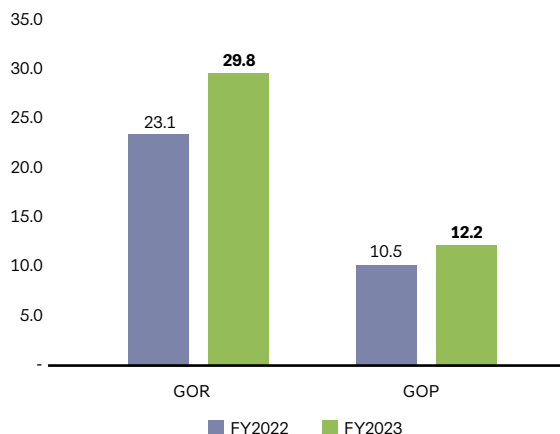
Whilst demand from domestic transient segment had softened as inflation and rising interest rates saw consumption growth moderate in the second half of FY2023, the Australia portfolio's GOR increased by 19.9% YoY to A\$75.9 million and GOP increased by 22.2% YoY to A\$34.9 million in FY2023. On a same-store basis (excluding Sofitel Sydney Wentworth which was divested in April 2022), GOR and GOP increased by 64.3% and 91.6% respectively.

Overall, our Australia portfolio recorded occupancy of 80% (FY2022: 43%), ADR of A\$259 (FY2022: A\$223) and RevPar of A\$207 (FY2022: A\$96).

On a same-store basis, in FY2022, our Australia portfolio would have recorded occupancy of 48%, ADR of A\$227 and RevPar of A\$110.

## UK Portfolio

(£ million)



The UK has fully lifted its COVID and remaining international travel restrictions as part of its government's "Living With COVID" plan since March 2022. From January 2023 to July 2023, it welcomed 21.5 million inbound visitors, 42% higher YoY but down 6% over pre-pandemic levels. For 2023, Visit Britain's inbound visitor forecast is 37.5 million, 92% of the 2019 levels.

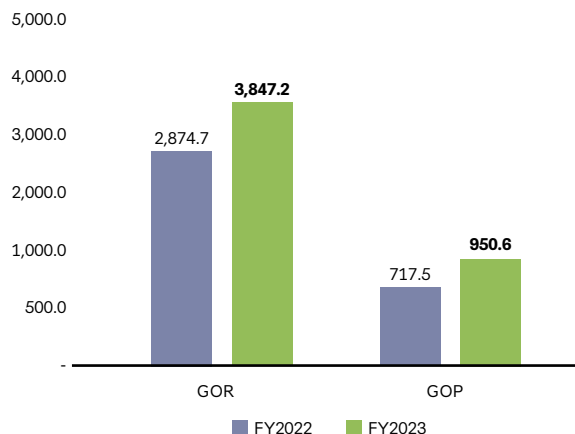
The UK portfolio's RevPAR grew by 28.8% YoY in FY2023, supported by both higher occupancy and higher ADR, on the back of improved domestic leisure demand. Business travel demand continued to recover gradually amidst challenging market and economic conditions. However, higher energy, food and payroll costs impeded the pace of recovery of the portfolio performance.

In FY2023, the UK portfolio's GOR increased 29.2% YoY to £29.8 million while its GOP was 16.5% higher YoY at £12.2 million.

The UK portfolio recorded occupancy of 80% (FY2022: 70%), ADR of £154 (FY2022: £137) and RevPAR of £123 (FY2022: £96).

## Japan Portfolio

(¥ million)



In October 2022, Japan re-opened its international borders, ending almost three years of tight border controls that kept tourists out of the country.

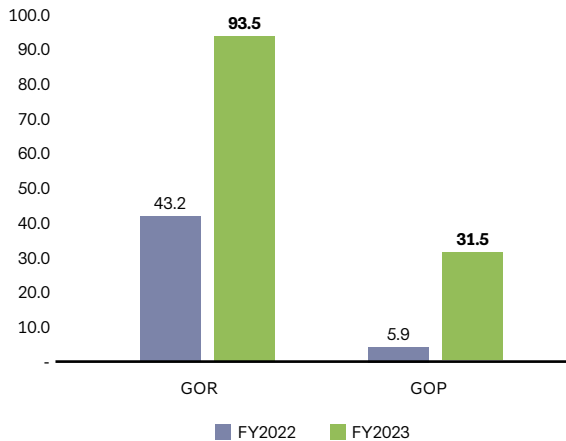
Although Japan's hospitality market continued to improve following the re-opening of borders, slow recovery of the MICE business segment and inflationary pressure impeded the pace of recovery of ANA Crowne Plaza Kobe.

In FY2023, the hotel's RevPAR increased by 74.4% YoY and its GOR and GOP were up by 33.8% YoY to ¥3,847.2 million and 32.5% YoY to ¥950.6 million respectively.

The hotel recorded occupancy of 65% (FY2022: 48%), ADR of ¥14,957 (FY2022: ¥11,560) and RevPAR of ¥9,762 (FY2022: ¥5,597).

## Financial Review

### Malaysia Portfolio (RM million)



Malaysia authorities continue to focus on improving flight connectivity to boost international tourist arrivals in 2023. With corporate and leisure demand improving significantly after borders were reopened in April 2022, this led to improved performance for The Westin Kuala Lumpur. In FY2023, the hotel's RevPAR more than doubled YoY to RM402. Consequently, its GOR more than doubled YoY to RM93.5 million while its GOP was more than four times higher YoY at RM31.5 million.

The hotel recorded occupancy of 80% (FY2022: 42%), ADR of RM505 (FY2022: RM426) and RevPAR of RM402 (FY2022: RM177).

### Germany Portfolio

The hotel was supported by a recovery in domestic travel, the return of MICE business and international travel.

Overall, Maritim Hotel Dresden recorded YoY increases of 44.5% and 46.6% in GOR and GOP respectively.

The operational statistics for the hotel are not reported due to restrictions imposed by the master lease agreement.

## DISTRIBUTIONS

In FY2023, FHT recorded a DI of S\$52.3 million, an increase of S\$17.3 million or 49.4% YoY as a result of higher NPI due to sustained recovery in global tourism and improved operating environment.

In line with our distribution policy of paying at least 90.0% of DI, DPS for FY2023 was 2.4426 Singapore cents (FY2022: 1.6355 Singapore cents). The remaining undistributed DI would be retained for working capital purposes.

## PRUDENT CAPITAL AND RISK MANAGEMENT

In managing its capital structure and financial risks, FHT's key objectives are to maintain a strong balance sheet through prudent and dynamic capital and financial management, to ensure continuous access to funding at optimal cost, and maintain stable distributions to its Stapled Securityholders.

Underpinning these objectives, the Managers have developed a framework of policies and guidelines to actively manage FH-REIT's capital structure and loan portfolio mix, which has a direct impact on its gearing and distributions to Stapled Securityholders. When funding acquisitions, we consider the most appropriate mix of debt and equity and manage the costs of funds by ensuring that we have access to diversified sources of funding in both the debt and capital markets.

The policies and guidelines also ensure that we are prudent in managing the interest rate risk arising from our borrowings, and the foreign exchange risk arising mainly from foreign-sourced income. By hedging both interest rate and foreign exchange risks using suitable derivative financial instruments, the income available for distribution will be less exposed to fluctuations in market interest rates and exchange rates.

The Managers continue to tap into different sources of financing for FHT's funding requirements. As at 30 September 2023, FHT's weighted average debt maturity was 2.32 years (30 September 2022: 2.00 years). The loan maturities are widely spread out across FY2024 to FY2028, which mitigates concentration risk in re-financing arising from changing market conditions. In addition, 93.3% (30 September 2022: 93.8%) of FHT's assets were unencumbered, thus providing operational and financial flexibility. In FY2023, both interest coverage ratio and adjusted interest coverage ratio improved to 3.6 times (FY2022: 2.6 times).

In March and April 2023, FHT established a new 5-year A\$75.0 million revolving credit facility and a new 5-year S\$120.0 million revolving credit facility respectively, to refinance S\$190.0 million of borrowings that were due in FY2023.

As at 30 September 2023, FHT's total gross borrowings were S\$703.2 million (30 September 2022: S\$758.4 million). Our effective cost of borrowing rose to 3.1% per annum for FY2023 (FY2022: 2.3% per annum) due to refinancing in a rising interest rate environment. FHT had approximately 75.5% (30 September 2022: 81.7%) of total borrowings on fixed interest rates, which acted as a safeguard against rising interest rates and provided certainty of interest expenses.

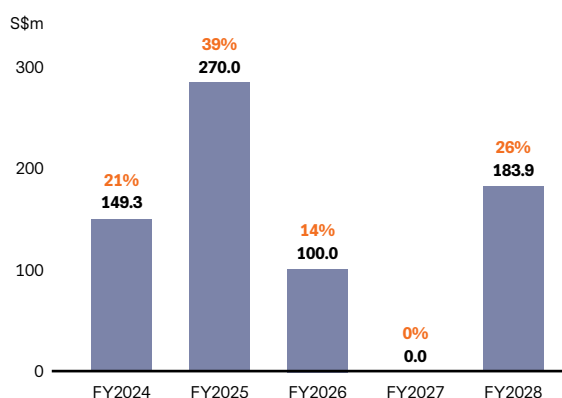
Our leverage ratio as at 30 September 2023 improved to 34.0% (30 September 2022: 36.4%), which is well below the 50% limit set by the Monetary Authority of Singapore. The improved leverage ratio was due to the net repayment of S\$51.4 million of revolving credit facilities using internal cash resources and net proceeds from the divestment of Sofitel Sydney Wentworth in April 2022.

As at 30 September 2023, FHT has undrawn committed revolving credit facilities of S\$172.0 million and the flexibility to tap on the unutilised balance of S\$880 million from the S\$1.0 billion Multicurrency Debt Issuance Programme that was established in January 2016.

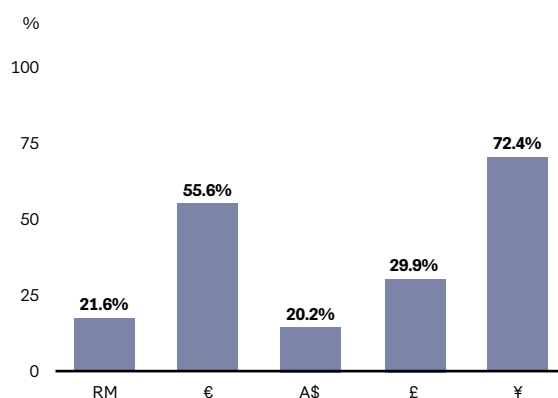
FHT adopts a natural hedging strategy by borrowing in the same currency as the underlying asset or hedges using cross currency swaps to the extent possible to manage our foreign currency risks associated with the capital values of its overseas assets. As at 30 September 2023, FHT achieved between 20.2% to 72.4% hedging for its portfolio of assets denominated in foreign currencies.

FHT will continue to actively manage its capital structure and financial risks to meet its stated objectives.

### Debt Maturity Profile



### Balance Sheet Hedging



## Portfolio Valuation

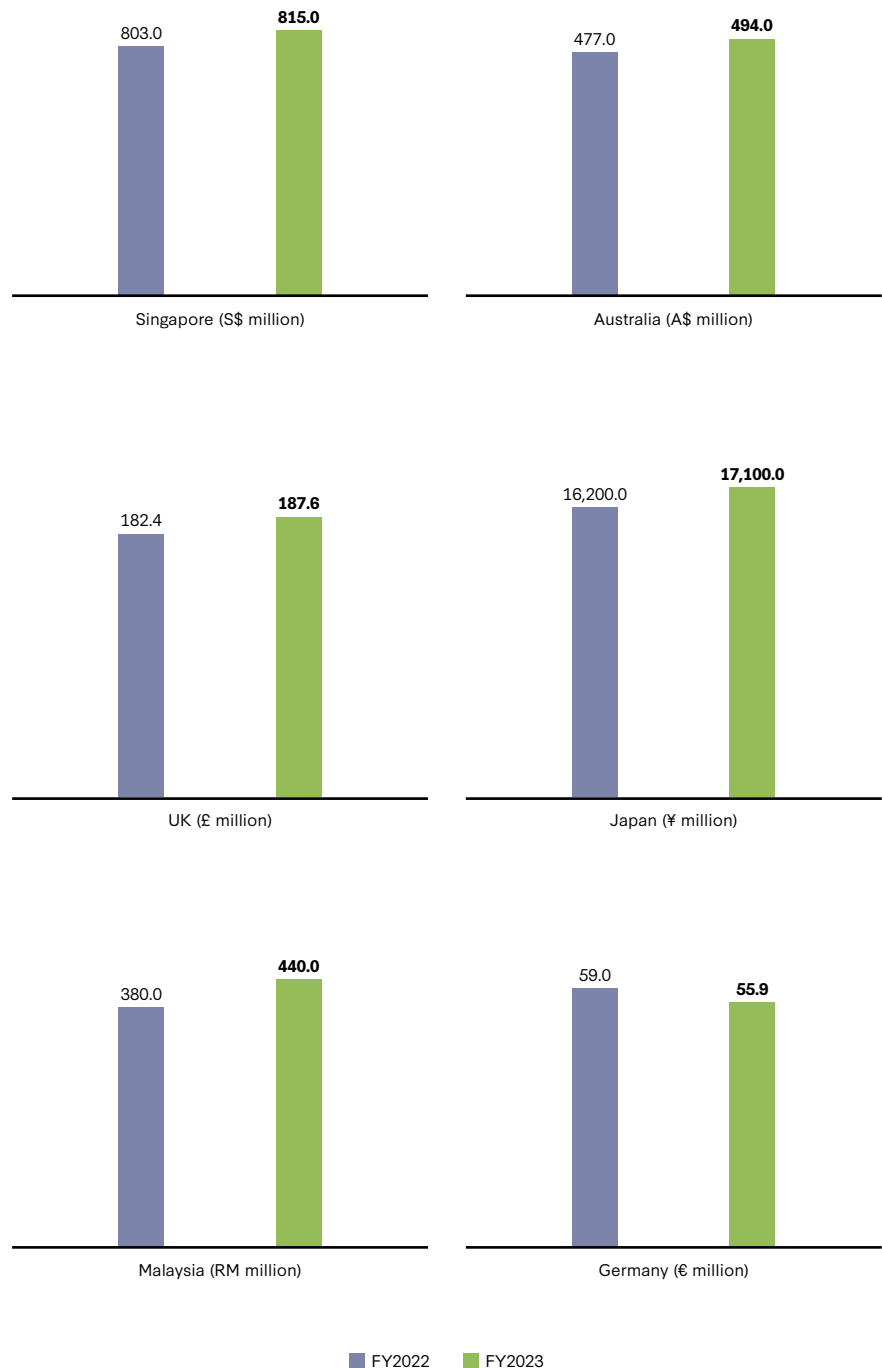
### ASSET PORTFOLIO VALUATION

FHT has a portfolio of 8 hotels and 6 serviced residences with a total of 3,477 rooms in Singapore, Australia, the UK, Japan, Malaysia, and Germany.

As at 30 September 2023, our portfolio valuation stood at S\$1.93 billion, up 1.7% from a year ago. While the underlying performance and cash flows of our properties improved YoY, rising interest and inflation rates led to the expansion of capitalisation and discount rates. Foreign exchange rates also impacted the conversion from local currencies to the Singapore dollar.

In local currency terms, the valuation for Singapore, Australia, the UK, Japan and Malaysia portfolios increased by 1.5%, 3.6%, 2.9%, 5.6% and 15.8% respectively while the valuation for Germany portfolio declined YoY by 5.3%.

### Valuation in Local Currency by Geography



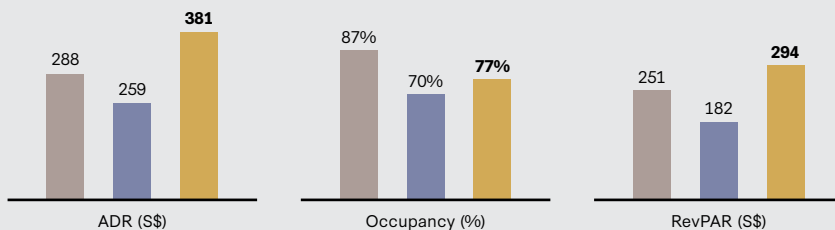
# Operations Review



InterContinental Singapore

## FHT Singapore Portfolio

FY2019 | FY2022 | FY2023



A key enabler of Singapore's economy, the tourism sector contributes an estimated 4.0% to Singapore's GDP. Following the major impact of COVID-19, tourism receipts are now in recovery, with the latest available figures at S\$12.0 billion year-to-date (YTD) June 2023. This represents a YoY increase of 163.4% over the same period in 2022. Compared with 2019, this year's tourism receipts represent a 91.4% recovery to a pre-COVID trading environment.

For Singapore's hotel market performance, comparing 2023 and 2022, ADR rose significantly by 13.5% to S\$284, and room occupancy increased by 5.9 percentage points to 81% as more favourable trading conditions returned. Consequently, RevPAR increased 22.5% to S\$230, and surpassed the 2019 RevPAR of S\$192.

The hotel supply growth remained relatively muted from 2022 to 2023. Total room inventory in Singapore increased by 2.7% YoY in 2023 as refurbishments and new builds were completed. Notable hotels that opened in 2023 are Resorts World Sentosa – Hotel Ora (389 rooms, opened in March 2023), Mondrian Singapore Duxton (295 rooms, opened in March 2023), Pan Pacific Orchard (347 rooms, opened in June 2023), Pullman Singapore Hill Street (448 rooms, opened in August 2023), COMO Metropolitan Singapore (156 rooms, opened in August 2023) and Artyzen Singapore (146 rooms, opened in August 2023).

According to URA's data as of 2Q 2023 (latest available), 8,200 hotel rooms in the pipeline are projected to be delivered by 2027 and beyond. The large new supply of 2,396 hotel rooms will be added in 2H 2023 while the new supply is expected to decline to 936 hotel

rooms in 2024. In 2025 and 2026, 2,468 and 2,138 hotel rooms will be added to Singapore's total hotel room inventory. Major hotel developments in the pipeline include The Standard (143 rooms, to launch in late 2023 or early 2024), Raffles Sentosa Resort & Spa (62 villas, to launch in 2024), Banyan Tree (338 rooms, to launch in 2025), Resort World Sentosa expansion project – RWS 2.0 (1,200 rooms, to launch in 2025) and Marina Bay Sands Fourth Tower (1,000 rooms, to launch in 2026 and beyond).

As Singapore is a regional hub for business and tourism, demand growth for Singapore hotels will continue to increase with the return of MICE events. The main reasons for ADR growth in 2022 and 2023 were inflationary pressures and pent-up demand from the leisure segment. Despite the slowdown of global inflation, average room rates are expected to continue to rise, albeit moderately, to mitigate higher operational costs caused by staffing shortages and the rising utility costs. Leisure travel demand is expected to soften and be replaced by the continued uptick in business travel, meetings and events.

FHT's Singapore portfolio recorded a YoY improvement in RevPAR of 61.4% in FY2023 to S\$294 with ADR and occupancy increasing by 47.2% and 7.0 percentage points respectively against the preceding period.

At InterContinental Singapore, RevPAR improved 92.4% to S\$297, in line with the market. Fraser Suites Singapore, reported a RevPAR increase of 27.9% to S\$289 as the property's extended-stay business model has shown much resilience during these challenging times.

FHT's Singapore portfolio reported a GR of S\$35.2 million, up 64.5% YoY while NPI increased YoY by 67.6% to S\$31.6 million.

## Operations Review

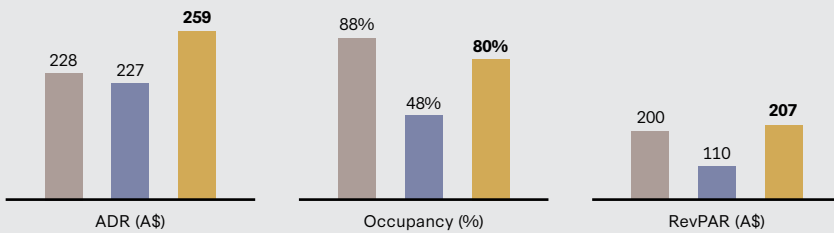


### AUSTRALIA

Novotel Sydney Darling Square

#### FHT Australia Portfolio

FY2019 | FY2022 | FY2023



\* Note that the metrics above are based on same-store basis which exclude Sofitel Sydney Wentworth

Domestic travel within Australia continued to lead the recovery in 2023, with domestic visitor arrivals trending close to pre-COVID levels. Based on the Australian Domestic Aviation Activity publication, for the year ended August 2023 there were 55.9 million Regular Public Transport passengers, an increase of 48.9% on the year ended August 2022. Sydney was Australia’s busiest domestic airport with 23.6 million passenger movements in August 2023 (63.0% growth YoY), followed by Melbourne with 22.8 million passenger movements (60.1% growth YoY). These 2 cities represent 41.5% of total 111.8 million movements in Australian airports. Compared to the year ended August 2019 which had 121.9 million movements, the domestic travel reached 91.7% recovery in 2023.

This remained heavily weighted to leisure tourism. MICE and corporate demand also showed strong signs of recovery, despite the current macroeconomic headwinds and pullback on business travel and entertainment budgets.

Since the reopening of Australia’s international borders in February 2022, there has been a steady recovery in international arrivals across the country. The increase in inbound demand has resulted in an increased air lift capacity and flight routes, which help improve connectivity and make it more accessible than ever to travel to, from and within Australia. As per the Australia Bureau of Statistics, short-term international visitor arrivals reached a monthly post-COVID peak in December 2022 (648,970 arrivals). However, this remained 40.0% below December 2019 levels (1.1 million arrivals) albeit 8.9 times

December 2021 (73,290 arrivals). YTD August 2023, short-term overseas arrivals totalled 4.5 million, reaching 73.0% pre-COVID levels (YTD August 2019) and 2.6 times same period last year.

South Asia, Middle East, Africa, and Oceania international arrivals to Australia recovered the fastest, while arrivals from Northeast Asia recovered following the reopening of Chinese borders. International short-term visitor arrivals are expected to return to pre-COVID levels by 2024.

The rapid increase in inflation poses a new challenge to tourism recovery, including important considerations around travel intentions and cost of living pressures. Despite this pressure, the hotel trading recovery trend remains positive. The pent-up demand to travel, increased flight capacities, the return of city events and a further rebound in international travel has resulted in RevPAR for Sydney and Melbourne in 2023 exceeding pre-COVID levels, albeit mainly due to strength in ADR.

Despite occupancy rates steadily picking up over the past 12 months, occupancy in most markets remains lower than pre-COVID levels. This is especially the case in the Melbourne market which is still adapting to significant levels of new supply.

In the year 2023, Melbourne saw the opening of 1,826 new rooms within the CBD, in addition to another 564 rooms in the metropolitan area. Melbourne CBD is officially now Australia’s largest hotel market, adding 4,889 rooms in less than four years, following an unprecedented building boom since 2020 and the opening of 21 new hotels. Prior to the pandemic, the two cities were almost neck-and-neck, with



Sydney CBD offering 21,634 rooms compared to 21,597 rooms in Melbourne CBD.

Comparing FY2023 with the same corresponding period last year, hotel performance in Melbourne registered room occupancy increase of 16.4 percentage points to 68%, although still 12.1 percentage points lower than FY2019. Average room rate increased by 9.7% to A\$222, surpassing FY2019 levels.

With the return of major city events, steady recovery of MICE and corporate segments and further increase in flight services, the outlook for the Melbourne hotel market should be cautiously optimistic, with the occupancy expected to trend towards pre-COVID levels in 2024 barring unforeseen circumstances.

Sydney, the capital city of New South Wales in Australia, had a pivotal strategic business location within the wider Asia Pacific region and the southern hemisphere, serving as the commercial epicentre for corporations across Australia.

The city's hotel performance has rebounded on the back of a wave of returning citizens from abroad, visiting friends and relatives, the return of city events and increased interstate business activity. Comparing FY2023 with the same corresponding period last year, room occupancy and average room rates rose by 20.9 percentage points and 14.3% respectively, resulting in a significant increase in RevPAR by 58.0% closing at A\$201. RevPAR achieved was higher than pre-COVID levels.

In 2022 and 2023, Sydney witnessed a number of openings. They include Porter House Hotel (122 rooms), the Ace Hotel (264 rooms) and Kimpton Margot Sydney (172 rooms) the

former Pirmus Hotel in 2022 and the opening of Capella Sydney (192 rooms) and W Sydney (588 rooms) in 2023.

With circa 45,300 rooms across the market, the city's development pipeline is set to grow by a further circa 3,000 keys in the coming three to four years, with the majority of upscale standard. The future supply pipeline includes the lifestyle product 25hours Paddington (105 rooms) and two sites on Pitt Street with the potential for 405 additional rooms. The country's first Waldorf Astoria, a premium location with 220 rooms and views across Sydney Harbour, is set to open in 2025.

Despite global economic headwinds and the domestic financial markets dealing with the rising costs of living and inflation, the Sydney hotel industry remains well-positioned to close the occupancy gap with pre-pandemic performance levels on the basis of its status as a key leisure and business destination within Asia Pacific. Similarly, barring any unforeseen circumstances.

On the same-store basis, the Australian portfolio performed in line with the market in FY2023, with a YoY increase in portfolio RevPAR by 88.5% to A\$207 and surpassed FY2019 result. GR for the portfolio was A\$51.4 million while NPI was A\$26.4 million.

## Operations Review

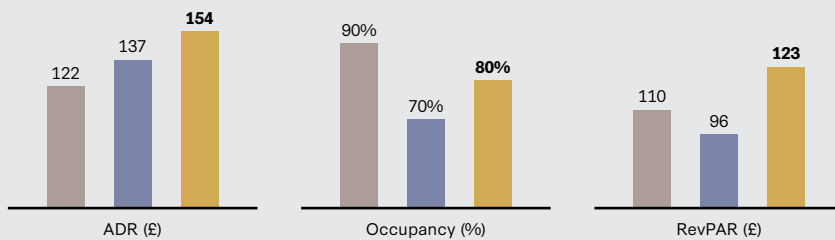
UK



Fraser Suites Glasgow

### FHT UK Portfolio

FY2019 | FY2022 | FY2023



The UK welcomed 31.2 million inbound visits in 2022 following two years of low visitation due to the impact of COVID-19. According to the tourism board of Great Britain, Visit Britain, the latest inbound forecast for 2023 is 37.5 million visits, 91.7% of the 2019 level, a stronger recovery than the previous forecast.

According to Office for National Statistics and VisitBritain, visitor arrivals to London increased by 92.0% to 16.1 million in 2022 from 2.7 million in 2021 and recorded 9.5 million visitor arrivals as of 2Q 2023. Attractions and hotels across the capital are delighted by the far better than expected visitor numbers, with more than 18.0 million international visitors forecasted to arrive in London by the end of 2023, which is 86.1% of the 2019 level. Inbound visitors to the UK are forecast to spend £30.9 billion, up 8.8% on 2019.

Inbound visitors to London spent £14.1 billion in 2022, 10.1% below 2019 levels accounting for 53.3% of the total spend in the UK. Visitors to London spent £7.6 billion as of 2Q 2023 and are forecast to spend £14.1 billion at the end of 2023. London & Partners are delivering the third year of the 'Let's Do London' campaign to drive additional tourist visits and spending in 2023. The campaign will target visitors from the key markets of France and Germany. In 2022, the campaign attracted about 600,000 visitors from other parts of the UK, Germany, France and the USA by bringing £289.0 million additional expenditure by tourists to London, delivering a strong return on investment. The fundamental drivers of demand remain unchanged for London's hotel market. Seeing a strong recovery in international travel, consumers continue to prioritise travel and experiences. The staycation trend

is expected to continue this year with strong domestic demand resulting from higher international flight prices and greater financial pressure on household budgets. According to STR data, the average occupancy rate for London hotels as of September 2023 stood at 79% which was up 7.8% YoY, London's highest occupancy since 2019.

ADR is a key driver in the recovery of hotel performance after the pandemic due to cost-push inflation being passed on to visitors. With the return of international travel, London's hotel ADR increased by 36.5% YoY in 2022 to £189 and came in higher than the 2019 level. ADR as of YTD September 2023 increased by 2.3% to £193 from the previous year. This current ADR reflects the new norm and is expected to remain higher than pre-pandemic levels.

According to STR, 13,455 hotel rooms will open in London by the end of 2025. According to Europe Hotel Pipeline Report published by Top Hotel Projects in October 2023, London has 95 hotels in the pipeline which will add 16,878 rooms from 2026 onwards. London is a pioneer in expanding its hotel industry strongly and leading in terms of new hotel projects in the pipeline in Europe. London has seen the biggest increase in new properties on the hotel scene in the past two years, followed by Manchester and Edinburgh.

Recent prominent new openings include Sonder The Henry (102 rooms, 2022), Amano Covent Garden (152 rooms, 2022), citizenM London (242 rooms, 2022), Tribe London Canary Wharf (2022), The Hoxton Shepherd Bush (237 rooms, 2022), Art'otel London Battersea Power Station (181 rooms, 2023), Ember Locke Kensington (121 rooms, 2023), The BoTree London (199 rooms, 2023), Riu Plaza London

Victoria (435 rooms, 2023), The Peninsula London (190 rooms, 2023) and Raffles London at The OWO (120 rooms, 2023). Notable hotel developments in the pipeline are Art'otel London Hoxton (357 rooms, early 2024), Six Senses London (110 rooms, 2024), Park Hyatt London River Thames (203 rooms, 2024), Chancery Rosewood (137 rooms, 2025), Waldorf Astoria London (96 rooms, 2025), and Hotel Indigo London - K West Shepherd's Bush (255 rooms, 2026).

Edinburgh, as the capital of Scotland, has evolved into a world-renowned tourist destination, driven by a mixture of the city's UNESCO World Heritage listing, the international festivals for art, performance, as well as its status as a gateway for travel to other regions of Scotland. According to the latest research on the UK hotel sector performance from CoStar published in October 2023, Edinburgh hotels' room occupancy rate as of September 2023 reached 89%, boosted by the Edinburgh Festival Fringe in August and showing better performance than 2019 level, (87% as of September 2019). In 2023, Edinburgh hotel ADRs were up 20.0% YoY, reaching around £148, showing stronger growth and higher rate than pre-pandemic levels, which was circa £110.

According to CoStar, Edinburgh's hotel room supply increased by an average of around 3.0% each year between 2013 and 2019 with total supply reaching approximately 15,425 in mid-2022. According to the Europe Hotel Pipeline Report by Top Hotel Projects published in October 2023, Edinburgh has 3,736 rooms in the current pipeline with 22 projects.

Recent prominent hotel openings were Virgin Hotels Edinburgh (226 rooms, March 2022) and Gleneagles Townhouse (33 rooms, August

2022). The most notable branded hotels in the pipeline in Edinburgh include the W Hotel Edinburgh (214 rooms, November 2023), Red Carnation Hotel (30 rooms, November 2023), Tribute Portfolio Hotel (207 rooms, 2024), NYX Hotel Edinburgh by Leonardo Hotels (131-rooms, August 2024), Hyatt Regency Edinburgh Marina Hotel (285 rooms, December 2024), Ruby Hotel (300 rooms, middle of 2026) and Clayton Hotel (153 rooms, 2026).

Glasgow is Scotland's largest city with a proud cultural heritage and an enviable list of world class attractions. The city has a calendar of festivals and major concerts, from Celtic Connections to the World Pipe Band Championships. Glasgow has delivered numerous major events, most recently the inaugural 2023 UCI World Cycling Championships. It is also home to world-class museums, galleries and attractions and a rich architectural heritage. According to VisitBritain and Office for National Statistics data, international overnight visits recorded 1.3 million in 2022, generating £919.0 million for the city's economy. The overnight international visits to Glasgow accounted for 40.3% of the total visits to Scotland. Those figures represent a 20.0% decline in inbound visits and 12.2% increase in spending from 2019 levels. Additionally, the total nights of international visitors to Glasgow in 2022 reached a peak of 14.1 million over the decade, a stellar performance demonstrating the resilience of the city.

Recovery pattern for Glasgow has been very similar to Edinburgh after the pandemic, albeit slower as Glasgow had to absorb the new supply that opened prior to COVID-19. Despite the reopening of international borders in June 2021, the average occupancy rate

in Glasgow reached only 38%. Glasgow hotel occupancy rates started to show improvement in 2022 and rose to 73% a year later unlike a surge in Edinburgh hotel occupancy rate in 2021. Glasgow hotel occupancy is expected to increase further, reaching 77% by the end of 2023. Glasgow hotel ADR reached a peak of £80 in 2021 and remained at £78 in 2022 which was higher than the pre-pandemic levels.

In comparison with FY2022, the UK portfolio's RevPAR increased by 28.8% YoY to £123. GR for FHT's UK portfolio improved 20.3% to £12.6 million and NPI improved 22.3% to £9.8 million. On comparison to FY2019, the portfolio RevPAR is 12.0% higher, indicating that the market has recovered to pre-pandemic revenue levels.

## Operations Review

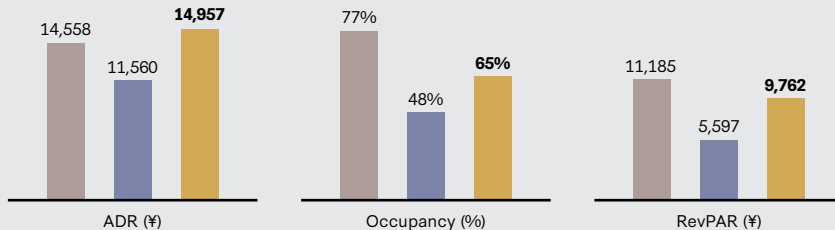
### JAPAN



ANA Crowne Plaza Kobe

#### FHT Japan Portfolio

FY2019 | FY2022 | FY2023



International arrivals in Japan totalled 17.4 million as of YTD August 2023, recovering to 71.2% of the 2019 level (31.9 million) according to data from Japan National Tourism Organization. The number of international arrivals to Japan in 2023 increased gradually month over month, reaching the peak of 2.3 million in July 2023. Based on international arrivals as of YTD September 2023, top five source markets are South Korea (4.9 million), Taiwan (3.0 million), China (1.6 million), Hong Kong (1.5 million) and USA (1.5 million). The main purpose of visits to Japan is tourism for sightseeing and leisure. After the pandemic, more foreign travelers have chosen Japan as a holiday destination, drawn by their much-increased spending power due to the Japanese Yen currency recent weakness and from the relaxation of travel restrictions.

Kansai International Airport has been important for foreign entries to Kobe and is one of the top three busiest international airports in Japan, recording 8,361,578 arrivals and departures (27.0%) in FY2019. Kobe Airport plans to start international flights by 2030 as it is driven by the expectation of a recovery in passenger demand in the Kansai region and reinforced infrastructure of the three Kansai airports including Kansai International Airport, Osaka International Airport, and Kobe Airport as a single hub. According to Kansai Airports, the gross passenger traffic at Kansai International Airport for the Osaka-Kansai Expo 2025 is projected to reach 37 million and a maximum of nearly 50 million in FY2030. With Kobe Airport targeting to offer international services from 2030, Kobe's hotel market demand is expected to be bolstered by foreign tourists visiting Kobe, Kyoto and Osaka.

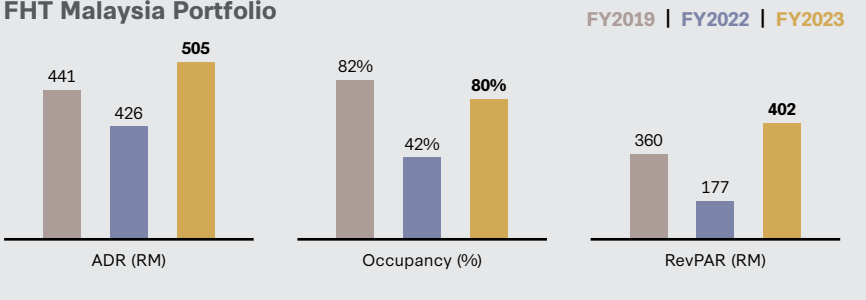
With the reopening of international borders in October 2022, Kobe's hotel occupancy improved and increased to a peak of 81% in March 2023 with its ADR and RevPAR recording ¥12,863 and ¥10,419 respectively during the Cherry Blossom season. Being a seasonal destination like Osaka, Kobe's YTD September 2023 room occupancy, ADR and RevPAR did not reach pre-pandemic levels.

Kobe's hotel inventory in 2023 is estimated at approximately 9,800 hotels rooms. There are few hotel developments in the pipeline after the influx of a large new supply in 2021. Recent major hotel openings in Kobe include Hotel Sui Kobe Sannomiya by ABEST (132 rooms, opened in 2021), remm Plus Kobe Sannomiya (209 rooms, opened in 2021), the Royal Park Canvas Kobe Sannomiya (170 rooms, opened in 2021) and Daiwa Roynet Hotel Kobe Sannomiya Cho Dori (265 rooms, opened in December 2021). Kobe's hotel operating performance is likely to see further improvement bolstered by the resumption of inbound tourism to the Kansai region. Kobe's hotel ADR and RevPAR levels are expected, barring unforeseen circumstances, to grow moderately and surpass pre-pandemic levels in the next few years.

The performance of ANA Crowne Plaza Kobe showed signs of recovery from the pandemic as its RevPAR registered an increase of 74.4% YoY to ¥9,762 in FY2023. This led to a 23.1% increase of GR to ¥744.8 million and an increase in NPI of 35.3% to ¥497.4 million. FY2023 RevPAR was 87.0% of pre-pandemic FY2019 levels, indicating that recovery was gradual.



**FHT Malaysia Portfolio**



According to the Department of Statistics Malaysia, domestic tourism numbers in Malaysia rose 20.0% to 54.5 million in 2Q of 2023 from a year earlier and was up 12.2% from the previous quarter. The number of domestic visitors totaled 171.6 million in 2022, showing a 160.1% increase from the 66.0 million recorded in 2021. Domestic tourism expenditure in Malaysia as at 2Q 2023 recorded RM21.9 billion, up 23.9% YoY and 13.9% quarter-on-quarter. For 2022, domestic tourism expenditure totalled RM64.1 billion, up 248.1% from RM18.4 billion in 2021. The positive growth in visitor numbers and tourism receipts is expected to continue in the next few years.

As Kuala Lumpur is one of ASEAN’s key gateways, the city is equipped with the most advanced infrastructure development in Malaysia, including the presence of KLIA and KLIA2 airports at Sepang, the Multimedia Super Corridor and the country’s main seaport, Port Klang. KLIA / KLIA2 have set a target of 100.0 million passengers per annum to be achieved by 2030.

As of 2022, Kuala Lumpur welcomed 16.9 million domestic visitors in 2022 and generated receipts of RM7.7 billion. Kuala Lumpur had the second highest record for domestic visitors and tourism receipts in 2022 after Selangor. The average length of stay in Kuala Lumpur was recorded at 3.1 nights.

Kuala Lumpur saw a significant improvement in the past two years after the pandemic and is progressively recovering, boosted by the reopening of the country’s borders. As of YTD September 2023, the average occupancy rate for Kuala Lumpur has increased to 64% compared to 43% YTD December 2022, almost returning to pre-pandemic levels. Kuala Lumpur’s hotel RevPAR rose to RM238 as YTD September 2023, showing better performance than the 2019 level. This was mainly attributed to an uptick in occupancy and ADR this year.

Kuala Lumpur’s hotel inventory in 2023 is more than 50,000 rooms, which increased from 47,500 rooms

last year and 45,000 in 2021. Hotel room inventory in Kuala Lumpur is expected to grow in excess of 21.0% between 2023 and 2025, assuming all proposed projects materialize. As of 1Q 2023, Kuala Lumpur recorded 37 projects with 10,864 rooms in the current pipeline. Notable hotel openings in 2022 and 2023 include Parkroyal Collection Kuala Lumpur (535 rooms, June 2022), Amari Kuala Lumpur (252 rooms, September 2022), Pan Pacific Kuala Lumpur (210 rooms, December 2022), Hotel Indigo Kuala Lumpur on the Park (180 rooms, December 2023), Iyf Raja Chulan Kuala Lumpur (117 rooms, September 2023). Major hotel developments in the pipeline are Park Hyatt (232 rooms, to open in 2024), Kimpton @ The Exchange (471 rooms, to open in 2024), Edition (350 rooms, to open in 2024), Conrad (544 rooms, to open in 2025), So Sofitel (207 rooms, to open in 3Q 2024) and Crowne Plaza (200 rooms, to open in 2026).

Kuala Lumpur’s hotel market has an optimistic outlook in the long term with the expansion of the city’s infrastructure. The Malaysian government has extensive plans to expand its infrastructure and to further improve accessibility, particularly within Kuala Lumpur. In 2024, the Kuala Lumpur’s top-tier hotel demand levels are expected to return to pre-pandemic levels. The significant influx of new supply into the the luxury segment in the next few years is projected to induce some level of demand and contribute towards improving occupancy levels. Pent-up demand following the pandemic is also expected to continue to contribute higher occupancy levels in the near term.

The Westin Kuala Lumpur’s operations had improved in tandem with the market, as compared to FY2022. Amidst the recovering operating environment, the property reported a RevPAR improvement of >100% YoY to RM402. GR increased 67.3% to RM24.8 million and NPI improved 75.7% to RM23.1 million. RevPAR exceeded FY2019 by 11.6%.

## Operations Review

### GERMANY



Maritim Hotel Dresden

The state capital city of Dresden has been named one of top travel destinations 2023 by Lonely Planet. The city stretches on both banks of the Elbe River and is nestled in the foothills of the Eastern Ore Mountains, the Elbe Sandstone Mountains and the Lusatian Granite Plate. Dresden is characterized by renowned art museums and the classical architecture of the reconstructed old town. Dresden, apart from being scenic, is considered a city of art and culture, but also an important technology location.

Dresden is also a MICE destination, providing outstanding meeting infrastructure, accessibility and safety. It is Germany's fourth largest city with great meeting facilities, event venues and hotels.

Dresden recorded 1.1 million visitations and 3.4 million overnight stays as of YTD July 2023 which was up 26.0% and up 25.0% from YTD July 2022 level. This is a sign of further improvements in Dresden's tourism performance in the post-pandemic period. The average length of stay in Dresden was recorded at 2.1 days. According to the 2023 trend, Dresden's tourism is close to pre-pandemic levels as the main tourism indicators inched closer to 2019 performance. In September

2023, Dresden witnessed 202,418 monthly visitations and 411,270 overnight stays. Domestic travellers accounted for 75.9% of the city's total monthly visitations and 85.1% of the city's total overnight stays in September 2023. Based on visitations YTD July 2023, top five source markets to Dresden are Poland (66,568 visitations), Australia (39,639 visitations), Switzerland (37,655 visitations), USA (35,914 visitations) and Netherland (31,817 visitations) according to the Dresden Marketing and Tourism Authority.

The Dresden hotel market began to gradually recover from 2022. Demand picked up again in 2022 once travel restrictions were lifted. The return of demand for inbound and convention tourism and business travel contributed to the increase of occupancy which was significantly better than in 2021. Dresden's hotel occupancy rose by 40.0 percentage points to 57% in 2022 from the previous year and further improved to 59% in YTD July 2023. Dresden's hotel room occupancy in the past two years was still below pre-pandemic levels mainly due to the lag in the MICE market. Dresden's hotels recorded an ADR of €88 in 2022 and €93 YTD July 2023, whilst the city's RevPAR reached €34 in 2022 and €36 in 2023. The loss of revenue during

the pandemic as well as rising costs for energy, food and labour costs forced Dresden's hotel operators to raise room rates. As such, ADR reached a new high of €93 as of YTD July 2023.

Notable Dresden hotel openings in 2022 and 2023 include the MEININGER Hotel Dresden Centre (173 rooms, September 2022) and Premier Inn Hotel (200 rooms, June 2023). Major Dresden hotel developments in the pipeline include Taschenbergpalais Kempinski (213 rooms, November 2023), Prizeotel Dresden-Mitte (125 rooms, 4Q 2023), and the Holiday Inn Express Dresden Zentrum (306 rooms, 2024)

There are signs of recovery and it is expected that the number of airport passenger arrivals, MICE and domestic visitation will increase, thereby boosting room occupancy levels. In the near term, barring unforeseen circumstances, the new supply in Dresden will continue to be absorbed as more business travellers and international students are expected to visit the city.

Compared to other major cities in Germany, Dresden's limited new supply pipeline gives less operating pressure from the current challenges of labour shortages. This is likely to put less pressure on ADR. As such, the outlook remains cautiously optimistic.

Maritim Hotel Dresden is a triple-net leased property which was acquired in June 2016. In FY2023, its GR was €4.3 million. With reversal of impairment for rental receivables that was provided for during COVID-19 period, the hotel's NPI was €5.0 million.

## Key Events

### NOVEMBER 2022

- FHT declared a final distribution of 0.9316 cents per Stapled Security for the period from 1 April 2022 to 30 September 2022. The distribution was paid on 29 December 2022.

### JANUARY 2023

- The 8th Annual General Meeting (**AGM**) was held on 16 January 2023 and all resolutions proposed were duly passed.

### FEBRUARY 2023

- Ms Eu Chin Fen stepped down as CEO of the Managers to assume wider responsibilities as CEO of Frasers Hospitality, a strategic business unit of Frasers Property.
- Mr Eric Gan succeeded Ms Eu Chin Fen as the CEO of the Managers on 1 February 2023.
- Mr Liu Qingbin was appointed as Head of Finance for the Managers, reporting to the CEO.

### MARCH 2023

- FHT established a new five-year A\$75.0 million revolving credit facility with Malayan Banking Berhad, Singapore Branch.

### APRIL 2023

- FHT's distribution per Stapled Security rose 79.7% YoY to 1.2649 cents in the first half of FY2023. The distribution was paid on 28 June 2023.
- FHT established a new five-year S\$120.0 million revolving credit facility with Overseas Chinese Banking Corporation Limited.

### MAY 2023

- Mr Law Song Keng retired as a Non-Executive and Independent Director, Chairman of the Board, Chairman of the Nominating and Remuneration Committee (**NRC**) and member of the Audit, Risk and Compliance Committee (**ARCC**) of the Managers.
- Mr Chua Phuay Hee also retired as a Non-Executive and Independent Director of the Managers.
- Mr Panote Sirivadhanabhakdi, a Non-Executive and Non-Independent Director of the Managers, was appointed as Chairman of the Board of the Managers in place of Mr Law Song Keng.

- As part of Board renewal, Mr Soong Hee Sang was appointed as Non-Executive and Lead Independent Director, Chairman of the NRC and member of the ARCC of the Managers; and Mr Nagaraj Sivaram was appointed as Non-Executive and Independent Director, Chairman of the ARCC and member of the NRC of the Managers.

### JUNE 2023

- Mr Liew Choon Wei retired as a Non-Executive and Independent Director of the Managers.
- Mr Quah Ban Huat was appointed as Non-Executive and Independent Director and a member of the ARCC and NRC of the Managers.
- Dr David Wong See Hong was re-designated from Non-Executive and Independent Director to Non-Executive and Non-Independent Director of the Managers.

### AUGUST 2023

- RAM Ratings Services Berhad reaffirmed the ratings of the medium-term notes issued by Notable Vision Sdn Bhd under its RM750 million Medium Term Notes Programme, backed by The Westin Kuala Lumpur as collateral.

# Market Overview

REPORT BY COLLIERS

## SINGAPORE



### SINGAPORE TOURISM MARKET

The tourism sector contributes 4.0% to Singapore's GDP, encompassing a wide variety of tourist attractions, travel agencies, hotels, restaurants and transportation services. Singapore has been transformed into one of Asia's top holiday destinations. The tourism industry plays an important role in enhancing Singapore's position as a dynamic global city that attracts investments, businesses and talent.

During the pandemic, the hospitality and tourism sector exhibited its resilience by redefining and completely transforming the definition of tourism. Staycations played a pivotal role in boosting hotel occupancy rates by promoting domestic tourism. This initiative was further encouraged by the distribution of SingapoRediscover vouchers to every adult Singaporean citizen, injecting S\$320.0 million into the industry.

Since the reopening of borders to all visitors, Singapore's tourism industry has steadily recovered. International visitor arrivals to Singapore in 2022 reached 6.3 million visitors, exceeding STB's forecast of 4.0 million to 6.0 million. International visitor arrivals to Singapore recorded 10.1 million with a 171.0% YoY increase as of September 2023 (latest available) and are projected to reach 12.0 to 14.0 million in 2023, with full tourism recovery expected by 2024. As of September 2023, the top 10 source markets for international visitor arrivals to Singapore were Indonesia (16.7%, 1.7 million), China (10.0%, 1.0 million), Malaysia (7.9%, 0.8 million), Australia (7.9%, 0.8 million), India (7.8%, 0.8 million), Philippines (5.1%, 0.5 million), USA (4.7%, 0.5

million), South Korea (4.4%, 0.4 million), Vietnam (3.7%, 0.4 million) and UK (3.4%, 0.3 million). Collectively, these markets accounted for circa 71.4% of the total international visitor arrivals to Singapore.

The Singapore Government has allocated S\$500.0 million fund to help the Singapore tourism sector to recover from the pandemic and support growth areas including wellness for the Singapore tourism with its aim to position itself as a sustainable urban destination and a city in nature. Large-scale sporting and music events play a vital role in the recovery of the visitor numbers. Corporate events including industry shows and exhibitions are also a key driver of growth due to Singapore's location and state-of-the-art event infrastructure. Singapore Tourism Board (STB) also seeks to expand its partnerships with an extensive line-up of events all year round, and increase investment in new and refreshed products and experiences.

Singapore's receipts from tourism in 2022 recorded at S\$14.2 billion, an increase of 648.7% YoY from S\$1.9 billion in 2021. As of 1H 2023, Singapore's tourism receipts stood at S\$12.04 billion, a 163.4% YoY increase from the previous year. Tourism receipts in Singapore are estimated to reach S\$13.8 billion to S\$14.3 billion in 2023 with its recovery to recover to pre-pandemic levels by 2024. In terms of major contributors to total tourism receipts as of June 2023 (latest available), shopping was the largest share (19.3% of total tourism receipts), followed by accommodation (17.0% of total tourism receipts), SEG - sightseeing, entertainment & gaming (17.6% of total tourism receipts), and Food & Beverage (13.1% of its tourism receipts). Per capita expenditure in Singapore in 2022 stood at S\$2,248



which declined from S\$5,737 in 2021, which was mainly as a result of the longer average length stay of 22.4 days due to the closure of the international borders to Singapore.

### HOTEL MARKET

Singapore’s hotel industry is a core segment within the tourism sector and a key pillar of the country’s tourism growth. As of 2Q 2023 (latest available), it contributed about 17.0% of total tourism receipts for Singapore. Singapore hotels’ overall room revenue was S\$3.2 billion in 2022 and stood at S\$3.6 billion, up 73.8% YoY, as of September 2023. After recording the decade’s highest room revenue, S\$4.2 billion, in 2019, the overall room revenue in Singapore significantly declined to S\$1.2 billion in 2020 and further fell to S\$966.3 million in 2021 due international travel restrictions. SingapoRediscover vouchers supported local tourism businesses with an increase in hotel “staycations” during weekends and domestic leisure stays during the pandemic. Moving forward, the re-opening of China’s borders, a healthy pipeline of events increased, and flight connectivity began to drive hotel demand, contributing to the healthy recovery of both domestic and inbound demand.

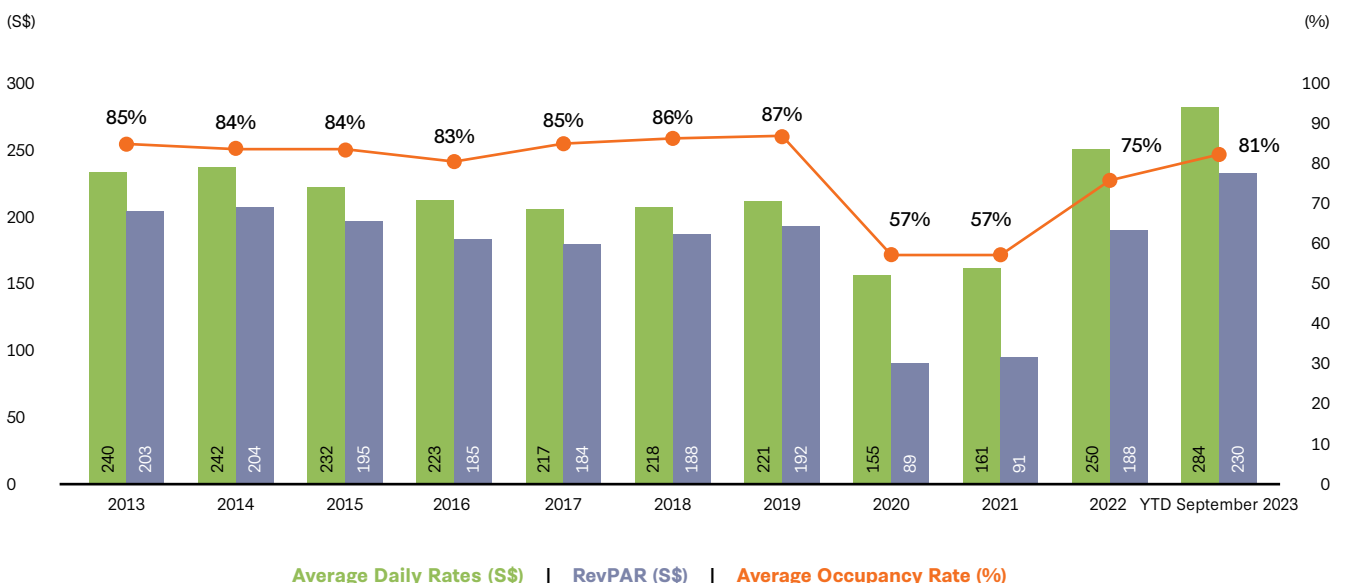
The number of available room nights in Singapore saw a decrease, dropping to 13.9 million in 2020 and 10.6 million in 2021 from 21.8 million in 2019. The available room nights in Singapore rose to 17.2 million in 2022 and stood at 15.7 million as of September 2023. In terms of hotel market performance, Singapore hotels’ average room occupancy rates were at a healthy level of above 83% from 2013 to 2019. In 2022, the average room occupancy rate began to rebound from

the impact of the COVID-19 pandemic, rising to 75% after hitting a low of 57% in 2020 and 56% in 2021, which marked the lowest recorded performance in the past ten years. The average room occupancy as of September 2023 reached 81% which is a step closer to the pre-pandemic rate of 86% witnessed in 2019.

As Singapore reopened its borders to international travelers and experienced increased tourism, there has been a pickup in demand, impacting pricing. The average daily rate (ADR) in Singapore rebounded to S\$250 in 2022 which increased from S\$155 in 2020 and S\$161 in 2021. As of September 2023, the ADR rose to S\$284 which was up 13.5% from the previous year and higher than the pre-pandemic level of S\$221 achieved in 2019. The spike in Singapore hotel average room rates has reflected the pent-up demand for travel resulting from the COVID-19 pandemic, driven by leisure and particularly the visiting, friends and family segment. As a result, and combined with inflationary pressure, Singapore’s hotels experienced a surge in average room rates over the past two years.

During the pandemic, Singapore’s Revenue per available room (RevPAR) reached a decade’s lowest, S\$89 in 2020 and S\$91 in 2021. As of September 2023, RevPAR was up 22.5% to S\$230 from S\$188 in 2022. This is the highest level since 2013 and the first time RevPAR surpassed pre-pandemic levels since 2013. In 2023, Singapore hotel’s RevPAR has grown on the back of stronger occupancy levels. In addition, this was supported by the large increase in average room rates, which has outpaced rising operating costs. As a result, Singapore hotels’ profitability has exceeded pre-pandemic levels.

### Singapore Hotel Performance (2013 to September 2023)



Source: STB

## Market Overview

### EXISTING SUPPLY

Singapore's hotel landscape in Singapore is characterised by diversified hospitality offerings. As of YTD October 2023, there are 447 licensed accommodation properties with the existing inventory of 72,231 rooms, comprising 388 hotels (71,478 rooms) and 59 backpacker hostels (753 rooms). In terms of market share, large accommodation with 300 rooms and more accounts for 62.2% of total existing room inventory, while small and medium accommodation account for 15.8% and 22.0% respectively. The total hotel room inventory for economy, mid-tier, upscale and luxury hotels in Singapore was 45,840 rooms in 2013, increasing to 62,630 rooms in 2020 with an average annual growth of 2,399 rooms over the 2013 and 2020 period. Due to the halt in construction activities during the lockdowns, the total hotel room inventory decreased by 2,010 rooms to reach 60,620 rooms in 2021. The total room inventory for economy, mid-tier, upscale and luxury hotels in Singapore rebounded to 61,900 rooms in 2022 with the new supply of 1,270 rooms. As of September 2023, the hotel room inventory increased to 63,550 rooms with the new supply of 1,660 rooms as refurbishments and new builds were completed.

Amongst the four tiers of hotel room categories in Singapore, mid-tier accounts for the largest share at 35.5% of total room inventory, followed by economy (26.4% of the total room inventory), upscale (21.3% of the total room inventory) and luxury (16.7% of the total room inventory) as of September 2023. From 2022 to September 2023, mid-tier hotels added 920 rooms while luxury and upscale hotels added 700 rooms and 740 rooms respectively into the total hotel room inventory. Notable hotels opened in 2022 and 2023 are Paradox Singapore Merchant Court at Clarke Quay (476 rooms, re-opened in April 2022, former Swissotel Merchant Court Singapore), Citadines Connect City Centre Singapore (172 rooms, opened in July 2022), Hotel Telegraph (134 rooms, former Sofitel So which re-opened in September 2022), Citadines Connect Rochester Singapore (135 rooms, opened in November 2022), Resorts World Sentosa - Hotel Ora (389 rooms, opened in March 2023), Mondrian Singapore Duxton (295 rooms, opened in March 2023), Pan Pacific Orchard (347 rooms, opened in June 2023), Pullman Singapore Hill Street (448 rooms, opened in August 2023), COMO Metropolitan Singapore (156 rooms, opened in August 2023) and Artyzen Singapore (146 rooms, opened in August 2023).

According to URA's data as of 2Q 2023 (latest available), 8,200 hotel rooms in the pipeline are projected to be delivered by 2027 and beyond. The large new supply of 2,396 hotel rooms will be added in 2H 2023 while the new supply is expected to decline to 936 hotel rooms in 2024. In 2025 and 2026, 2,468 and 2,138 hotel rooms will be added to Singapore's total hotel room inventory. Major hotel developments in the pipeline include The Standard (143 rooms, to launch in late 2023 or early 2024), Raffles Sentosa Resort & Spa (62 villas, to launch in 2024), Banyan Tree (338 rooms, to launch in 2025), Resort World Sentosa expansion project - RWS 2.0 (1,200 rooms, to launch in 2025) and Marina Bay Sands Fourth Tower (1,000 rooms, to launch in 2026 and beyond). Most new hotels in the pipeline to launch from 2024 to 2026 are luxury and upscale properties located at the city centre and Sentosa.

### FUTURE DEMAND

The reopening of Singapore's borders coupled with the return of events and concerts such as the Singapore Airshow and Formula One Night Race will continue to accelerate the recovery of the tourism and the meetings, incentives, conferences and events (MICE) sectors. Music concerts including Coldplay and Taylor Swift in the calendar for 2024 are expected to continue driving tourism from across the region. Collaboration between the government and the Singapore Sports Hub to support regional bookings is expected to deliver top-tier events, event programming and support tourism to Singapore. In addition to a stronger MICE calendar, increasing inbound numbers from China and the expansion of flight capacity to Singapore will be also main drivers for Singapore hotel demand in the next few years. Singapore's tourism is expected to continue this positive trajectory with the comeback of mega events in Singapore. Tourists who attend a concert or major event are increasing their in-destination spending. A significant influx of tourists for mega events to Singapore are expected to benefit local tourism businesses such as hotels and restaurants.

While sports and music events are shaping the rebound of visitors, corporate events are also becoming a key driver of growth with Singapore's location and infrastructure ideal for all industry gatherings. Singapore's strong track record for inclusivity, diversity, vibrancy, safety and security, ease of connectivity and entry for international travellers and its strategic location at the centre of the ASEAN and Indo-Pacific regions enables itself to host large corporate events. Robust infrastructure developments including the upgrade and expansion of Changi Airport Terminal 2, the rejuvenation of Clarke Quay area, Downtown Line

3 (Phase 2) with the addition of two stations from Expo to Sungei Bedok and 4-km Circle Line 6 connecting Harbourfront to Marina Bay Station are scheduled to complete in the next three years to meet tourism businesses' needs.

Singapore saw a surprise doubling of China visitor arrivals MOM in July 2023, recording 231,330 arrivals with a 204.2% increase from 113,290 arrivals in June 2023. China visitor arrivals in July 2023 reached 76% of 2019 levels for the corresponding period. Singapore also experienced a higher average length of stay, 5.3 days, than the 2019 level, 3.0 days, with 'Bi-leisure' being the main contributing factor.

Therefore, given recent and anticipated trends, sustained hotel demand is expected ahead with MICE events and the continued rebound of outbound tourism from China. Average visitor days and per capita expenditure in Singapore over the last two years have surpassed pre-COVID levels and are expected to result in improvement in hotel demand in the next few years. While the influx of the large new supply in 2023 has catered to pent-up hotel demand built up from the pandemic, the limited new supply in 2024 is expected to balance hotel supply and demand in Singapore, underpinning further RevPAR growth.

## HOTEL MARKET OUTLOOK

Early this year, Singapore has been certified as a sustainable destination to Global Sustainable Tourism Council (GSTC)'s Destination Criteria. With Singapore's vision to become a sustainable urban destination, Singapore government will support GSTC in the development of industry criteria for MICE and attractions. In line with the Singapore Green Plan 2030, the roadmap sets out targets and strategies for hotels to adopt their sustainability. According to the Hotel Sustainability Roadmap, at least 60.0% of hotel room inventory targets to achieve internationally recognised hotel sustainability certification by 2025. Hotels are required to commence tracking of emissions by 2023 and reduce emissions by 2030 with a view to achieve net-zero emissions by 2050. Singapore's new hotel supply will be meeting the eco-friendly concept and GSTC's internationally recognised criteria, contributing to the city's green reputation.

Barring unforeseen circumstances, given Singapore's status as a regional hub for business and tourism, demand for Singapore hotels will continue to grow with the return of meetings and exhibitions. The main reasons for the large price jumps in 2022 and 2023 were inflationary pressures and pent-up demand from the leisure segment. Despite the slowdown of global inflation, average room rates are expected to continue to rise, albeit moderately, to mitigate higher operational costs as staff shortages and increase cost of utilities due to global conflicts. According to Hotel Monitor 2024 by American Express Global Business Travel (AMEX GBT), the average hotel room rate in Singapore is projected to rise by 7.5% in 2024. Leisure travel demand is expected to soften and be replaced by the continued uptick in business travel, meetings and events. The working culture towards more flexible, hybrid and remote models has also impacted directly on business travel patterns. An incremental lift in weekend corporate travel and a shift to fewer but longer business trips point to a growing trend of travelers combining business trips with leisure activities.

In 2024, a limited new hotel supply is expected to sustain moderate average room rate growth.

## Market Overview

### SYDNEY, AUSTRALIA



### SYDNEY TOURISM MARKET

Sydney is Australia's premier destination city and the gateway to New South Wales, attracting 35.1 million visitors staying in the city for the YE March 2023. After the lift of COVID-19 pandemic restrictions and the reopening of its borders in February 2022, Sydney has seen a surge in visitors which increased to 32.6 million in YE December 2022 from 20.5 million in 2021 in YE December 2021. Sydney is recognised as Australia's premier destination city for good reason, with its beautiful natural harbour, iconic architectural landmarks, and world-renowned events and attractions. The wide range of reasons to visit means Sydney currently receives about half of all international visitors to Australia, exemplifying Sydney's status as the nation's only global city. The tourism sector makes a significant impact on Sydney's economy, benefiting the city's businesses and communities. Growing numbers of interstate and international visitors will continue to create a demand for tourist accommodation in the city, underpinned by the ongoing growth of the cruise ship industry and the increasing number of major business events being held there.

According to the Australia Bureau of Statistics' data for YE August 2023, top five source markets for visits to Australia included New Zealand (17.9% of total international arrivals), USA (9.5% of total international arrivals), United Kingdom (9.2% of total international arrivals), India (6.0% of total international arrivals) and Singapore (5.6% of total international arrivals). Additionally, China and Japan accounted for 5.6% and 3.5% of total international visits. China visitor arrivals in August 2023 declined to 31.4% of 2019 levels but is

expected to increase with the full reopening of China since June 2023. For YE March 2023, total visitor nights in Sydney recorded 29.8 million, which increased by 57.0% YoY. The average length of stay was 2.7 nights. In terms of accommodation types, friends and relatives' property had the largest share, 41.0% of the total nights, while hotels stood for 36.0% of the total nights.

According to Sydney 2030 Tourism Action Plan, the tourism sector is a priority area of focus for the City of Sydney due to its important contribution to job creation and economic growth, and increased knowledge and cultural awareness between countries. Sydney's tourism sector made a significant economic impact with visitors delivering a direct spend of more than A\$14.2 billion into the city economy in YE March 2023. Visitor direct expenditure contributed over A\$13.1 billion (134.2% YoY) to the city economy in YE December 2022. The total expenditure of domestic overnight travel to Sydney in YE March 2023 was A\$10.7 billion (129.0% YoY). Average domestic overnight visitor spend is A\$366.0 per night and A\$999.0 per visitor. By its very nature tourism is a broad sector, supporting diverse industries such as transport, accommodation, education, retail, cultural and recreational services. According to the National Visitor Survey from Tourism Research Australia (TRA), the main purpose of visits based on expenditure as of YE March 2023 were holiday (34.0%), business (25.0%) and visiting friend and relatives (18.0%).

## HOTEL MARKET

The Australian hotel market continues to see a strong recovery, highlighting the strength and attractiveness of the market’s fundamentals. Sydney has benefited from strong domestic leisure demand coupled with an uptick in domestic corporate travel. The domestic leisure segment has softened this year as current interest rate rises curb consumer’s discretionary spending and the pick-up in outbound international travel continues. However, the steady recovery of business travel and the meetings segment, significant calendar of world class events and festivals, as well as the ongoing rebound in international visitor arrivals are expected to support demand in the key gateway market.

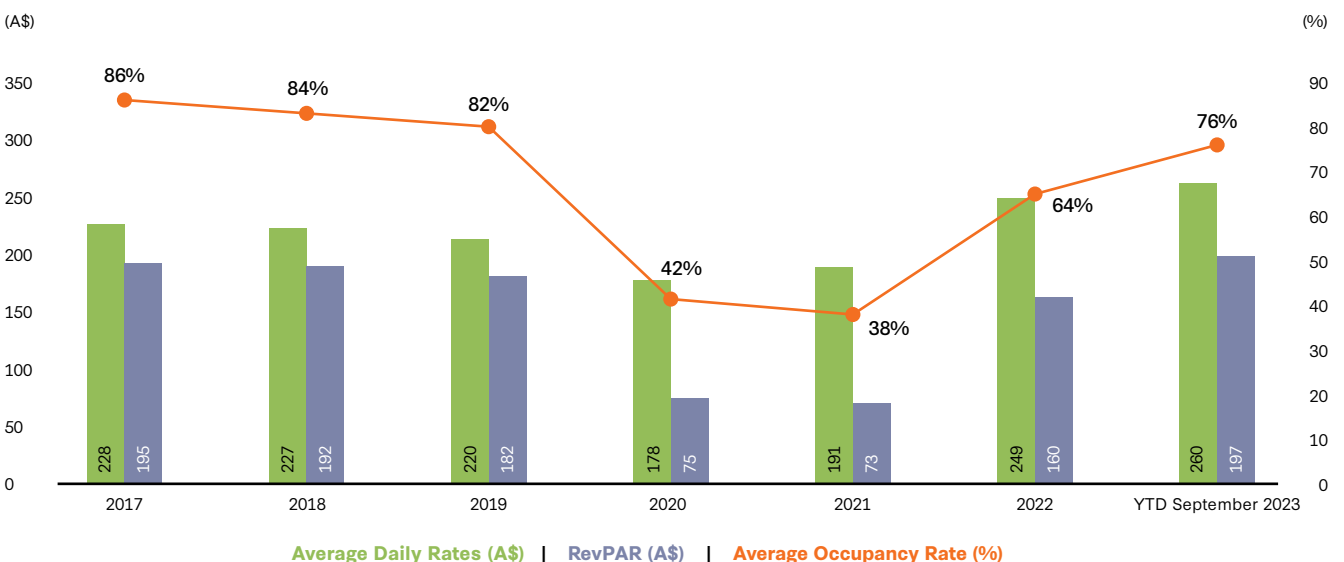
Sydney’s hotel occupancy rates have been steadily picking up over the past 24 months as international visitor arrivals to Australia have improved after the reopening of its international borders in December 2021. Sydney’s hotel occupancy reached 64% in 2022, showing recovery path during the post pandemic-era, as migrant, student and tourism numbers got closer to pre-pandemic levels in 2023. Sydney saw surges in occupancy during the international events such as Sydney WorldPride and the FIFA Women’s World Cup which were held in 1H 2023. The FIFA Women’s World Cup took place between 20 July 2023 and 20 August 2023 in several locations across Australia and New Zealand, including the Stadium Australia in Sydney, with hotel performance peaking during this time. As the events drove hotel demand, Sydney’s hotel occupancy in September 2023 increased to 79% according to the STR’s data. However, Sydney’s hotel occupancy

remained down on historic pre-COVID levels in the last two years as the city saw significant levels of new supply and a slower recovery in corporate and MICE business and international demand.

ADR in Sydney has recorded a full recovery against 2019 levels, with this growth attributed to the domestic leisure segment, as well as factors such as a rebalance of business and rate structures, improved product offering in the market, and willingness for guests to pay higher rates driven by pent-up demand. In 2022, Sydney hotel ADR increased to A\$249, showing a 13.1% increase from the 2019 level. This year Sydney hosted numerous global and regional events including World Pride, Vivid Sydney, ongoing annual sporting seasons, together with global touring artist concerts, achieving record attendances. As Sydney saw peaks in room night demand during these events, ADR levels remained high, combined with the increased occupancy levels. Sydney’s hotel ADR has been able to sustain above pre-pandemic levels and reached A\$260 YTD September 2023.

Even though Sydney experienced the strongest hit in occupancy during the COVID-19 pandemic, this gateway city showed significant growth in RevPAR with the return of international tourism and events. Sydney’s hotel RevPAR surpassed pre-COVID levels in 2023, owing to the strength in ADR in the last two years. As Sydney’s hotel occupancy recovers, operators have held strong on ADR which contributed to the RevPAR growth. Sydney’s hotel RevPAR recorded A\$160 in 2022 and A\$197 YTD September 2023 following the trend of the ADR growth in the last two years. Sydney hotel market has witnessed a rate-led recovery instead of occupancy-led as hoteliers pivoted.

### Sydney Hotel Performance (2017 to September 2023)



Source: STR

## Market Overview

### EXISTING SUPPLY

Sydney has undergone significant new supply waves over the past four years as the city's hotel landscape is expanding and absorbing significant levels of new hotel room inventory. However, with the supply cycle nearing its end, the addition of new products in the market is driving owners of many existing hotels to pursue refurbishment and repositioning strategies in order to remain competitive. Since the start of 2020, Sydney's hotel supply has risen by 2,159 rooms across 13 new hotels. As of 1H 2023, Sydney's hotel room inventory is expected to increase to circa 25,000 rooms with the addition of 1,820 rooms in the current pipeline.

Among service accommodation providers in Sydney, hotels have a 79.0% market share while service apartments account for 19.0%. The majority of Sydney hotel segment is upscale and upper upscale which account for 48.0% of the total hotel room inventory. Luxury and midscale/upper midscale represent 20.0% and 14.0% of the total hotel room inventory. Sydney's hotel industry has seen most of the new supply together with Melbourne after the city's reopening. By the end of this year, Sydney hotel new supply is expected to add approximately 2,000 rooms. Half of the new supply is scheduled to enter the market in the Sydney CBD area in 2023.

The supply wave has also brought about the introduction of numerous new hotels and international brands in the recent years. Notable new openings include Ace Hotel Sydney (264 rooms, May 2022), the Porter House Hotel Sydney – MGallery (122 rooms, September 2022), Hotel Morris Sydney (82 rooms, June 2023), Capella Sydney (192 rooms, March 2023), Moxy Sydney Airport (301 rooms, August 2023) and the W Sydney (588 rooms, October 2023).

Prominent hotel development projects in Sydney are the collection by TFE Hotels which will be a new 102-room boutique hotel in Surry Hills to open in 2024 and the country's first Waldorf Astoria located at a premium position with views across Sydney Harbour, with the 220-room offering set to open in 2025. Additionally, IHG and City Tattersalls Club are scheduled to open Hotel Indigo Sydney Center in 2025, offering a circa 110-room hotel and 246 residential apartments.

### FUTURE DEMAND

The steady rebound in corporate and MICE segments as well as inbound demand is expected to support the further growth of the Sydney's hotel market. MICE and corporate demand will continue to grow in Sydney with business travel and in-person conferences showing strong signs of recovery, despite the current macroeconomic headwinds. Despite the ongoing headwinds, the hotel demand outlook remains positive, and a continued strong recovery in visitation over the short-to-medium term with Sydney market is expected to be the major beneficiaries.

The rebounding demand of both business and leisure travel, given pent-up demand to travel, increased flight capacities, moderating airfare costs and a further rebound in international travel will continue to boost Sydney's hotel performance. With the recovery in air lift capacity and pick-up in business travel between Australia's two major corporate CBD's, Sydney and Melbourne, the Western Sydney International (Nancy-Bird Walton) Airport which is currently being developed is expected to service 10 million passengers a year and set to open at the end of 2026.

Strength in the domestic tourism market is expected to continue throughout 2023 and in 2024 due to a volatile Australian Dollar, high international flight prices and geo-political tensions encourage many Australians to holiday at home. However, increasing pressure on household budgets via rising interest rates and cost of living dampened the recovery rate. Local intrastate travel and budget friendly operators benefit as Australian families tighten their belts this year and look to more cost-effective holiday options. However, strong appetite for luxury accommodation is also expected to endure from less price conscious market segments.

The reopening of China's borders will be key to the rate at which international tourism economy continues to recover. China's recent ban on foreign university online courses and degrees is anticipated to spur an influx of student arrivals to Australia. A historic high in student arrivals associated visiting friends and relatives travel was a strong source of visitation and demand for the hotels sector in Sydney.

## HOTEL MARKET OUTLOOK

The continued recovery of inbound arrivals is expected to provide relief to pressures placed on occupancy, particularly in the major gateway market of Sydney. In addition, the new wave of supply at the top end of the market is anticipated to play a role in driving rate performance over the next two years. The opening of several premium projects in Sydney will elevate ADR in the luxury market segment which represents the most promise as an inflation hedge due to its less price-sensitive clientele. However, Sydney's overall hotel ADR growth is expected to moderate over the next few years, although the city market is still expected to post gains as operators maintain strong rate policies in favour of returning to pre-pandemic occupancy levels. This major international gateway market will continue to witness occupancy gains as inbound demand recovers.

Following this new supply wave of additions, higher debt cost and construction costs are anticipated to suppress the development pipeline, with activity being largely limited to key strategic sites usually having mixed use appeal. Sustainability is increasingly also a major concern for developers and operators due to rising utility costs of hotels, and the global investment market's focus on ESG for all real estate asset classes. Following the stabilisation of market conditions, the normalisation of supply chains and the moderation of interest rates, there will be opportunities for further development; however given the long gestation period for this, existing hotels can enjoy a reprieve in the near term.

## Market Overview

### MELBOURNE, AUSTRALIA



### MELBOURNE TOURISM MARKET

Tourism is a strong economic driver in Victoria with its wealth of cultural and creative activities. In the YE June 2023, Victoria welcomed 16.0 million international visitors and reached A\$4.8 billion in international overnight spend. International overnight visitors to Victoria were back to 53.0% of the YE June 2019 while international overnight spend returned to 56.0% of the pre-pandemic level achieved in YE June 2019. The top 10 international overnight visitor markets to Victoria in YE June 2023 were New Zealand, India, United Kingdom, USA, Singapore, China, Germany, Indonesia, Canada and Malaysia. In comparison, in YE December 2019, China accounted for 22.0% share of international visitors and 38.0% share of international expenditure. As the Chinese government added Australia into the destinations for Chinese group tour in August 2023, arrivals from China are expected to increase during the remainder of 2023 and into 2024. In YE June 2023, Victoria's domestic visitor arrivals and visitor spend recorded 37.8 million and A\$22.5 billion which were up 40.0% YoY and up 77.0% YoY respectively. Victoria's domestic overnight spend was 39.0% above the pre-pandemic YE June 2019 level.

Melbourne, the main city in Victoria and a major gateway to Australia, is a global cultural destination in Australia as well as Asia Pacific. Melbourne has a compelling creative and cultural offering including the National Gallery of Victoria, ACMT and Arts Centre, Museums, attracting 13.6 million domestic visitors in the YE June 2023. Domestic overnight spend in Melbourne was recorded at A\$11.7 billion in YE June 2023, which was up 138.0% YoY. Domestic overnight spend in

Melbourne was also 30.0% above the YE June 2019 according to Victoria State Government. Melbourne is the second most popular destination for both domestic and international visitors in Australia after Sydney. Outside visiting family and friends, arts and culture are Melbourne's biggest tourism driver. Major events in Melbourne included the ICC Men's T20 World Cup, the Australian Open, Formula One Australian Grand Prix, all of which attracted record crowds this year. Iconic live music and cultural events such as Ed Sheeran, Kings of Leon, Alexander McQueen and Elvis also helped the city's visitor economy. Regional Victoria and New South Wales are currently the biggest source of cultural tourists to Melbourne.

### HOTEL MARKET

Melbourne recently moved into first place as Australia's largest capital city and was awarded the most liveable city in Australia and the third in the world, according to the 2023 Global Livability Index. Melbourne also a major business event destination. The city is well placed to host mega conventions with venues such as Melbourne Convention and Exhibition Centre and Melbourne & Olympic Parks Rod Laver Arena. The Melbourne Convention and Exhibition Centre is the largest in Australia, securing and amplifying the world's best business events calendar to position Victoria as a first-choice destination for larger business events. According to the Victoria State Government, Melbourne Convention Bureau hosted 46 business events in May 2023 alone. The mega month of events filled 61,375 hotel room nights and contributed A\$148.0 million into the economy in the city.



Rotary International Convention took place in Melbourne in May 2023. The city prepared to welcome more than 14,000 Rotary members and participants from over 120 countries and regions around the world. It delivered more than A\$91.0 million to the local economy and supported close to 1,000 jobs, making it one of the most valuable conferences in Melbourne’s history. A significant room block for hotels to cater to demand from the conference participants drove high occupancy levels for up to 67 properties across Melbourne including Crown Melbourne, Pan Pacific Melbourne and so on during the off-peak season.

Melbourne as the global cultural destination hosted international sports events and music concerts this year which resulted in a surge in the city’s hotel occupancy. In March 2023, the first day of the Formula One Australian Grand Prix race weekend helped Melbourne hotel occupancy to achieve an occupancy level of 91%, while the Ed Sheeran tour helped to push the city’s hotel occupancy to over 90%. In September 2023, the night of the Australian Football League (AFL) Grand Final 2023, occupancy levels reached its highest, 95%, in that month. Melbourne’s daily occupancy levels remained above the 50% mark for the months when there were no events in the calendar.

As Melbourne is a key gateway city that heavily relies on corporate MICE and sports/cultural events, hotel occupancy and tourist demand is seasonal. The rate of improvement in Melbourne’s hotel occupancy has also been limited by the significant new supply growth. According to STR’s data YTD September 2023, Melbourne’s hotel occupancy increased from 60% in 2022 to 67% but is still behind pre-pandemic levels.

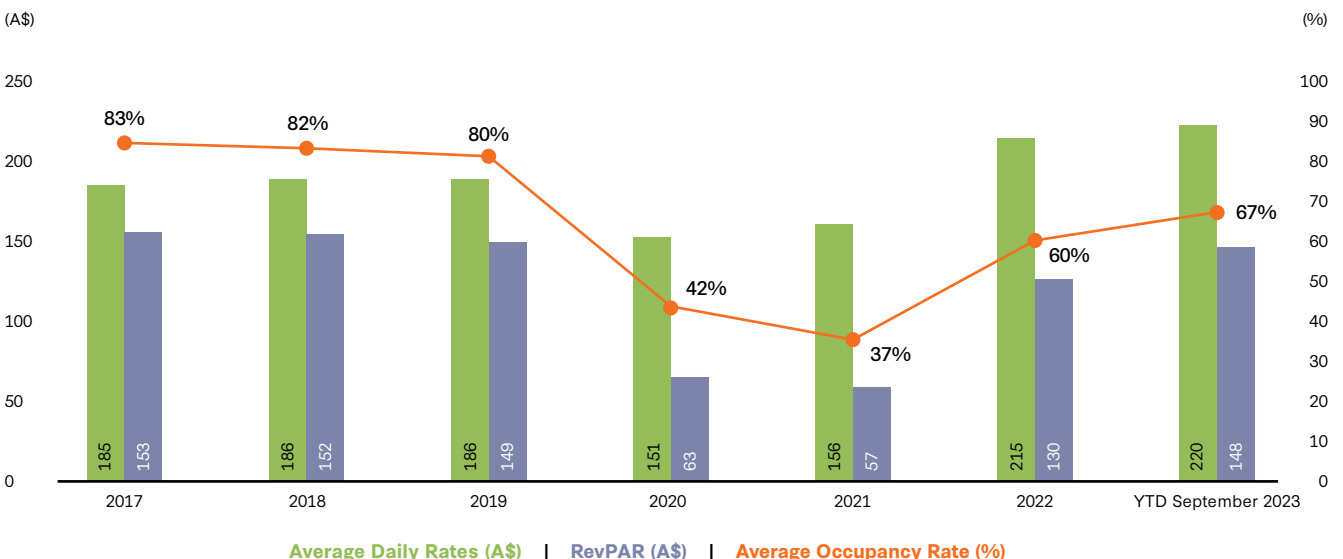
The surge in domestic leisure travel peaked in 2022 while Melbourne hotel ADR increased to A\$215, which was considerably higher than the pre-pandemic levels. Melbourne ADR YTD September 2023 rose from the previous year, recording A\$220 as the occupancy further improved.

According to STR’s data YTD September 2023, Melbourne hotel RevPAR rose by 14.3% to A\$148 from 2022. Upside opportunities in the future are anticipated as international meetings, large-scale events, corporate and day-agnostic international leisure are still making their way back. While some corporate sectors have pent up demand, finance and professional service corporate travelers experience slower recovery than other industries. As further improvement in international and corporate demand is expected, Melbourne hotel RevPAR is projected to continue to grow.

**EXISTING SUPPLY**

Melbourne has become Australia’s largest hotel market, adding 4,889 rooms in less than four years, following an unprecedented building boom. Before the onset of the pandemic, the two cities were almost neck-and-neck with Sydney offering 21,634 rooms to Melbourne’s 21,597. According to Victoria State Government there has been the opening of 21 new hotels in recent years. The city boasts around 26,500 rooms in total (representing a 23.0% increase in four years). With more rooms in the pipeline, Melbourne is expected to top out at around 27,500 rooms with 1,871 rooms in the current pipeline. Among serviced accommodation in

**Melbourne Hotel Performance (2017 to September 2023)**



Source: STR

## Market Overview

Melbourne, hotels account for 78.0% of the total room inventory while serviced apartments accounted for 22.0% of the total room inventory. Upscale and upper scale accounted for 59.0% of the total room inventory while luxury and midscale/upper midscale have 14.0% and 16.0% of the total share respectively.

Recent prominent hotel openings in Melbourne include AC Hotel by Marriot Melbourne Southbank (205 rooms, April 2022), Voco Melbourne Central (252 rooms, April 2022), Lyf Collingwood Melbourne (128 rooms, May 2022), Porter Club – The Kinson (209 rooms, August 2022), Royce (94 rooms, February 2023), Adina Apartment Hotel Pentridge (106 rooms, February 2023), Mercure Melbourne St Kilda Road (145 rooms, March 2023), Nesuto Docklands (211 rooms, March 2023), Veriu Collingwood (95 rooms, June 2023), The Motley Hotel (80 rooms, February 2023), Quest Collingwood (83 rooms, March 2023), the Ritz Carlton (257 rooms, March 2023), Le Meridien Melbourne (235 rooms, March 2023), Dorsett Melbourne (316 rooms, April 2023), Meriton Suites King Street Melbourne (298 rooms, September 2023) and Hotel Indigo (216 rooms, August 2023).

Notable hotel developments in the pipeline are 1 Hotels & Homes Melbourne (277 rooms, to open in 2024), Hyatt House South Melbourne (97 rooms, to open in 2025), the Collection by TFE hotel (188 rooms, to open in September 2025), Crowne Plaza (200 rooms, to open in 2026) and Four Seasons Melbourne (210 rooms, to open in 2028).

## FUTURE DEMAND

Demand has evolved with major events driving future bookings and a high ADR. Notable events in the current pipeline include Taylor Swift, Pink, Formula One Australian Grand Prix, AFL Grand Final and Australian Open which are expected to underpin hotel demand in Melbourne in the near term. Melbourne hotels are returning to their stabilized performance due to rising demand for business travel and increasing inbound visitation. Global business travel event costs are set to climb high through the remainder of 2023 and 2024. Pent-up demand for meetings and events is also expected to support room rate increases into the next few years. The Melbourne Convention Bureau (MCB) has a strong pipeline of business events, with 147 international and national business events until 2028 worth more than A\$821.0 million in economic contribution. These events will attract more than 158,000 delegates which will fill some 441,000 hotel room nights. The Victorian Government has secured future events across a range of industry sectors including Herbalife India Incentive 2023, the World

Leisure Congress 2027, the 21st International Celiac Disease Symposium 2026, the International Conference on Ocean Energy 2024. Melbourne continues to be recognised as a premier destination for business events and has witnessed a surge in the number of new hotels being planned for the areas near the events.

International students are returning to Australian campuses as face-to-face learning started in March 2023. With education being Australia's third largest export. Indian, Sri Lankan and Chinese students are back. As relations with China normalize, we would also expect a return of Chinese travellers.

## HOTEL MARKET OUTLOOK

Melbourne's hotel market has seen continued improvements and a slow return towards pre-COVID operating levels, though it will continue move towards the second half of 2023, the expectation is that growth rates will slow down or show some declines. The slow return of corporate travel is expected to continue to impact Melbourne hotel market in the near term given business travel market is a key demand source. However, this is likely to be mitigated by strong demand from the MICE sector as it returns in mass, and a return of Chinese visitors.

Hotels in Melbourne will continue to face pressure on occupancy levels in the next years as it absorbs the new supply. Following this new supply wave of additions, higher debt cost and construction costs are anticipated to suppress the development pipeline, with activity being largely limited to key strategic sites usually having mixed use appeal. The city has a history of absorbing new supply and it is likely that older or less maintained hotels will go through repositioning as they will not be able to compete, thereby rebalancing supply and demand.

## LONDON, UK



### LONDON TOURISM MARKET

The UK welcomed 31.2 million inbound visits in 2022 following two years of low visitation due to the impact of COVID-19. According to the tourist board of Great Britain, VisitBritain, the latest inbound forecast for 2023 is 37.5 million visits, 91.7% of the 2019 level, a stronger recovery than the previous forecast. London's tourism economy is also on a path to recovery with a surge in the post-pandemic visitor numbers. According to Office for National Statistics (ONS) & VisitBritain, visitor arrivals to London increased by 492.0% to 16.1 million in 2022 from 2.7 million in 2021 and recorded 9.5 million as of 2Q 2023. Attractions and hotels across the capital are delighted by the far better than expected visitor numbers, with approximately 18.7 million international visitors forecast to arrive in London by the end of 2023, 86.1% of the 2019 level.

Visitors to the UK spent £26.5 billion in 2022, 6.9% below 2019 levels. Taking inflation into account, visitors spending was 17% below 2019 levels. Inbound visitors to the UK are forecast to spend £30.9 billion in 2023, 8.8% increase against 2019. Inbound visitors to London spent £14.1 billion in 2022, down 10.1% on 2019, accounting for 53.3% of the total spend in the UK. Visitors to London spent £7.6 billion as of 2Q 2023 and are forecast to spend £14.8 billion in the end of 2023. London & Partners are delivering the third year of the 'Let's Do London' campaign to drive additional tourist visits and spendings to the capital in 2023. The campaign will target visitors from the key markets of France and Germany. The 2022 campaign attracted about 600,000 visitors from other parts of the

UK, Germany, France and the USA by bringing £289.0 million additional expenditure by tourists to London, delivering a strong return on investment.

According to ONS data, in 2019, the top five source markets for visits to London are USA (3.1 million visits, 14.2% of the total visits), France (1.8 million visits, 8.5% of the total visits), Germany (1.5 million visits, 6.9% of the total visits), Italy (1.4 million visits, 6.4% of the total visits) and Spain (1.2 million visits, 5.6% of the total visits). As of 2022, the main purpose of visit to London is leisure/holiday (49.9% of the total visits), followed by visiting friends and relatives (VFR, 28.2% of the total visits) and business (14.9% of the total visits). The average length of stay for inbound visitor was 6.8 nights as of 2022 which is up 16.5% of 2019 level.

Americans are leading the charge with many using tour credits received from the cancellation of their trips during the COVID-19. Americans are also encouraged to visit the UK with the strength of the dollar against the pound over the autumn and winter when most bookings are made. VisitBritain has upgraded its 2023 inbound tourism forecast on the back of stronger recovery driven by the USA inbound market, with spending by American visitors up about 42.0% to a record £6.0 billion alone last year. Spending by visitors from major European markets including France and Spain is also coming back strongly, while East Asia including China, the second most valuable inbound market in 2019 worth £1.7 billion, is still well below pre-COVID levels.

## Market Overview

### HOTEL MARKET

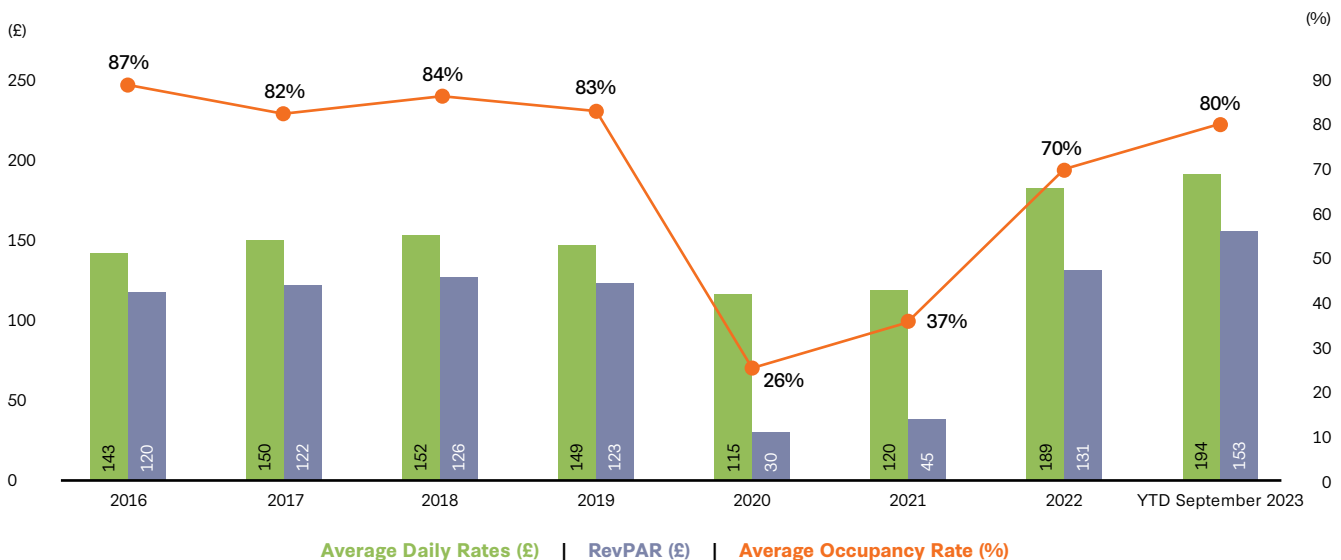
The fundamental drivers of demand remain unchanged for London’s hotel market. Seeing a strong recovery in international travel, consumers continue to prioritise travel and experiences. The staycation trend is expected to continue this year with strong domestic demand resulting from higher international flight prices and greater financial pressure on household budgets. The weaker currency and return of corporate travel have boosted international travel and improved the London hotel performance. According to STR, the average occupancy rate for London hotels as of September 2023 stood at 79% which was up 7.8% YoY, London’s highest occupancy since 2019. The market’s daily occupancy levels remained above the 70% mark throughout the month and reached its highest levels during the Defence and Security Equipment International exhibition held in September.

ADR is a key driver in the recovery of hotel performance after the pandemic due to cost-push inflation being passed on to visitors. With the return of international travel, London’s hotel ADR increased by 36.5% to £189

in 2022 from £120 in 2021 and came in higher than the 2019 level. London’s hotel ADR growth continued in 2023 but at lower level than that in the previous year. ADR YTD September 2023 increased by 2.3% to £194 from the previous year. This current ADR reflects the new norm and is expected to remain higher than pre-pandemic levels.

Recovery in London hotel RevPAR performance is underpinned by improving occupancy and a strong lift in ADR. Thanks to a strong demand for UK domestic corporate and leisure tourism after the pandemic, RevPAR in London has increased to £131 in 2022. London saw 191.1% increase in RevPAR in 2022, showing the stronger performance than pre-pandemic levels. The growth in RevPAR in the two previous years were driven by staycation markets and recovery in international arrivals. Operating and staffing costs rose due to increase in inflationary pressure, utility costs and salary but strong ADR helped to offset rising costs. As a result, London hotel RevPAR increased to £153 as of YTD September 2023 but this year’s growth, 16.8% from the previous year, softened compared to that in the previous year.

London Hotel Performance (2016 to September 2023)



Source: STR

## EXISTING SUPPLY

London accounted for 21.0% of the total room supply in the UK with about 1,500 establishments in 2022. London's hotel supply was estimated to be 147,000 rooms which declined in 2019 due to the closure of independent hotels during the pandemic. London hotel room inventory is expected to increase with the new supply of 5,677 rooms (38 projects) in 2023, which will slow down in 2024 with 3,612 new rooms (15 properties). New builds account for 52.0% of the planned new supply. 60.0% of the pipeline is four-star hotels, while five-star hotels account for the remaining. More than 54.0% of developments in London are independent hotels while the remaining is dominated by branded property by Hyatt Hotels Corporation and Whitbread Group. According to STR, 13,455 hotel rooms will be open in London by the end of 2025. According to Europe Hotel Pipeline Report published by Top Hotel Projects in October 2023, London has 95 hotels in the pipeline which will add 16,878 rooms by 2026 onwards. London is a pioneer in expanding its hotel industry strongly and leading in terms of new hotel projects in the pipeline in Europe. London has seen the biggest increase in new properties on the hotel scene in the past two years, followed by Manchester and Edinburgh.

Recent prominent new openings include Sonder The Henry (102 rooms, 2022), Amano Covent Garden (152 rooms, 2022), citizenM London (242 rooms, 2022), Tribe London Canary Wharf (2022), The Hoxton Shepherd Bush (237 rooms, 2022), Art'otel London Battersea Power Station (181 rooms, 2023), Ember Locke Kensington (121 rooms, 2023), The BoTree London (199 rooms, 2023), Riu Plaza London Victoria (435 rooms, 2023), The Peninsula London (190 rooms, 2023) and Raffles London at The OWO (120 rooms, 2023). Notable hotel developments in the pipeline are Art'otel London Hoxton (357 rooms, early 2024), Six Senses London (110 rooms, 2024), Park Hyatt London River Thames (203 rooms, 2024), Chancery Rosewood (137 rooms, 2025), Waldorf Astoria London (96 rooms, 2025), Arundel Great Court Hotel (113 rooms, 2025), and Hotel Indigo London - K West Shepherd's Bush (255 rooms, 2026).

## FUTURE DEMAND

London's ADR in the two previous years reached a new normal as pent-up demand and inflationary pressure accelerated. London's hotel occupancy is expected to continue to improve as domestic demand has remained strong in 2023, with the boost from staycations continuing to lead demand aided by a return of meetings, incentives, conferences and events (MICE). Households prioritizing holiday spend will be supported by excess savings while rising costs will continue to impact on operator margins, albeit to the extent this can continue to be passed on to consumers. The reopening of key airline routes from North America and Asia has improved international travel, which has benefitted the performance of London. As the new hotel supply eventuates in 2023 and 2024, this may apply a slight brake to the strong growth witnessed over the last two years. Corporate and leisure demand is expected to remain the main drivers.

Despite factors including increasing building material costs, energy, increased financing costs impacting new developments, and labour shortage, there will still be continuous demand for new hotels in London. Barring unforeseen circumstances, the revenue/cost dynamics, combined with resilience in demand, is expected to sustain rates and occupancy going forward.

Certain geographies and segments are better placed to maintain and grow top-line performance. With the return of international travel, London has remained as the strongest European city performer in 2023. Tourism Economics is forecasting a better recovery in international travel over the next 18 months, with global air passenger numbers set to be higher than pre-COVID levels by 2025. Slowing inflation will have a positive impact on real disposable income which bodes well from a demand perspective. Occupancy recovery will be the core driver of growth. With the increase in new luxury supply through to end of 2025, London hotel ADR is projected to soften. Barring unforeseen circumstances, the potential dampening to ADR will be offset by further occupancy improvements while top line RevPAR will continue to improve. The luxury segment is expected to continue to be a lead performer. The delivery of a number of luxury hotels in the pipeline will elevate London's luxury offering and further enhance the city's appeal to super wealthy travelers, supporting future operational growth.

## Market Overview

### HOTEL MARKET OUTLOOK

London is expected to lead UK performance going forward as the fundamental drivers of demand remain unchanged. With a projected increase in overseas arrivals, London is expected to witness a growth in occupancy levels. The city's occupancy still lags its pre-pandemic performance but has cautiously optimistic outlook in the months ahead.

In the next few years, barring unforeseen circumstances, hoteliers in London will continue to track inflation better than regional UK. London's hotel ADR growth is expected to continue but remain at lower levels than the spikes witnessed in the previous two years. Based on current demand dynamics, a correction in ADR back to pre-pandemic levels is unlikely. London hotel ADRs reflects the new norm and is expected to remain at this level going forward.

Although London saw price hikes due to reduced availability, supply chain issues, rising energy costs and labour shortages, inflation is expected to have a less negative impact on the foreseeable future. According to the Organisation for Economic Co-operation and

Development (OECD), UK GDP growth is forecast to be 1.0%, with annual inflation falling to 2.9% by the end of 2024. Wholesale gas prices are expected to be down from their August 2022 peak. As inflation is forecast to slow in 2024, hotel operator margin pressures are expected to reduce. London will continue to benefit from a relatively weak pound in the near term, with increasing numbers of inbound visitation, leading to a moderate RevPAR growth of around 6% in 2024. London luxury hotels have historically been one of the strongest performers in RevPAR terms. This trend is expected to continue despite the increase in supply.

London is expected to lead the charge in Europe's hotel construction pipeline, maintaining its dominance in hotel openings through 2025. Among European cities, London stands at the forefront of transforming cityscapes in the next three years. Based on the pipeline, many new luxury hotels are springing up in London. An influx of high-end hotel openings including Raffles at the Old War Office, Peninsula, Mandarin Oriental Southbank, Six Senses and Waldorf Astoria is poised to catapult the city's luxury sector to new heights.

## EDINBURGH, UK



### EDINBURGH TOURISM MARKET

International travel to Scotland in 2022 showed strong signs of recovery from the effects of the COVID-19 pandemic. 3.2 million international overnight visits to Scotland were recorded in 2022, with 29.8 million visit nights and £3.2 billion spending in the same year. While 2022 visits remained slightly lower than 2019, the number of nights as well as visitor spending in Scotland surpassed pre-pandemic levels, signaling revival for the sector. This is a marked return from 2021 when international travel declined to 479,000 visits from 3.5 million visits in 2019. Total visit nights and visitors spend fell to 7.6 million visit nights and £459 million in 2021 from 27.4 million visit nights and £2.5 billion recorded in 2019.

According to the Office for National Statistics (ONS) as of 2Q 2023, total international visits to Scotland and visitor spend recorded 1.7 million and £1.4 billion respectively which were up 28.0% and up 57.0% from 2Q 2019 levels. Following increased inbound visits from its key source markets including USA (693,000 visits) France (267,000 visits), Germany (236,000 visits), Netherlands (212,000 visits) and Spain (190,000 visits) in 2022, Scotland continued to post the strongest recovery into 2Q 2023.

Edinburgh is Scotland's capital, a globally renowned destination with a vibrant and diverse hotel sector. Despite its relatively modest size, Edinburgh is one of the most competitive financial centres in Europe. According to the Global Financial Centres Index (GFCI, 2022) Edinburgh ranked 12th in Western Europe and

2nd in the UK behind only London. In 2022, the city accommodated 1.8 million inbound visitors drawn by its unique cultural heritage, busy events calendar and position as the country's administrative and financial hub. Edinburgh has been the second most popular UK town for inbound visitation after London over the last two decades bar the pandemic period.

Based on International Passenger Survey by ONS in 2022, Edinburgh accounted for 55.5% of the total inbound visits to Scotland, welcoming 1.8 million visits in the city. Edinburgh saw a recovery in total visit nights and inbound visitor spending which recorded 9.6 million visitor nights and £1.1 billion respectively in 2022 (77.2% and 95.6% of 2019 levels). While the business sector is a crucial market segment, most of the inbound visits to Edinburgh (68.9% of total visits to Edinburgh as of 2022) are for leisure. For the same year, visiting friends and relatives and business accounted for 21.7% and 6.5% of total visits to Edinburgh. The share of international tourists increased steadily between 2015 and 2018. The city has remained an attractive destination for UK travellers who quickly returned to the city as pandemic lockdowns eased.

### HOTEL MARKET

Edinburgh's hotel sector experienced very strong growth in occupancy prior to the pandemic. Over the last decade, the strength of the city's commercial, conference, government and leisure sectors contributed to making it the best performing hotel market in the UK outside London. Edinburgh Airport has seen an increasing number of international visitors

## Market Overview

to the city staying longer and spending more than domestic visitors. The Edinburgh hotel and leisure sector highlights significant impacts of the pandemic due to its reliance to international visitors, the large quantum of upscale and luxury properties and the cancellation of the summer festival programs.

Although Edinburgh’s hotels lost a huge proportion of business in 2020 and early 2021 during the COVID-19 pandemic, the market recovered strongly from mid-2021 as international borders reopened in June 2021. With the return of international tourism, recovery has been largely supported by domestic and leisure-led tourism and major events such as the Edinburgh Fringe and International Festival. As the COVID-19 restrictions eased, a new recovery peak was contributed by strong levels of pent-up demand in the sector. The recovery was sustained by staycation trends and return of major sports events such as European Football Championships.

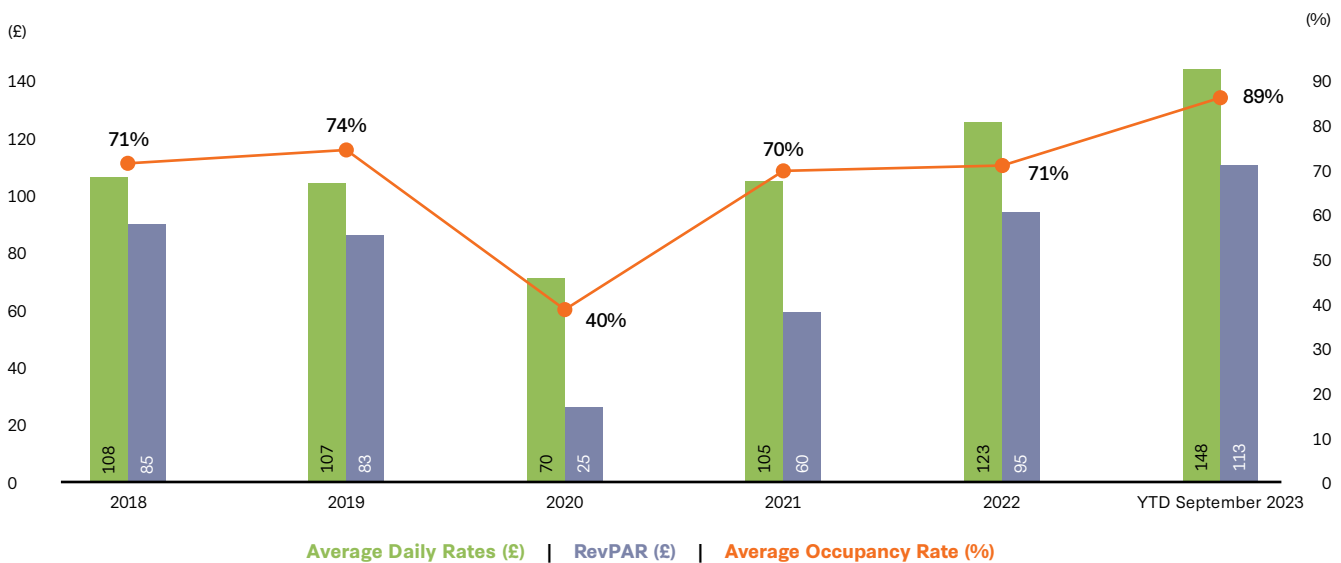
The hotel sector in Edinburgh has the highest occupancy rate from June to August during the peak summer season. According to Visit Scotland’s data, the room occupancy rate in the Edinburgh hotel sector rose to 70% in 2021 from 40% in 2020, showing quick recovery of hospitality on lockdown easing with the

reopening of international borders. According to the research published by CoStar published in October 2023, Edinburgh hotels’ room occupancy rate as of September 2023 reached 89%, boosted by the Edinburgh Festival Fringe in August and showing better performance than 2019 level, (87% as of September 2019).

Edinburgh has regained its lead-performer status with the return of international travel as it is the second strongest city in the UK. In 2023, Edinburgh hotel ADRs were up 20.0% from the previous year, reaching around £148, showing stronger growth and a higher rate than pre-pandemic levels, which was circa £110. The return of events and international demand fueled Edinburgh’s hotel performance during the post-pandemic period after its ADR fell to £70 in 2020.

This year, Edinburgh’s hotel RevPAR exceeded pre-pandemic levels, which was £83, recording £113 with the highest YoY growth at just under 20%. The RevPAR uplift is almost 2.0 times the national average and London’s YoY growth on RevPAR. Hoteliers still have enough pricing power to push rates due to high occupancy levels driven by rising business trade and tourism.

### Edinburgh Hotel Performance (2018 to September 2023)



Source: Visit Scotland, Costar & STR, Horwath HTL



## EXISTING SUPPLY

According to CoStar, Edinburgh's hotel room supply increased by an average of around 3.0% each year between 2013 and 2019 with total supply reaching approximately 15,425 in mid-2022. Upper midscale had the largest share, 23.4% of the total room supply, followed by upper upscale (21.3% of the total room supply) and economy (20.2% of the total room supply). For the remaining segments, midscale and luxury accounted for 9.2% and 9.1% of the total room supply respectively. 55.6% of the room supply in Greater Edinburgh was under hotel management.

The pipeline of projects under development and in planning increased over the pandemic due, largely, to delayed openings. According to the Europe Hotel Pipeline Report by Top Hotel Projects published in October 2023, Edinburgh has 3,736 rooms in the current pipeline with 22 projects. Edinburgh is one of the top 6 cities for hotel construction in Europe, after London, Dublin, Paris, Manchester and Hamburg. However, the market has historically proved resilient and there are no significant concerns of longer-term oversupply.

Recent prominent hotel openings were Virgin Hotels Edinburgh (226 rooms, March 2022) and Gleneagles Townhouse (33 rooms, August 2022). The most notable branded hotels in the pipeline include the W Hotel Edinburgh (214 rooms, to be completed by November 2023), Red Carnation Hotel (30 rooms, to open in November 2023), Tribute Portfolio Hotel (207 rooms, to be completed by 2024), NYX Hotel Edinburgh by Leonardo Hotels (131-room, to open in August 2024), Hyatt Regency Edinburgh Marina Hotel (285 rooms, to open in December 2024), Ruby Hotel (300 rooms, to be completed by the middle of 2026) and Clayton Hotel (153 rooms, to be completed in 2026).

## FUTURE DEMAND

Edinburgh tops the list of locations most sought after for hotel openings due to the high growth in market attractiveness. International leisure guests still have Edinburgh as one of the top markets to visit and this is unlikely to change. Edinburgh has seen a quick recovery after the pandemic. The proportion of high-end and luxury hotels in Edinburgh is expected to help to drive ADR with the new supply of luxury hotels. Airport passenger numbers are expected to ramp up towards 2019 levels at Scotland's main airport, highlighting the correlation between improved hotel performance and increased travel. Due to the fast rate of performance recovery in the Edinburgh hotel market, hoteliers are seeking to expand their portfolios and Edinburgh's history and culture makes it an attractive city for international tourists.

The biggest demand for the city is leisure tourism. The Edinburgh Festival Fringe's events normally

push 100.0% hotel occupancy for a six-week period every year. This, and other events such as Hogmanay (New Year's Eve) and a strong summer season have historically contributed to year-long average occupancy of over 80% for the last decade and beyond. The city is home to a thriving technology and software sector, including global companies founded in Edinburgh, such as Skyscanner and Fanduel. Key infrastructure includes the state-of-the-art Edinburgh International Conference Centre and Edinburgh Airport. Edinburgh continues to remain a popular city for offices of major corporations, helping to shore up its growth with commercial travellers as well as holidaymakers. Edinburgh's hotel market performance is expected to continue to grow, experiencing increases in market-wide occupancy and a rise in average rate, barring unforeseen circumstances.

## HOTEL MARKET OUTLOOK

The long-term outlook for the Edinburgh hotel sector is cautiously optimistic. Domestic leisure demand will continue to drive recovery, as business, meetings, incentives, conferences and events (MICE) and international visitor numbers take a little longer to return to pre-pandemic levels. The return of events at full capacity has been key to recovery. Being a leisure-led destination and benefiting from demand growth, the Edinburgh hotel market will see more gains in the summer. Edinburgh also continues to benefit from some spillover demand, profiting from the many events that returned to the Scottish capital, such as the Edinburgh International Jazz and Blues Festival.

Leisure demand is expected to soften because of seasonal changes, while increasing cost-of-living pressures is expected to affect people's decision on travel in the next few years. Urban hotel markets like Edinburgh which are reliant on the corporate segment are likely to benefit from the return of group demand as businesses favour in-person meetings. However, business transient room nights are expected to grow moderately as companies continue to reassess the importance of travel given rising costs and efficiencies achieved through technology. As many opt for trips overseas once again, occupancies and average rates in Edinburgh are expected to see more moderate growth in the future.

Developers are backing Edinburgh to return to its status as a prime destination for travellers with a number of multi-million pound hotels in the pipeline. Edinburgh looks forward to an exciting new wave of landmark hotels with the upcoming openings of Scotland's first W opening within the heart of St James Quarter, the Red Carnation at 100 Princes Street and Hyatts' first two hotels in Edinburgh. The challenge for Edinburgh will be to produce suitable sites to cater for demand without compromising on the unique historic and architectural legacy that led to Edinburgh being such an appealing destination in the first place.

## Market Overview

### GLASGOW, UK



### GLASGOW TOURISM MARKET

Glasgow is Scotland's largest city with a proud cultural heritage and an enviable list of world class attractions. Known for its industrial and design heritage and as a centre for education, the city boasts a vibrant calendar of arts, sports and commercial events throughout the year. Glasgow has benefitted from substantial regeneration of former industrial sites and the city centre over the past 30-40 years. Early initiatives such as the Scottish Event Campus (SEC) and SSE Hydro Arena provided a platform for Glasgow to become one of Europe's most successful conference locations, hosting more international delegates than any UK city outside London. Glasgow is also recognized as having one of the UK's best Convention Bureau responsible for securing major domestic and international conference business by working with partners such as the SEC, the city's hotel sector and universities with its commitment to becoming one of Europe's most sustainable cities.

Glasgow is also a contemporary and affordable city, which is attractive for today's budget conscious traveler. It is also a first-choice destination for more than two million tourists annually. As a UNESCO City of Music, Glasgow has a wide variety of iconic music venues which welcome globally renowned artists throughout the year. This includes the OVO Hydro, Barrowland Ballroom and King Tuts. It is also known for its bustling nightlife and selection of nightclubs. The city has an enviable calendar of festivals and major concerts, from Celtic Connections and the World Pipe Band Championships to Glasgow Mela and TRNSMT. Glasgow has delivered numerous major events, most recently the inaugural 2023 UCI World Cycling Championships.

It is also home to world-class museums, galleries and attractions and a rich architectural heritage.

The Glasgow 2030 Tourism Strategy launched in 2023 outlines plans to grow the value of tourism in the city by delivering for visitors, businesses, communities, and the environment. The goal is for tourism to make an even stronger contribution to making Glasgow an attractive place for people to live in, invest in, study, meet, and visit. In alignment with the national tourism strategy Scotland Outlook 2030, five strategic priorities set out 1) to increase the value of tourism to Glasgow's economy, 2) to enhance the experiences offered, 3) to create value for Glasgow's people through the tourism sector, 4) to support vibrant places across the city and surrounding region and 5) to deliver tourism in a sustainable and inclusive way. According to Scottish Tourism Alliance, the tourism sector supports over 28,000 full-time jobs in Glasgow.

Tourism plays a vital role in Glasgow's economy and helps to showcase the city as a vibrant and dynamic destination. Glasgow is a successful tourist destination, which attracted 2.7 million domestic and international visitors together in 2022 who stayed in the city as part of a holiday or short break. According to Visit Britain and ONS data, international overnight visits recorded 1.3 million in 2022, generating £919 million for the city's economy. The overnight international visits to Glasgow accounted for 40.3% of the total visits to Scotland. Additionally, the total nights of international visitors to Glasgow in 2022 reached a peak of 14.1 million over the decade, a stellar performance demonstrating the resilience of the city.

## HOTEL MARKET

Glasgow saw the number of international overnight visits increase by an average of 6.7% per annum from 2013 to 2019 highlighting the increasing appeal of the city to international travelers. It has consistently been a top five or six UK town visited by foreign visitors over the two decades after London, Edinburgh, Manchester, Birmingham and Liverpool. The main purpose of foreign visits to Glasgow is holiday which accounted for 43.3% of total international overnight visits to Glasgow in 2022. Visiting friends and relatives and business accounted for 34.4% and 14.2% of total international overnight visits to Glasgow in 2022. The share of holiday visits is, by comparison, much lower than Edinburgh (68.9%), highlighting the very different hotel market dynamics of Scotland’s two major cities.

There was an increase in hotel opening in the years prior to COVID-19 Glasgow’s hotel sector grew considerably prior to the pandemic, notably following the 2013 opening of the SSE Hydro Arena and the major events year of 2014 for Commonwealth Games and Ryder Cup. Hotel developers, operators and investors had a significant impact of the lockdown on Glasgow hotels as major events such as Euro 2020 and COP 26 climate conference postponed.

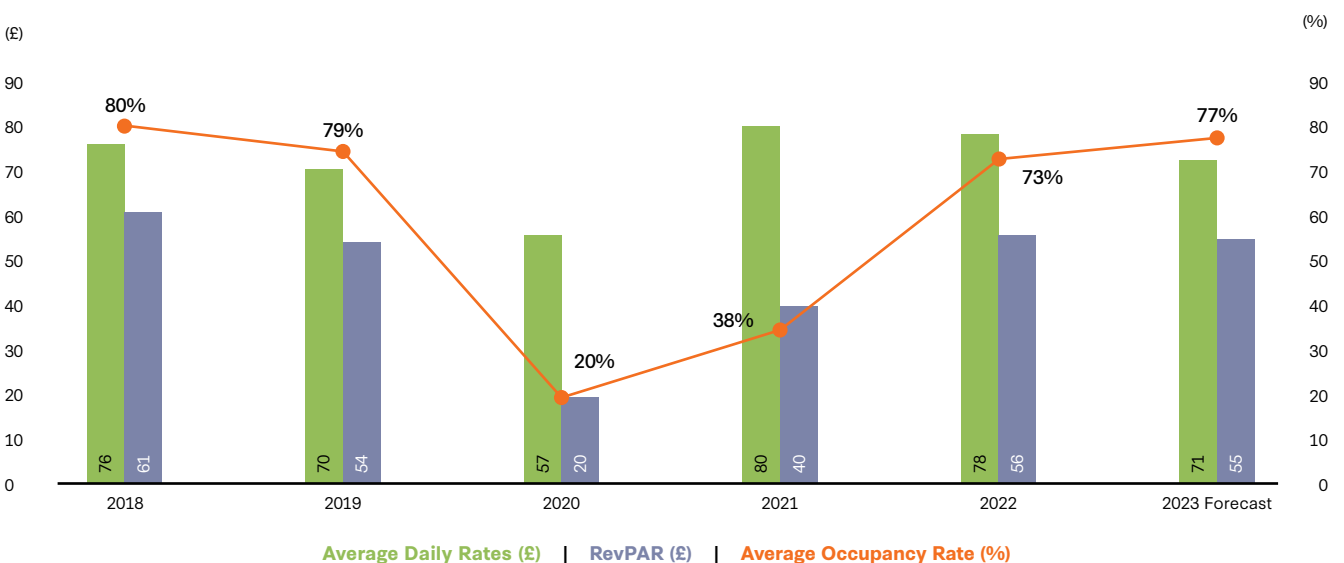
Recovery pattern for Glasgow has been very similar to Edinburgh after the pandemic. However, Glasgow had slower recovery than Edinburgh as Glasgow had to absorb the new supply. Despite the reopening of international borders in June 2021, the average

occupancy rate in Glasgow reached only 38% and did not improve quickly in 2021. Glasgow hotel occupancy rates started to show improvement in 2022 and rose to 73% a year later. Glasgow hotel occupancy is expected to increase further, reaching 77% by the end of 2023.

While Glasgow hotels achieved a remarkable rebound in 2021 and 2022, this has been driven by exceptionally strong average room rates while occupancy remained below pre-pandemic levels as the market continues to absorb new room supply. Glasgow hotel ADR reached a peak of £80 in 2021 and £78 in 2022 which was higher than the pre-pandemic levels. Continuing recovery in leisure and corporate demand will help build back occupancy levels but recent room rates will prove sustainable through the winter months. Thus, it is expected to decline slightly to £71 this year.

Glasgow’s largest room supply increase since 2018 hampered RevPAR growth. Glasgow hotel RevPAR grew steadily from about £42 in 2012 to £61 in 2018 before the influx of new supply. In 2019, Glasgow hotel occupancy declined as a result of the new supply, its RevPAR fell to £54 in 2019 with the decreased in ADR. As the pandemic hit, there was a significant fall in the hotel RevPAR which reached £20 in 2020. In 2021, due to the pandemic and increased supply in Glasgow, the RevPAR reached £40 for the year. Glasgow hotel RevPAR rose to £56 in 2022 with a sign of sustainable improvement with the slowdown of supply growth, but is expected to decline slightly to £55 in 2023 with operation costs pressure.

### Glasgow Hotel Performance (2018 to 2023 Forecast)



Source: Visit Scotland, Costar & STR, Horwath HTL

## Market Overview

### EXISTING SUPPLY

Glasgow is the second largest hotel market in Scotland by number of rooms. The city's hotel room supply has grown steadily in recent years after the success of Commonwealth Games in 2014 which welcomed 5,000 athletes. In 2022, Glasgow hotel room supply is estimated at around 12,176 rooms. Upscale has the largest share of 24.4% of the total hotel supply, followed by upper midscale (24.1%), economy (23.4%) and upper upscale (14.3%). The economy, upper midscale and upscale segments each account for around a quarter of hotel rooms but there is still quite limited supply in the upper upscale and luxury segments.

Glasgow represents the largest increase in room supply to the city since 2018. According to the Europe Construction Report published by Top Hotel Construction (as of April 2021), Glasgow had 25 projects and 4,609 rooms in the pipeline which was higher than Edinburgh's supply in the pipeline (25 projects, 4,290 rooms). Glasgow is set to see about 1,408 rooms due to open during 2023 and 2024. New supply growth in Glasgow has been driven by high-end properties in the upscale segment. 20 new hotels are planned by 2025 in Glasgow, and more than half will be four and five stars.

Recent prominent hotel openings were Clayton Hotel Glasgow City (303 rooms, March 2022), Virgin Hotels Glasgow (240 rooms, June 2022), Sandman Signature Glasgow Hotel (179 rooms, February 2023) and AC Hotel by Marriott Glasgow (239 rooms, July 2023). The most notable branded hotels in the pipeline in Glasgow include the Address Hotel (91 rooms, to be completed by November 2023) and House of Gods (28 rooms, to open in 2024).

### FUTURE DEMAND

Glasgow's reinvention as a modern city with international appeal for both tourists and businesses is expected to continue, with the city's hotels showing an impressive performance, driven by the increase in ADR as more four-star hotels open. The performance of Glasgow's hotels sector highlights the extent to which the city is now seen as a major tourist attraction with the number of international visitors increasing.

Barring unforeseen circumstances, the city's hotel sector is expected to continue to grow over the next years, aided by increasing demand from leisure tourists, commercial sectors and conferences. Glasgow is undergoing a significant transformation that is raising the profile of the city and resulting in strong economic growth. The hotel sector has been a core part of this and has become a hotspot for developers, operators and investors. Conferences and events will be a key

contributor to Glasgow's hotel sector and will showcase the city on a global stage, ensuring an enduring legacy. When combined with a healthy events calendar and the sports matches, strong performance for the city's hotel market is expected to sustain. Glasgow has been awarded European Capital of Sport for 2023 due to its facilities and its contribution to society whilst helping to improve the quality of life of the Glaswegian community. It is the first European city to win the award twice.

Glasgow is internationally regarded as one of the world's premier convention and events destinations. In 2019 World Travel Awards named Glasgow as the world's leading festivals and events destination. Building on many years' success, and with world-class venues at their disposal, the Glasgow Convention Bureau (GCB) has been voted UK's best convention bureau at the M&IT Awards over the last decade. Glasgow hosts more international delegates than any other UK city outside London and is an established and award-winning conference city. With conferences confirmed to 2024 and prospects out to 2029, there is continuous interest in Glasgow as a conference host city. As a result, there has been new hotel openings in both the international financial services district and the Scottish Exhibition Centre in Glasgow.

### HOTEL MARKET OUTLOOK

According to Glasgow 2030 tourism strategy, art, culture, festivals, major events & concerts and nightlife are identified as key tourism demand drivers. An overall demand growth trajectory in Glasgow over the next few years will support occupancy performance. Whilst the overall trajectory is expected to be positive, the international conference market and sport events are cyclical, resulting in peaks and troughs of conference and leisure-led demand. In the past, Glasgow successfully hosted major international conferences and high-profile international sports events such as UN Climate Change Conference (COP 26), 2014 Commonwealth Games, UEFA Euro 2020 matches and 2023 UCI World Cycling Championships. With a range of world class facilities and extensive heritage, Glasgow has become one of the premier global conference and sporting destinations. Barring unforeseen circumstances, future international conferences and events will continue to have a huge impact on the city's hospitality sector.

The size, quality and range of facilities offered by Glasgow hotels continues to grow. Over 20 new hotels are planned for 2023-25, nearly half of them four and five-stars. With an increase in quality accommodation to the city, this will likely attract higher spending guests to the city.

## KOBE, JAPAN



### KOBE TOURISM MARKET

International arrivals in Japan totalled 17.4 million as of YTD August 2023, recovering to 71.2% of the 2019 level (31.9 million) according to data from Japan National Tourism Organization (JNTO). The number of international arrivals to Japan in 2023 increased gradually month over month, reaching the peak of 2.3 million in July 2023. Based on international arrivals as of YTD September 2023, top 5 source markets are South Korea (4.9 million), Taiwan (3.0 million), China (1.6 million), Hong Kong (1.5 million) and USA (1.5 million). Visitors from China are expected to increase more as group travels from China to Japan has restarted since August 2023. According to OAG Aviation, international flights arriving in six major airports in Japan including Narita, Haneda, Kansai, Nagoya, Fukuoka and Sapporo recovered but are still below the 2019 level. Before the COVID-19 pandemic, Japan's travel expenditure per capita recorded ¥158,531 in 2019 (latest available). Accommodation, F&B and shopping account for over 80%. The main purpose of visit to Japan is tourism for sightseeing and leisure. After the pandemic, more foreign travelers have chosen Japan as a holiday destination, drawn by their much-increased spending power due to the Japanese Yen currency recent weakness and from the relaxation of travel restrictions.

Kobe, the capital of Hyogo Prefecture, is one of Japan's ten largest cities located between the sea and the Rokko mountain range and on the north shore of Osaka Bay. Kobe is considered as one of Japan's most attractive cities and an important port city alongside the ports of Yokohama, Nagasaki, Hakodate and Niigata.

Hyogo Prefecture recorded the visit rate of 6.0 in 2019. Kobe Convention Center serves as the core of the Global MICE Strategic City of Kobe, serving large-scale events and international conferences. Kobe hosted 438 conferences in 2019 which was Japan's second highest after Tokyo hosting 531 conferences that year. This year, many international conferences including ATRS World Conference, the international industrial Fair, CCP2023, ICMF and CVMW 2023 Kobe were held in the city. Kobe is emerging as a location choice of large-scale international events in Japan and positions itself as one of Japan's Top 5 meetings, incentives, conferences, and events (MICE) destination along with Tokyo, Yokohama, Kyoto and Nagoya. As of 2019, the number of participants for conferences in Kobe recorded 158,094 including the overseas participants who accounted for 9.9%.

### HOTEL MARKET

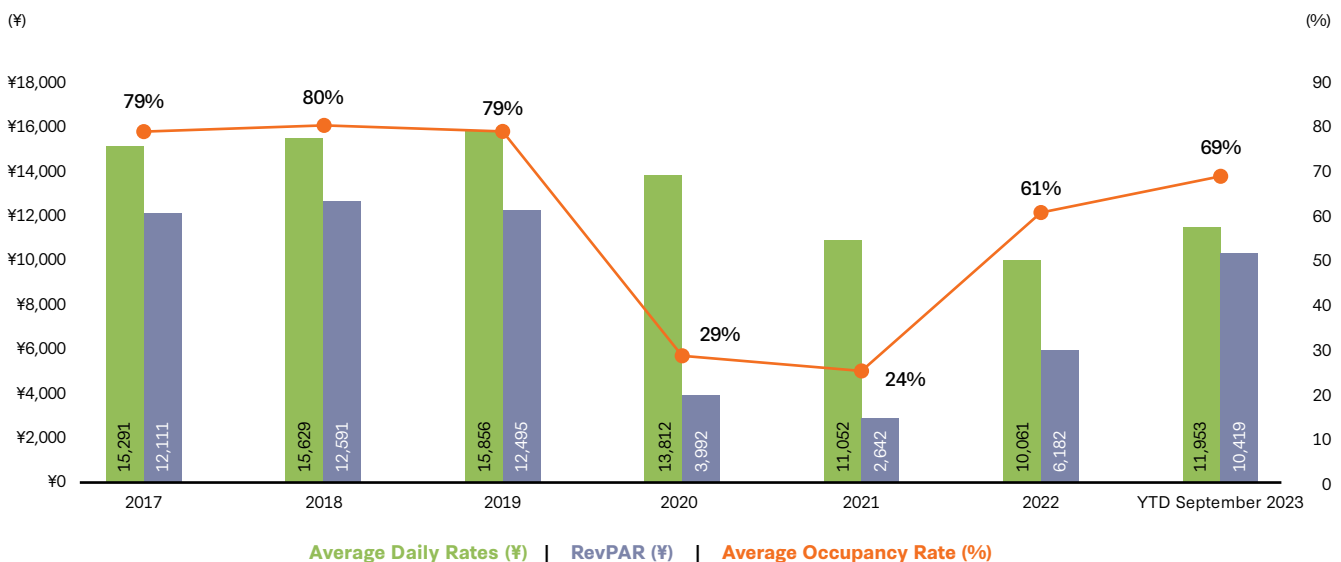
Kobe's neighboring city, Osaka is one of Japan's major hospitality markets, with the city frequently benefiting from displaced demand from there. With the reopening of international borders in October 2022 and the government's subsidies towards domestic tourism, Osaka hotel occupancy rose to 51% in 2022. Thanks to the return of international demand from South Korea, Taiwan and Hong Kong, Osaka's hotel occupancy further increased to 77% as of YTD September 2023, recording a 25.5% increase from the previous year. While the occupancy has not reached the pre-pandemic level, Osaka hotel's ADR reached the peak of ¥16,724 as of YTD September 2023. According to STR's data, this year's ADR in Osaka was up 20.6% from

## Market Overview

¥13,870 in 2019 and up 42.8% from ¥11,714 recorded last year. Following the occupancy and ADR recovery path after the pandemic, Osaka hotel's RevPAR gradually increased in the past two years, reaching ¥6,023 in 2022 and ¥10,410.5 in YTD September 2023. YTD September occupancy and RevPAR did not exceed 2019 figures. As a result, Osaka's hotel performance is still yet to reach full recovery with the exception of ADR, which was mainly driven by the luxury and upscale segments.

Kobe's hotel market has had a similar recovery path as Osaka's, improving after the pandemic. Kobe's hotel occupancy improved and increased to a peak of 81% in March 2023 with its ADR and RevPAR recording ¥12,863 and ¥10,419 respectively during the Cherry Blossom season. Like Osaka, being a seasonal destination, Kobe's YTD September 2023 room occupancy, ADR and therefore RevPAR did not reach pre-pandemic levels.

### Kobe Hotel Performance (2017 to September 2023)



Source: STR, Japan Hotel REIT

## EXISTING SUPPLY

Kobe's hotel inventory in 2023 is estimated at approximately 9,800 hotels rooms. There have been few hotel developments in the pipeline after the influx of the large new supply in 2021. Recent major hotel openings in Kobe include Hotel Sui Kobe Sannomiya by ABEST (132 rooms, opened in 2021), remm Plus Kobe Sannomiya (209 rooms, opened in 2021), the Royal Park Canvas Kob Sannomiya (170 rooms, opened in 2021) and Daiwa Roynet Hotel Kobe Sannomiya Cho Dori (265 rooms, opened in December 2021).

A planned large-scale project in Kobe is the redevelopment project of Kobe City Hall Building No. 2 damaged by 1995 Great Hanshin Earthquake. According to the announcement from its developer, ORIX real estate corporation, the redevelopment delivers government functions as well as private-sector functions including hotel, offices, commercial facilities. The construction for this project is scheduled to start in 2025 and is scheduled to be completed in 2029.

## FUTURE DEMAND

Kansai International Airport has been important for foreigner entries to Kobe and is one of the top three busiest international airports in Japan, recording 8,361,578 arrivals and departure (27.0%) in FY2019. The number of departures and arrivals at Narita International Airport and Tokyo Haneda Airport in FY2019 was 8,989,848 (29.0%) and 4,22,198 (13.6%) respectively. Kobe Airport plans to operate extra international chartered flights in 2025 during the Osaka Expo and start regular international flight services by 2030 as it is driven by expectation of a recovery in passenger demand in the Kansai region and reinforced infrastructure of the three Kansai airports including Kansai International Airport (KIX), Osaka International Airport (ITAMI), and Kobe Airport (KOBE) as a single hub.

According to Kansai Airports, the gross passenger traffic at KIX for the Osaka-Kansai Expo 2025 is projected to reach 37 million and a maximum of nearly

50 million in FY2030. By the airports used by inbound and outbound foreign tourists, the major airports in Tokyo and Osaka account for about 70% of the total. With Kobe Airport offering international services, Kobe's hotel market demand is expected to be boosted by foreign tourists visiting Kobe and Kyoto and Osaka.

With the support of the new infrastructure development of Japan's integrated international transport hub, potential growth in demand from foreign travellers attending international conferences and events and visiting the Kansai region is expected to grow significantly and fill the hotel supply in Kobe. For example, Rugby World Cup – Japan 2019 (England vs. USA fixture) held in Misaki stadium impacted Kansai area hotel market significantly. In Kansai, occupancy rose by 11.0% to 93%, ADR grew by 45.0% to ¥12,541 and RevPAR increased by 60.9% to ¥11,595.9 in September 2019. Osaka, close to Kobe's Misaki Stadium, reported 94% occupancy with 4.7% YoY increase and coupled with slight ADR growth (reaching ¥13,939), drove a 5.8% RevPAR uplift to ¥13,136. This is a reflection of Japan's famous transport links and a fan willingness to travel to stadium. Osaka-Kansai Expo 2025 is also expected to generate future hotel demand for Kobe with the launching of the international services at Kobe Airport.

A consortium comprising ORIX Corporation and MGM Resorts plans to build an integrated resort on a 390-ha reclaimed island which is also the facilities for 2025 World Expo to be held from May to November 2025 in Osaka. The Expo will sit on 155-ha site in the south while the resort will occupy 70-ha site in the north of the island. The local government targets to pull 28 million visitors and generate ¥ 2.0 trillion in economic activity. The integrated resort will combine a casino with 3,000 hotel rooms and the biggest meeting rooms in Asia, aiming to generate ¥380 billion a year in gaming revenue. Upon the completion of this project, Kobe's hotel market is expected to benefit significantly from the spill-over effect.

## HOTEL MARKET OUTLOOK

Kobe's hotel operating performance is likely to see further improvement bolstered by the resumption of inbound tourism to the Kansai region. Kobe's hotel ADR and RevPAR levels is expected to grow moderately and surpass pre-pandemic levels in the next few years. The upcoming holiday season and return of Chinese tourists will result in further improvements in Kobe's hotel performance. However, the industry-wide labour shortage has prevented many hotels from operating at full capacity, with the focus on increasing ADRs. Higher room rates may well affect average domestic travellers and corporate business visitors with more limited budgets.

Kobe has potential to be developed into an international gateway city to Japan since Kobe Airport will start regular international flights around 2030 and accommodate foreign entries for the 2025 World Expo. Kobe Airport will target different customers to Kansai International Airport. Business travellers on premium full service and private airlines would prefer Kobe Airport as it allows them to easily access not only Kobe City but also Osaka and Kyoto via JR trains. In addition, there are many alternative ways to get to Osaka from Kobe in a similar amount of time, such as via the Hankyu Railway or Hanshin Railway lines. In the long-term, the opening of the airport to accommodate international traffic will change Kobe's hotel landscape positively.

## Market Overview

### KUALA LUMPUR, MALAYSIA



#### KUALA LUMPUR TOURISM MARKET

Malaysia is one of the popular destinations in Southeast Asia, drawing visitors with its diverse attractions, including stunning beaches, vibrant urban landscapes, and an enriching cultural heritage, accompanied by distinct culinary experiences. As the pandemic hit in 2020, Malaysia witnessed a dip in international arrivals, however, this has rebounded sharply as the country welcomed 9.2 million international visitors as of YTD June 2023, reaching a peak of over 1.7 million arrivals per month in June 2023. Top 5 source markets include Singapore (3.9 million arrivals), Indonesia (1.5 million arrivals), Thailand (0.8 million arrivals), China (0.5 million arrivals) and Brunei (0.4 million arrivals). Malaysia tourism receipts reached RM30.1 billion YTD June 2023 which was up 384.8% from the 2022 level and down 27.7% from the corresponding June 2019 level. Per capita expenditure YTD June 2023 rose by 12.8% to RM3,288 from the corresponding YTD June 2022 level and was 5.3% higher than that of 2019.

According to the Department of Statistics Malaysia (DOSM), domestic tourism numbers to Malaysia rose 20% to 54.5 million in 2Q of 2023 from a year earlier and was up 12.2% from the previous quarter. The number of domestic visitors totaled 171.6 million in 2022, showing a 160.1% increase from the 66.0 million recorded in 2021. The main purpose of domestic overnight trips was visiting friends and relatives. Domestic tourism expenditure in Malaysia as at 2Q 2023 recorded RM21.9 billion, up 23.9% YoY and 13.9% quarter-on-quarter. For 2022, domestic tourism expenditure totalled RM64.1 billion, up 248.1% from RM18.4 billion in 2021. While

shopping was the largest component of total receipts, F&B and automotive fuel were the second and third highest components. The positive growth in visitor numbers and tourism receipts is expected to continue in the next few years.

With positive developments around reopening to international travellers and a robust plan to revive Malaysia's tourism industry, Kuala Lumpur has benefited significantly with the pre-pandemic arrival figures and tourism receipts showing the significant opportunities for the industry. As of 2022, Kuala Lumpur welcomed 16.9 million domestic visitors in 2022 and generated receipts of RM7.7 billion. Kuala Lumpur had the second highest record for domestic visitors and tourism receipts in 2022 after Selangor. The average length of stay in Kuala Lumpur was recorded at 3.1 nights. Despite the relocation of the federal government administration to Putrajaya, Kuala Lumpur remains as the main economic and business centre of Malaysia. It is the centre for finance, insurance, real estate, media and arts of the country.

As one of ASEAN's key gateways, Kuala Lumpur has one of the more advanced infrastructure development in Malaysia, including the presence of KLIA and KLIA2 airports at Sepang, the Multimedia Super Corridor and the country's main seaport, Port Klang. KLIA / KLIA2 have set a target of 100.0 million passengers per annum to be achieved by 2030. Malaysia Airports Holdings plans to increase KLIA's capacity further, such as expanding the Main Terminal and introducing KLIA3. Since the beginning of 2022, international passenger traffic volume to KLIA has been rebounding with



significant growth, boosted by the complete removal of border restrictions, improving flight connectivity, and easing of regional travel restrictions.

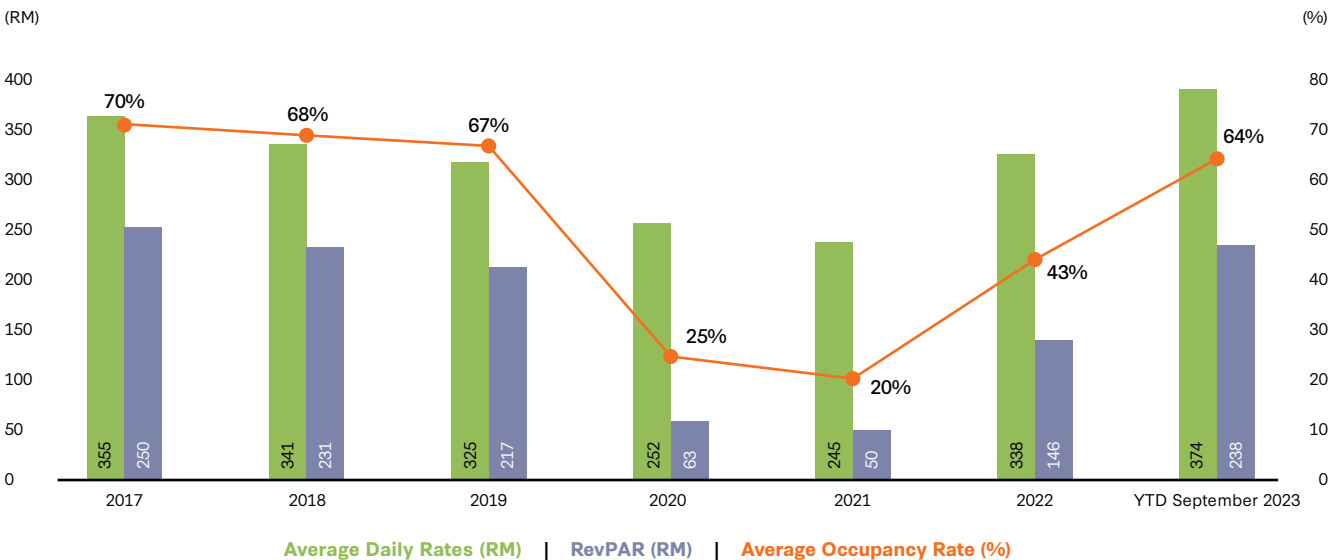
### HOTEL MARKET

Kuala Lumpur, an international commercial and financial centre, has the highest concentration of upper-upscale and luxury hotels in Malaysia. Like other major markets, Kuala Lumpur’s hotels faced a challenging year in 2020 and 2021. To accelerate tourism and the hotel industry’s recovery, the original plan was to reopen borders to all international travellers by 1 January 2022. However, the emergence of the Omicron variant in late 2021 has posed a short-term challenge to the reopening plan. The reopening of Malaysia’s international borders to all nations took effect in April 2022. Malaysia’s 2022 Budget set out to rejuvenate the tourism industry alongside expectations of economic growth to gain momentum. Seven key initiatives amounting to RM1.6 billion was rolled out in 2022. One of the key initiatives was matching grants worth up to RM30.0 million for repair purposes to 738 budget hotels registered under the Ministry of Tourism, Arts and Culture (MOTAC), and registered homestay owners.

Kuala Lumpur saw a significant improvement in the past two years after the pandemic and is progressively recovering, boosted by the reopening of the country’s borders. As of YTD September 2023, the average occupancy rate for Kuala Lumpur has increased to 64% compared to 43% YTD December 2022, almost returning to pre-pandemic levels.

As a result, Kuala Lumpur’s hotel ADR YTD September 2023 rose to RM374 compared to RM338 reported last year, surpassing the pre-pandemic level. The surge in Kuala Lumpur’s hotel ADR in 2023 resulted from the pent-up demand from domestic and international travellers combined with hoteliers’ ability to pass on increased costs to customers. As a result, Kuala Lumpur’s hotel RevPAR rose to RM238 as YTD September 2023, showing better performance than the 2019 level. This was mainly attributed to an uptick in occupancy and ADR this year.

**Kuala Lumpur Hotel Performance (2017 to September 2023)**



Source: STR

## Market Overview

### EXISTING SUPPLY

Kuala Lumpur's hotel room inventory in 2023 exceeds 50,000 rooms, which increased from 47,500 rooms last year and 45,000 in 2021. 60.0% of the Kuala Lumpur hotels are independently operated, while 40.0% are chain-affiliated. The total rooms that are chain-affiliated grew over the past 10 years. The strong constant growth in international hotel brands implies that these groups are endorsing the growth potential of Kuala Lumpur. The city has witnessed the entrance of major international operators over recent years including Marriott International, Accor Hotels, Hilton Worldwide, Shangri-La Asia Limited, St Giles Hotels, IHG Hotels & Resorts, Hyatt Hotels Corporation, Far East Consortium International, OYO Rooms and Mandarin Oriental Hotel Group. Mid-tier hotels accounts for approximately 60.0% of the Kuala Lumpur hotel room supply.

About 60.0% of new supply in the pipeline is expected to be in the luxury and upper upscale segments as of December 2022. Many hotel owners, such as that of the JW Marriott and the Ritz-Carlton, have re-invested in their hotels over the past two years, which has repositioned the quality of hotel inventory in the market. Hotel room inventory in Kuala Lumpur is expected to grow in excess of 21% between 2023 and 2025, assuming all proposed projects materialize. As of 1Q 2023, Kuala Lumpur recorded 37 projects with 10,864 rooms in the pipeline; based on Lodging Econometrics' Asia Pacific Construction Pipeline Trend Report and is ranked 4th after Bangkok, Jakarta and Melbourne.

Notable hotel openings in 2022 and 2023 include PARKROYAL COLLECTION Kuala Lumpur (535 rooms, June 2022), Amari Kuala Lumpur (252 rooms, September 2022), Pan Pacific Kuala Lumpur (210 rooms, December 2022), Hotel Royal Signature (240 rooms, August 2023), Iyf Raja Chulan Kuala Lumpur (117 rooms, September 2023), and Excellent Serviced Suite BTS (92 rooms, October 2023).

Major hotel developments in the pipeline are Hotel Indigo Kuala Lumpur on the Park (180 rooms, December 2023), So Sofitel (207 rooms, to open in 3Q 2024), Park Hyatt (232 rooms, to open in 2024), Kempinski Hotel (160 rooms, to open in 2024), Kimpton @ The Exchange (471 rooms, to open in 2024), Edition (350 rooms, to open in 2024), Conrad (544 rooms, to open in 2025) and Crowne Plaza (200 rooms, to open in 2026).

### FUTURE DEMAND

Malaysia's diverse source market mix for inbound travellers presents a positive outlook for the growth of its tourism industry, as it can benefit from a wider demand pool of international travellers and is less dependent on a single market for tourism. Over the past decade, the Chinese outbound tourism has been one of the driving forces for Southeast tourism. However, Malaysia is one of the countries that is least reliant on Chinese travel demand due to its diversified demand pool. In 2023, Kuala Lumpur witnessed pent-up leisure demand from the return of Chinese tourists to mitigate slowing corporate demand from around the region. Malaysian authorities are pushing to resolve issues linked to visa approvals and flight connectivity in order to boost tourism arrivals. Furthermore, the tourism ministry has signed agreements with two Chinese tour agencies to bring in tourists from China.

The emergence of the Halal tourism industry offers another significant opportunity for Kuala Lumpur hotel market. Malaysia has emerged with Indonesia as the top destinations globally for Muslim travelers in the newly released Mastercard-Crescentrating Global Muslim Travel Index (GMTI) 2023. The Halal travel demographic is a sizeable market segment globally. According to the GMTI, Muslim international arrivals hit 110.0 million in 2022 and are forecast to reach 140.0 million this year. Currently, Asia leads the way for arrivals, with more than 31.0% of all travelers to this region identifying as Muslim. Malaysia offers an abundance of prayer facilities, halal food and a Muslim-friendly atmosphere. The Ministry of Tourism Arts and Culture has introduced several initiatives including the Islamic Tourism Centre and Muslim-friendly Accommodation Recognition (MFAR) to demonstrate the country's commitment to capture this fast-growing and increasingly significant segment in the global market. By the year 2028, it is anticipated that there will be 230.0 million Muslim tourists, contributing to an estimated expenditure of RM225.0 billion. This presents opportunities for the Malaysian hotel industry in catering to international Muslim travellers.

Work staycation is also on the rise. The work from hotel package was introduced by many hoteliers during the pandemic era. Kuala Lumpur's hotel industry has launched new initiatives and adapting to new ways of working and service delivery. For example, the JW Mezzanine by JW Marriott Kuala Lumpur is offering a flexible co-working space in its luxury hotel. It provides a workspace for focused tasks and meetings. Four Points by Sheraton Kuala Lumpur has also introduced various work-from-hotel packages. The flexibility of remote work, combined with the availability of work-from-hotel options, is likely to sustain the work staycation trend among digital nomads.

## HOTEL MARKET OUTLOOK

Barring unforeseen circumstances, as travel confidence gradually picks up, there will be a substantial improvement in Malaysia's tourism industry. The Kuala Lumpur hotel market will continue to recover. Boutique hotels' popularity has been growing over the years. The expansion of digital information and social media boosted strong market growth for more authentic experiential travel experiences. The hospitality sector has faced numerous changes and new trends have emerged which could provide opportunities for new players, whilst for the existing players, it is time to relook, rethink and refresh.

In 2024, the Kuala Lumpur top-tier hotel demand levels are expected to return to pre-pandemic levels. The significant influx of new supply into the luxury segment in the next few years is projected to induce some level of demand and contribute towards improving occupancy levels. Pent-up demand following the pandemic is also expected to continue to support occupancy levels in the near term.

Kuala Lumpur's hotel market has a cautiously optimistic outlook in the long term with the expansion of the city's infrastructure. The Malaysian government has extensive plans to expand its infrastructure and to further improve accessibility, particularly within Kuala Lumpur. Key projects in the pipeline include Shah Alam Line (enhancing accessibility from the Western Corridor to the Kuala Lumpur Centre), The replacement of its Aerotrain System in Kuala Lumpur International Airport (to complete in 2024 onwards) and Tun Razak Exchange (TRX) Master Plan (to be completed in phases over the next 15 to 20 years).

## Market Overview

### DRESDEN, GERMANY



#### DRESDEN TOURISM MARKET

The state capital city of Dresden has been named one of top travel destinations 2023 by Lonely Planet. The city stretches on both banks of the Elbe River and is nestled in the foothills of the Eastern Ore Mountains, the Elbe Sandstone Mountains and the Lusatian Granite Plate. Dresden is characterized by renowned art museums and the classical architecture of the reconstructed old town. Dresden, apart from being scenic, is considered a city of art and culture, but also an important technology location. A network of research, business and culture has established itself in the city. There are a total of nine universities in Dresden. Dresden has been highly attractive to tourists from Austria, Switzerland and USA for sightseeing.

Dresden is also a MICE destination, providing outstanding meeting infrastructure, accessibility and safety. It is Germany's fourth largest city with established meeting facilities, event venues and hotels. The city's transport infrastructure provides excellent accessibility within the city and internationally. The city successfully hosted the ISU Short Track Speed Skating World Cup and the International Interconnect Technology Conference (IITC) this year.

Dresden recorded 1.1 million visitations and 3.4 million overnight stays as of YTD July 2023 which was up 26.0% and up 25.0% from YTD July 2022 level respectively. This is a sign of further improvements in Dresden's tourism performance in the post-pandemic period. The average length of stay in Dresden was recorded at 2.1 days. According to the 2023 trend,

Dresden's tourism is close to pre-pandemic levels as the main tourism indicators are close to 2019 performance. In September 2023, Dresden witnessed 202,418 monthly visitations and 411,270 overnight stays. Domestic travellers accounted for 75.9% of the city's total monthly visitations and 85.1% of the city's total overnight stays in September 2023. Based on visitations YTD July 2023, top 5 source markets to Dresden are Poland (66,568 visitations), Australia (39,639 visitations), Switzerland (37,655 visitations), USA (35,914 visitations) and Netherland (31,817 visitations).

#### HOTEL MARKET

The Dresden hotel market began to gradually recover from 2022. Demand picked up again in 2022 once travel restrictions were lifted. Overnight stays in Dresden's commercial lodging market in 2022 came in at 9.1% below the 2019 level and subsequently improved in 2023. Some events, including trade fairs, were cancelled in 2022 due to the pandemic, particularly at the start of the year. This resulted in the slower improvement in visitations to the city and hotel performance in 2022. However, the return of demand for inbound or convention tourism and business travel contributed to the increase in occupancy which was significantly better than 2021. Dresden's hotel occupancy rose by 40.0 percentage points to 57% in 2022 from the previous year and further improved to 59% in YTD July 2023. Dresden's hotel room occupancy in the past two years was still below pre-pandemic levels mainly due to the lag in the MICE market.

Dresden’s hotels recorded an ADR of €88 in 2022 and €93 YTD July 2023, whilst the city’s RevPAR reached €34 in 2022 and €36 in 2023. The loss of revenue during the pandemic as well as rising costs for energy, food and staff has forced Dresden’s hotel operators to raise room rates. As such, the average daily rate reached a new high of €93 YTD July 2023.

**EXISTING SUPPLY**

According to the Saxony State Statistical Office’s data as of July 2023, Dresden’s total hotel room inventory recorded 24,482 beds with its inventory of hotels and bed & breakfast offerings. As of May 2022, the currently confirmed hotel pipeline includes around 1,157 rooms in about 8 projects. Dresden’s room pipeline, however, is very low compared to other major German cities including Munich, Hamburg, Cologne, Dusseldorf, Stuttgart and Leipzig. As the pandemic caused some

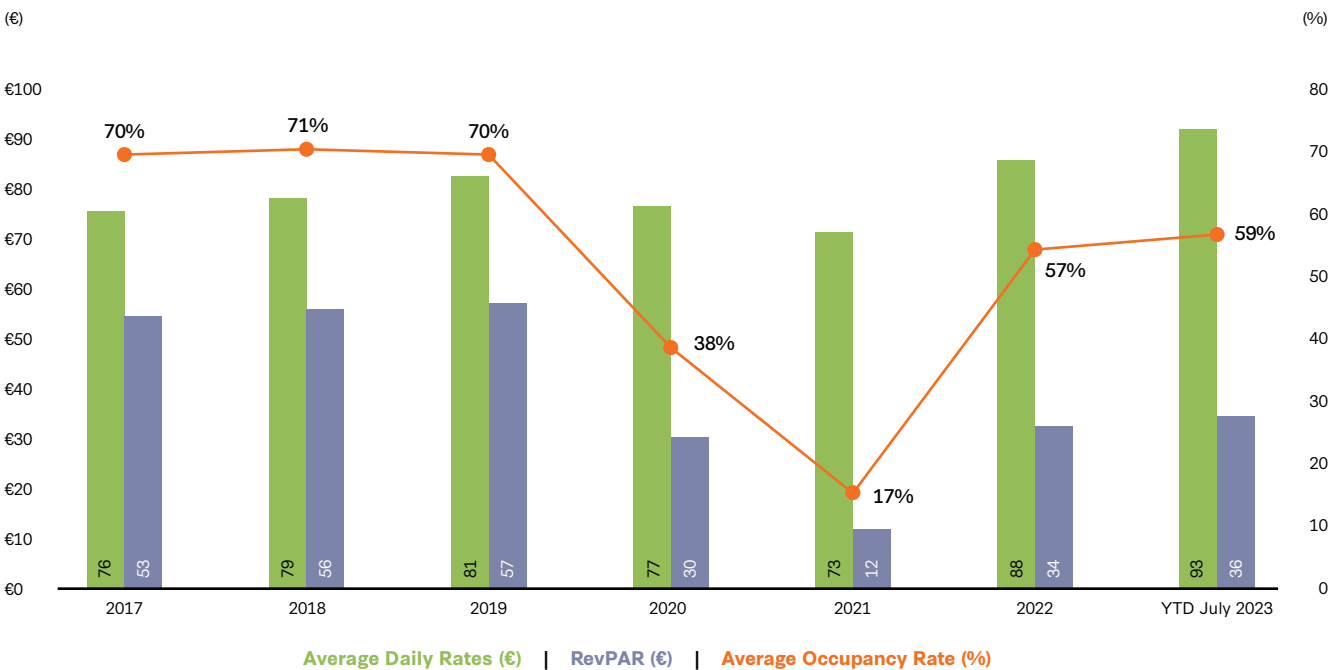
hotel openings to be postponed, hotel operators faced some pressure on RevPAR levels as new supply was being absorbed.

Notable Dresden hotel openings in 2022 and 2023 include the MEININGER Hotel Dresden Centre (173 rooms, September 2022) and the Premier Inn Hotel (200 rooms, June 2023). Major Dresden hotel developments in the pipeline include Taschenbergpalais Kempinski (213 rooms, November 2023), Prizeotel Dresden-Mitte (125 rooms, 4Q 2023), and the Holiday Inn Express Dresden Zentrum (306 rooms, 2024).

**FUTURE DEMAND**

In the last two years, the Dresden hotel market has proven to be more resilient compared to other European countries. Domestic tourism has experienced an upswing particularly in more rural locations.

**Dresden Hotel Performance (2017 to July 2023)**



Source: STR, Fairmas & Saxony State Statistical Office

## Market Overview

Historically, Dresden has been one of the major travel destinations globally in addition to strong domestic demand. The large share of local demand has increased further when travel restrictions were lifted and this destination is likely to further benefit from the continued staycation trend. A large share of group tours and older demographics may likely take longer to recover.

As a city destination, Dresden's hotel market is expected to grow with the return of MICE, corporate, group & international demand. With most restrictions lifted, Dresden will continue to have market exposure as a MICE destination with the number of confirmed international conferences and events including IEEE 6G Summit Dresden, International Dresden Lightweight Symposium, Filmfest Dresden, International Conference on Science, Technology of Synthetic Electronic Material 2024. Visitations to Dresden is therefore expected to stabilize quickly in the next few years.

## HOTEL MARKET OUTLOOK

There are signs of recovery as the number of airport passenger arrivals, MICE and domestic visitation increases, it would boost room occupancy levels. In the near term, the new supply in Dresden will continue to be absorbed as more business travellers and international students are expected to visit the city.

Compared to other major cities in Germany, Dresden's limited new supply in the pipeline gives less operating pressure due to the current challenges of labour shortages. This is likely to put less pressure on ADR. As such, the outlook remains cautiously optimistic.

## Board of Directors



**Panote Sirivadhanabhakdi, 45**

Chairman, Non-Executive and Non-Independent Director

**Date of appointment as Director:**  
10 June 2014

**Length of service as Director (as at 30 September 2023):**  
9 years 3 months

**Trustee-Manager**  
**Date of appointment as Director:**  
10 June 2014

**Length of service as Director (as at 30 September 2023):**  
9 years 3 months

**Board Committees Served On**

- Nominating and Remuneration Committee

### Academic and Professional Qualifications

- Master of Science in Analysis, Design and Management of Information Systems, The London School of Economics and Political Science, UK
- Bachelor of Science in Manufacturing Engineering, Boston University, USA
- Certificate in Industrial Engineering and Economics, Massachusetts University, USA

### Present Directorships in Other Companies (as at 30 September 2023)

#### Listed companies

- Frasers Property Limited
- Frasers Property (Thailand) Public Company Limited
- Thai Beverage Public Company Limited
- Univentures Public Company Limited

#### Listed REITs/Trusts

- Frasers Logistics & Commercial Asset Management Pte. Ltd., Manager of Frasers Logistics & Commercial Trust

#### Others

- Adelfos Company Limited
- Asian Capital Company Limited
- Athimart Company Limited (Vice-Chairman)
- Beer Thip Brewery (1991) Co., Ltd.
- Baanbong Vetchakij Company Limited
- Blairmhor Distillers Limited
- Blairmhor Limited
- Chiva-Som International Health Resorts Company Limited
- Cristalla Co., Ltd.
- F and B International Company Limited
- Frasers Assets Company Limited
- Frasers Property Corporate Services (Thailand) Company Limited
- Frasers Property Holdings (Thailand) Company Limited
- Golden Land Property Development Public Company Limited
- InterBev (Singapore) Limited
- International Beverage Holdings (China) Limited
- International Beverage Holdings Limited
- International Beverage Holdings (UK) Limited

- Kankwan Company Limited (Vice-Chairman)
- Kasem Subsiri Company Limited
- Kasemsubbhakdi Company Limited
- Must Be Company Limited
- Namjai Thaibev (Social Enterprise) Company Limited
- N.C.C. Exhibition Organizer Company Limited
- N.C.C. Image Company Limited
- N.C.C. Management and Development Company Limited
- Norm Company Limited
- NY Property Development Company Limited
- One Bangkok Company Limited
- Plantheon Company Limited
- Quantum Trading Company Limited
- S.S. Karnsura Company Limited (Vice-Chairman)
- Siribhakhitham Company Limited
- Sirivadhanabhakdi Company Limited
- SMJC Development Company Limited
- Sura Bangyikhan Company Limited (Vice-Chairman)
- TCC Assets (Thailand) Company Limited
- TCC Exhibition and Convention Centre Company Limited
- TCC Technology Company Limited
- Terragro Fertilizer Company Limited
- Thaibev Company Limited
- The Cha-Am Yacht Club Hotel Company Limited
- Theparunothai Company Limited (Vice-Chairman)
- TRA Land Development Company Limited
- Vadhanabhakdi Company Limited

### Major Appointments (Other Than Directorships)

- Frasers Property Limited (Group Chief Executive Officer)
- Singapore Management University (Director/Board of Trustees)
- National Gallery Singapore (Board Member)

### Past Directorships in Listed Companies Held Over the Preceding 3 Years (From 1 October 2020 to 30 September 2023)

Nil

### Past Major Appointments

- Chief Executive Officer of Univentures Public Company Limited
- Real Estate Developers' Association of Singapore (REDAS) (Management Committee)

### Others

Nil



### Soong Hee Sang, 64

Non-Executive and  
Lead Independent Director

**Date of appointment as Director:**  
29 May 2023

**Length of service as Director (as at 30 September 2023):**  
4 months

**Trustee-Manager**  
**Date of appointment as Director:**  
29 May 2023

**Length of service as Director (as at 30 September 2023):**  
4 months

**Board Committees Served On**

- Audit, Risk and Compliance Committee
- Nominating and Remuneration Committee (Chairman)

**Academic and Professional Qualifications**

- Bachelor of Science (Honours) in Estate Management, National University of Singapore
- Master of Business Administration, National University of Singapore

**Present Directorships in Other Companies (as at 30 September 2023)**

**Listed companies**

- Metro Holdings Limited

**Listed REITs/Trusts**

- Keppel Pacific Oak US REIT Management Pte. Ltd., manager of Keppel Pacific Oak US REIT

**Others**  
Nil

**Major Appointments (Other Than Directorships)**  
Nil

**Past Directorships in Listed Companies Held Over the Preceding 3 Years (From 1 October 2020 to 30 September 2023)**  
Nil

**Past Major Appointments**

- Chairman of the Board, Investment and Establishment Committees, Mercatus Co-operative Limited
- Board member, Mercatus Strategic Investment Management LLP
- Managing Director (London), GIC Real Estate Private Limited
- Managing Director (Deputy Head Asia), GIC Real Estate Private Limited
- Country and Managing Director (London), CapitaLand
- Deputy Chief Executive Officer, CapitaLand Commercial
- Chief Executive Officer, CapitaLand Commercial Trust
- Chief Executive Officer (New Markets), CapitaLand Residential

**Others**  
Nil



## Board of Directors



### Quah Ban Huat, 56

Non-Executive and Independent Director

**Date of appointment as Director:**  
6 June 2023

**Length of service as Director (as at 30 September 2023):**  
3 months

**Trustee-Manager**  
**Date of appointment as Director:**  
6 June 2023

**Length of service as Director (as at 30 September 2023):**  
3 months

**Board Committees Served On**

- Audit, Risk and Compliance Committee
- Nominating and Remuneration Committee

#### Academic and Professional Qualifications

- Fellow, Institute of Chartered Accountants in England and Wales
- Fellow, Association of Chartered Certified Accountants

#### Present Directorships in Other Companies (as at 30 September 2023)

**Listed companies**

- Samudera Shipping Line Ltd

**Listed REITs/Trusts**  
Nil

**Others**

- Primeur Holdings Pte Ltd
- Primeur Cellars Pte Ltd

**Major Appointments (Other Than Directorships)**

- Senior Advisor to Chairman of Sunjoy Group

#### Past Directorships in Listed Companies Held Over the Preceding 3 Years (From 1 October 2020 to 30 September 2023)

- AP Oil International Limited
- Grindrod Shipping Holdings Ltd.

#### Past Major Appointments

- Principal Consultant, KPMG Services Pte. Ltd.
- Director, Croesus Retail Asset Management Pte. Ltd., trustee-manager of Croesus Retail Trust
- Director, mDR Limited
- Director and Chairman of Audit Committee, Deutsche Boerse Asia Holdings Pte Ltd
- Director and Chairman of Audit Committee, Eurex Clearing Asia Pte Ltd
- Director and Chairman of Audit Committee, Eurex Exchange Asia Pte Ltd
- Business Area Controller, Deutsche Bank
- Group Finance Director, IMC Group
- Chief Financial Officer, City Gas Pte. Ltd.
- Chief Financial Officer, Rickmers Trust Management Pte. Ltd., trustee-manager of Rickmers Maritime Trust
- Director, Sunjoy UK Service and Distribution Co. Ltd

**Others**  
Nil



### Nagaraj Sivaram, 64

Non-Executive and  
Independent Director

#### Date of appointment as Director:

29 May 2023

#### Length of service as Director (as at 30 September 2023):

4 months

#### Trustee-Manager

#### Date of appointment as Director:

29 May 2023

#### Length of service as Director (as at 30 September 2023):

4 months

#### Board Committees Served On

- Audit, Risk and Compliance Committee (Chairman)
- Nominating and Remuneration Committee

#### Academic and Professional

#### Qualifications

- Bachelor of Commerce, University of Bombay
- Fellow, Institute of Chartered Accountants in England and Wales
- Fellow, Institute of Singapore Chartered Accountants

#### Present Directorships in Other Companies (as at 30 September 2023)

#### Listed companies

- British and Malayan Holdings Limited
- Thakral Corporation Ltd\*

#### Listed REITs/Trusts

- ESR-LOGOS Funds Management (S) Limited, manager of ESR LOGOS REIT

#### Others

- Singapore Institute of Technology
- Land Transport Authority

#### Major Appointments (Other Than Directorships)

Nil

#### Past Directorships in Listed Companies Held Over the Preceding 3 Years (From 1 October 2020 to 30 September 2023)

- G. K. Goh Holdings Limited

#### Past Major Appointments

- Audit Partner, Ernst & Young LLP
- Board Member, Urban Redevelopment Authority

#### Others

Nil

\* Appointed on 1 October 2023

## Board of Directors



### David Wong See Hong, 70

Non-Executive and  
Non-Independent Director\*

**Date of appointment as Director:**  
10 June 2014

**Length of service as Director (as at 30 September 2023):**  
9 years 3 months

**Trustee-Manager**  
**Date of appointment as Director:**  
10 June 2014

**Length of service as Director (as at 30 September 2023):**  
9 years 3 months

**Board Committees Served On**

- Audit, Risk and Compliance Committee
- Nominating and Remuneration Committee

#### Academic and Professional Qualifications

- Bachelor of Business Administration, University of Singapore
- Master of Science in Investment Management, Hong Kong University of Science and Technology
- Doctor in Transformational Leadership from Bethel Bible Seminary
- Financial Industry Certified Professional, Institute of Banking and Finance, Singapore

#### Present Directorships in Other Companies (as at 30 September 2023)

- Listed companies**
- Frasers Property Limited
  - China Merchants Bank Co., Ltd

- Listed REITs/Trusts**
- EC World Asset Management Pte Ltd, Manager of EC World REIT

**Others**  
Nil

- Major Appointments (Other Than Directorships)**
- Chairman, Halftime Hong Kong Limited
  - Finance Management Committee Member, Hong Kong Management Association

**Past Directorships in Listed Companies Held Over the Preceding 3 Years (From 1 October 2020 to 30 September 2023)**  
Nil

#### Past Major Appointments

- Chairman, HDR Global Trading Limited
- Deputy Chief Executive, Bank of China (Hong Kong) Group
- Director, Tahoe Life Assurance Company Limited
- Director, EKPAC International Group (Holdings) Limited
- Director, BOC Group Life Assurance Company Limited
- Chairman, BOC International - Prudential Trustee Limited
- Chairman, BOCHK Asset Management Limited
- Board Member, Civil Service College, Singapore
- Board Member, Energy Market Authority
- Customer Advisory Board Member, Thomson Reuters
- Corporate Executive Vice President and Chief Executive (South-East Asia) and Managing Director (Hong Kong Branch) of ABN AMRO Bank

**Others**  
Nil

\* Re-designated from Non-Executive and Independent Director to Non-Executive and Non-Independent Director with effect from 10 June 2023.

## Management Team

### Eric Gan

Chief Executive Officer

Eric is the Chief Executive Officer of the Managers and is responsible for the overall business, investment and operational strategies of FHT.

Eric joined the Managers in October 2018 as Designate Chief Financial Officer (**CFO**). Prior to his current appointment, he was the CFO of the Managers from January 2019 to January 2023 and was responsible for FHT's financial and capital management.

Eric has over 25 years of experience in financial reporting, corporate finance, treasury management, audit, taxation and company secretarial matters. Before joining FHT, he was the CFO of OUE Hospitality REIT Management Pte. Ltd., the REIT Manager of OUE Hospitality Real Estate Investment Trust from August 2014 to September 2018. Prior to that, he was the CFO of Meritus Hotels & Resorts (Hospitality Division) of OUE Limited.

Eric has extensive experience in the field of financial management. He started his professional career with international accounting firms and later moved on to public listed companies in real estate, manufacturing and food businesses, where he held key positions such as Senior Vice President, Company Secretary and CFO.

Eric is a Fellow of The Association of Chartered Certified Accountants (UK) and a member of the Institute of Singapore Chartered Accountants.

### Liu Qingbin

Head of Finance

Qingbin has over 15 years of experience in audit, accounting, corporate finance, tax, treasury and capital management.

As Head of Finance, Qingbin oversees the finance, taxation and treasury functions of FHT. He joined the Managers as Vice President (Finance) in October 2021 and assumed his current appointment in February 2023.

Previously, Qingbin was Senior Vice President of the Manager of a SGX-ST-listed industrial REIT where he was responsible for the financial reporting, taxation, management reporting, treasury and capital management of the REIT. Before that, he was an audit manager at PricewaterhouseCoopers LLP.

Qingbin holds a Bachelor of Accountancy (First Class Honours) from the Nanyang Technological University and is a Chartered Accountant and a member of the Institute of Chartered Accountants of Singapore.

### Wong Soon Yean

Head of Investment

Soon Yean is responsible for sourcing, evaluating, recommending and executing acquisition and divestment transactions for FHT. He has over 30 years of experience in the real estate industry and has been with Frasers Property Group for the last 16 years.

In Frasers Property Group, he has held various senior positions including Head of Investment for Frasers Commercial Asset Management Ltd, the manager for Frasers Commercial Trust prior to its merger with Frasers Logistics and Industrial Trust. He was also Head of Business Development of Frasers Property Singapore, responsible for its strategy and residential and commercial land tenders. Before that, he was with a Singapore-listed property company where he undertook investment, asset management and business development work in Singapore and Malaysia.

Soon Yean holds a Bachelor of Science (Honours) in Estate Management from the National University of Singapore and an Executive Master of Science in Finance from the Zicklin School of Business, Baruch College, City University of New York. He is also a member of the Royal Institute of Chartered Surveyors.

**Caris Ang**

Head of Asset Management

Caris is responsible for the asset management of FHT's portfolio. Her role includes optimising and executing asset management strategies to improve portfolio income through working with the various hotels and serviced residence operators. She is also responsible for identifying and implementing asset enhancement initiatives that are yield accretive.

Caris has over 20 years of experience in the real estate industry. Prior to her current appointment, she was Senior Manager of Business Development at Frasers Hospitality Pte. Ltd., responsible for its business development and investments across the Asia-Pacific region. Previously at Mapletree Logistics Trust Management Ltd., the manager of Mapletree Logistics Trust, she was the asset manager for a portfolio of logistics properties in Singapore and Malaysia. She started her career at City Developments Limited, focusing on property management of its commercial assets.

Caris holds a Bachelor of Science (Honours) degree in Building from the National University of Singapore.

**Sandy Leng**

Head of Investor Relations

Sandy oversees the investor relations function of FHT and is the key point of contact for its stapled securityholders, the investment community and the media. She is also responsible for its sustainability reporting.

Sandy has over 25 years of experience in investor relations and corporate communications. Previously, she was Vice President of Corporate Relations at SATS Ltd, overseeing its investor and media relations functions. She also held investor relations positions in other public listed companies in Singapore including The Ascott Group Limited, Singapore Technologies Engineering Ltd, SembCorp Industries Ltd and Singapore Technologies Industrial Corporation Ltd.

Sandy graduated from the National University of Singapore with a Bachelor of Business Administration degree.

## Portfolio Summary

Property	Purchase price (million)	Valuation as at 30 September 2023 (million)	FY2023 Occupancy (%)	FY2022 Occupancy (%)
InterContinental Singapore	S\$497.1	S\$515.0	76%	57%
Fraser Suites Singapore	S\$327.0	S\$300.0	79%	91%
Fraser Suites Sydney	A\$103.5	A\$140.0	86%	63%
Novotel Sydney Darling Square	A\$66.0	A\$115.0 <sup>1</sup>	80%	48%
Novotel Melbourne on Collins	A\$237.0	A\$239.0	76%	41%
Fraser Suites Queens Gate London	£46.3	£57.9	77%	75%
Park International London	£39.3	£42.6	76%	55%
Fraser Place Canary Wharf London	£31.5	£37.3	81%	78%
ibis Styles London Gloucester Road	£17.0	£22.0	89%	73%
Fraser Suites Edinburgh	£11.5	£17.6	79%	77%
Fraser Suites Glasgow	£7.5	£10.2	80%	73%
ANA Crowne Plaza Kobe	¥11,200.0	¥17,100.0	65%	48%
The Westin Kuala Lumpur	RM455.0	RM440.0	80%	42%
Maritim Hotel Dresden	€58.4	€55.9	NA <sup>2</sup>	NA <sup>2</sup>

1 Excludes right-of-use assets recognised under FRS116.

2 Maritim Hotel Dresden's occupancy and fixed rent were excluded due to limitations imposed by master lease agreement.

3 Unutilised furniture, fixtures and equipment (FF&E) reserve will be carried forward to the following year, if any.

Top 10 Tenants	Industry	Percentage of GR <sup>(1)</sup>
BCH Hotel investment Pte Ltd	Hotel	23.5%
River Valley Apartments Pte Ltd	Serviced residence	14.4%
Fraser's Townhall Residences Operations Pty Ltd	Serviced residence	10.0%
JBB Hotels Sdn Bhd	Hotel	8.0%
K.K. Shinkobe Holding	Hotel	7.8%
Fraser's Sydney ML Hotel Pty Ltd	Hotel	7.0%
Fairdace Limited	Serviced residence	6.9%
P I Hotel Management Limited	Hotel	6.9%
Maritim Hotelgesellschaft mbH	Hotel	6.7%
39QGG Management Limited	Serviced residence	6.2%

(1) Based on GR derived from the master leases and exclude the GR from Novotel Melbourne on Collins for FY2023.

Gross revenue for FY2023 (million)	Gross revenue for FY2022 (million)	Master Lessee	Fixed Rent per annum (million)	Variable Rent per annum
S\$21.8	S\$9.4	BCH Hotel investment Pte Ltd	S\$8.0	76.0% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
S\$13.4	S\$11.9	River Valley Apartments Pte Ltd	S\$7.7	20.0% GOR + 59.0% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
A\$10.3	A\$5.8	Frasers Townhall Residences Operations Pty Ltd	A\$4.2	20.0% GOR + 54.5% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
A\$7.2	A\$2.6	Frasers Sydney ML Hotel Pty Ltd	A\$2.5	84.0% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
A\$33.9	A\$21.1	FH-BT NMCS Operations Pty Ltd	A\$5.88	86.0% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
£3.5	£3.1	39QGG Management Limited	£1.8	20.0% GOR + 67.0% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
£2.5	£1.5	P I Hotel Management Limited	£1.3	91.5% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
£2.9	£2.7	Fairdace Limited	£1.4	20.0% GOR + 65.0% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
£1.4	£0.9	P I Hotel Management Limited	£0.6	91.5% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
£1.4	£1.3	Frasers (St Giles Street) Management Limited	£0.5	20.0% GOR + 45.0% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
£0.9	£1.0	Fairdace Limited	£0.4	20.0% GOR + 50.0% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
¥744.8	¥605.2	Hotel: K.K. Shinkobe Holding Retail: Y.K. Toranomom Properties	¥600.0	77.8% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
RM24.8	RM14.8	JBB Hotels Sdn Bhd	RM14.8	78.5% GOP less Fixed Rent plus FF&E reserve <sup>3</sup>
€4.3	€4.0	Maritim Hotelgesellschaft mbH	NA <sup>2</sup>	

## TENANCY

As at 30 September 2023, there are 14 master leases for FHT's investment properties<sup>4</sup>. The weighted average lease expiry of FHT's investment properties is 9.5 years.

The weighted average lease expiry was computed based on the gross annual revenue from each of the investment properties.

It does not assume the renewal of the master leases after the initial lease term, although some of the master lease agreements are renewable at the option of the master lessee on the same terms and conditions (save for amendments required due to any change in law) for an additional lease term.

As at 30 September 2023, only three of the 14 master leases accounting for 14.7% of GR<sup>5</sup> would be maturing in the next five years. These three master leases expire in FY2024.

<sup>4</sup> This includes a retail master lease for the retail space in ANA Crowne Plaza Kobe. As the retail master lessee assumes all the economic benefits and losses attributable to the retail component, the rental received by FHT for the financial year is the amount equivalent to property and damage insurance premiums and property taxes relating to the retail space. The master lease for Novotel Melbourne on Collins is excluded as it is an internal master lease arrangement between FH-REIT and FH-BT. FHT's entire GR is contributed by a hotel under management contract and master leases from the hospitality sector.

<sup>5</sup> Excludes the GR from Novotel Melbourne on Collins for FY2023.

## Asset Profiles



### INTERCONTINENTAL SINGAPORE

Singapore

**NO. OF ROOMS**

406

**GROSS FLOOR AREA**

49,987 sqm

**ADDRESS**

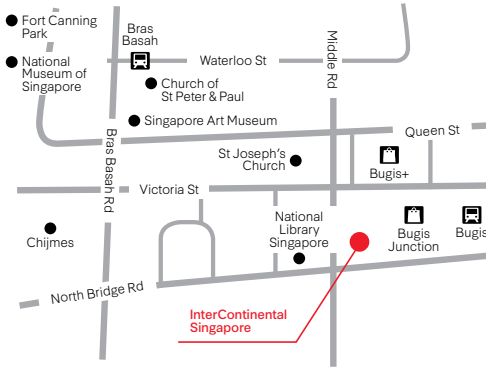
80 Middle Road,  
Singapore 188966

InterContinental Singapore is nestled in a retail and commercial area comprising Bugis Junction Shopping Mall, Bugis+ Shopping Mall and other commercial complexes along Victoria Street, Middle Road and North Bridge Road.

Situated approximately 2 km from the CBD, the hotel is close to key tourist hubs such as Orchard Road, Chinatown and Marina Bay. It sits above the Bugis Mass Rapid Transit station, which provides convenient access to attractions around Singapore.

InterContinental Singapore is the only luxury hotel in Singapore with rooms in a shophouse-style setting, preserving its Peranakan heritage. The 16-storey hotel was completely refurbished in 2016 and offers 406 guest rooms, meeting rooms, a gym, a swimming pool, an all-day-dining restaurant, a bar, a Chinese restaurant and a Japanese restaurant.

The hotel has ample parking, which is a shared facility within Bugis Junction.



### FRASER SUITES SINGAPORE

Singapore

**NO. OF ROOMS**

255

**GROSS FLOOR AREA**

27,018 sqm

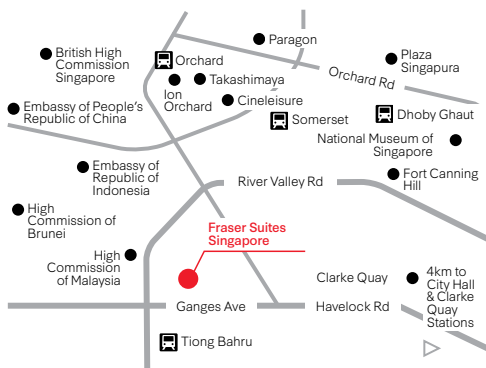
**ADDRESS**

491A River Valley Road,  
Singapore 248372

Situated in River Valley, a prime residential district, Fraser Suites Singapore is approximately 2 km from the Orchard Road shopping belt and approximately 3.5 km from the CBD. The serviced residence is also close to the Dempsey, Boat Quay and Clarke Quay entertainment areas.

The unit sizes range from 50 sqm for a 1-bedroom to 350 sqm for a penthouse. Each unit is fully furnished with separate living, dining, kitchen and bedroom areas, as well as a state-of-the-art home entertainment system.

Fraser Suites Singapore offers a wide range of recreational and business facilities, including an extensive indoor and outdoor playzone, a 24-hour fully equipped gym, a jet pool, a swimming pool, and steam and sauna facilities.





## FRASER SUITES SYDNEY

Australia

**NO. OF ROOMS**  
201

**GROSS FLOOR AREA**  
12,137 sqm

**ADDRESS**  
488 Kent Street, Sydney,  
NSW 2000, Australia

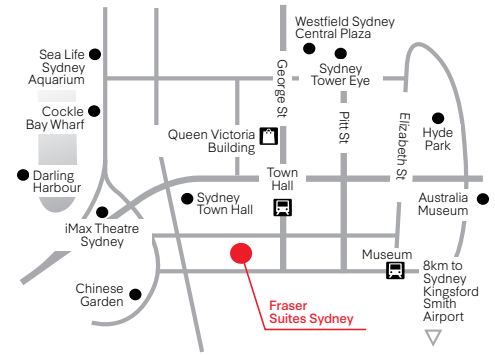


Fraser Suites Sydney is situated within the western corridor of the city's CBD in close proximity to Sydney Town Hall, Chinatown, Darling Harbour and the World Square retail, office and entertainment precinct. The serviced residence is also within walking distance of Cockle Bay Wharf, which features the IMAX theatre, the International Convention Centre, and numerous restaurants and entertainment facilities. Sydney's Kingsford Smith Airport is approximately a 20-minute drive away.

The serviced residence is designed by the internationally renowned architects Foster and

Partners and is directly connected to Regent Place, a 3-storey retail plaza with a myriad of F&B outlets. Fraser Suites Sydney features 201 apartments comprising studios, 1-bedroom apartments and 2 penthouses. Each unit is fully furnished with spacious living areas and affords panoramic views of the city's skyline.

Fraser Suites Sydney offers a wide range of recreational and business facilities. Its leisure centre features a gym, a heated lap pool, and spa and sauna facilities. The conference facilities include conference rooms with internet access and secretarial services. The serviced residence also has a securely covered carpark.



## NOVOTEL SYDNEY DARLING SQUARE

Australia

**NO. OF ROOMS**  
230

**GROSS FLOOR AREA**  
12,128 sqm

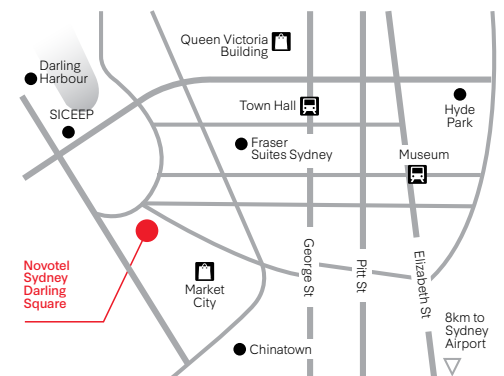
**ADDRESS**  
17 Little Pier Street,  
Darling Harbour, NSW  
2000, Australia



Novotel Sydney Darling Square is located in the heart of the newly developed Darling Square urban neighbourhood which is the connection between Ultimo, Darling Harbour and Haymarket, and a new playground for retailers, residents, shoppers and working professionals in the precinct.

The hotel is within walking distance of many shops and restaurants at Darling Harbour, Cockle Bay, King Street Wharf and the International Convention Centre.

The hotel has an all-day dining restaurant, a lobby bar, and 6 meeting rooms, providing an ideal setting for corporate luncheons and business meetings. It also has another restaurant, PumpHouse, which is a heritage-listed microbrewery offering a list of more than 100 craft and premium brews and Australian cuisine. The Pumphouse underwent a 5-month renovation and was completed in November 2021.



## Asset Profiles



### NOVOTEL MELBOURNE ON COLLINS

Australia

#### NO. OF ROOMS

380

#### GROSS FLOOR AREA

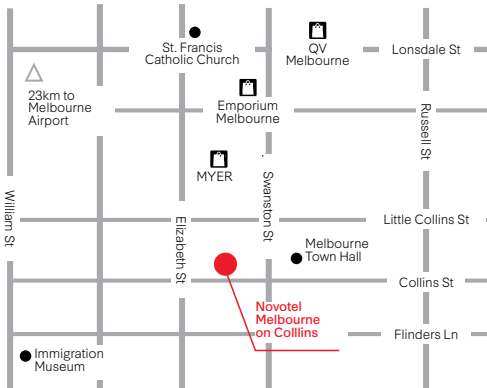
20,860 sqm

#### ADDRESS

270 Collins Street  
Melbourne VIC3000  
Australia

Located in the heart of Melbourne's Central Business District (CBD), Novotel Melbourne on Collins is minutes away from the city's main shopping district. The hotel is within walking distance of Melbourne's theatre district, including Her Majesty's Theatre and Princess Theatre, and The National Gallery of Victoria. It is also within a few minutes' drive from renowned sporting venues such as the Melbourne Cricket Ground and the Rod Laver Arena. The hotel is approximately 25km from

Melbourne International Airport and is easily accessible by tram and other forms of public transport. Novotel Melbourne on Collins features 380 guest rooms, ranging from 26 sqm to 40 sqm, with all rooms overlooking either the hotel's glass atrium or the bustling Collins Street. It offers 9 conference and event spaces, a fully equipped business centre, a restaurant, a bar and a fitness centre. It is situated directly above St. Collins Lane mall.



### FRASER SUITES QUEENS GATE LONDON

UK

#### NO. OF ROOMS

105

#### GROSS FLOOR AREA

6,416 sqm

#### ADDRESS

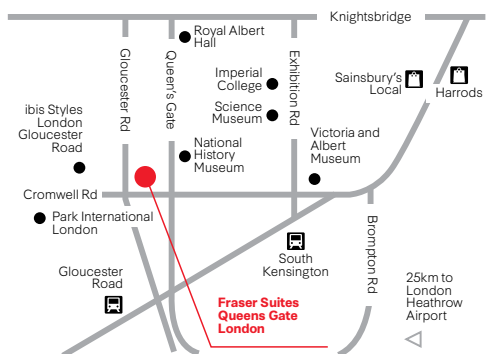
39B Queens Gate Gardens,  
London SW7 5RR,  
UK

Fraser Suites Queens Gate London is conveniently situated within walking distance of Knightsbridge, Chelsea, Hyde Park, Royal Albert Hall and Harrods. It is near Gloucester Road Underground Station - served by the Piccadilly, District and Circle lines - and is about 23 km from London Heathrow Airport.

features elegant interiors and a dining conservatory. It offers 105 rooms, ranging from studio deluxe units to 2-bedroom deluxe units.

The 7-storey serviced residence is housed in a preserved 19th-century historical building and

Fraser Suites Queens Gate London offers a range of recreational and business facilities such as a gym and a meeting room that can accommodate up to 30 people. There is also a guest laundry on the lower ground floor and a business zone with internet workstations.



**PARK INTERNATIONAL LONDON**  
UK

**NO. OF ROOMS**  
171

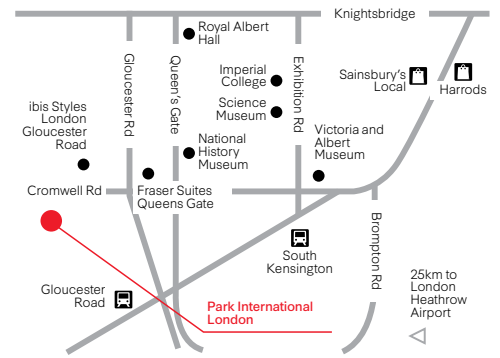
**GROSS FLOOR AREA**  
6,825 sqm

**ADDRESS**  
117-129 Cromwell Road, South Kensington, London, SW7 4DS, UK



Park International London is an elegant hotel with 171 guest rooms. Set in a Victorian-style building in the heart of Kensington and Chelsea, it is in close proximity to London's leading tourist attractions such as the Natural History Museum, Royal Albert Hall, South Kensington, and Earl's Court Exhibition Centre. The Gloucester Road Underground Station is also nearby.

Park International London's strategic location allows it to capture demand from both business and leisure travellers. The hotel offers a variety of room options, from single rooms to junior suites. It also offers a wide range of recreational and business facilities, including a gym and a business centre.



**FRASER PLACE CANARY WHARF LONDON**  
UK

**NO. OF ROOMS**  
108

**GROSS FLOOR AREA**  
5,659 sqm

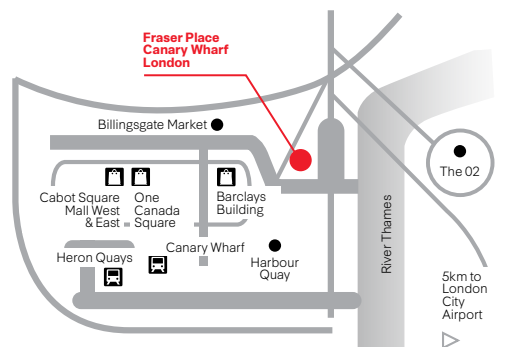
**ADDRESS**  
80 Boardwalk Place, London E14 5SF, UK



Fraser Place Canary Wharf London is located by the River Thames in Canary Wharf, London's modern financial centre, with a concentration of chic restaurants, bars and shops. It is a 5-minute stroll from the Canary Wharf shopping and entertainment complex, as well as a 10-minute walk from Canary Wharf Underground Station (Jubilee Line) and Docklands Light Railway. The London City Airport is also within an easy 10-minute ride.

Fraser Place Canary Wharf London comprises 14-storeys. The sizes of the units range from 21 sqm for a studio apartment to 200 sqm for a penthouse. Each unit is fully furnished with spacious living areas and all units afford views of Canary Wharf, the River Thames and The O2 in Greenwich.

Fraser Place Canary Wharf London also has a 24-hour gym and a full-service business centre.



## Asset Profiles



### IBIS STYLES LONDON GLOUCESTER ROAD

UK

**NO. OF ROOMS**

84

**GROSS FLOOR  
AREA**

2,512 sqm

**ADDRESS**

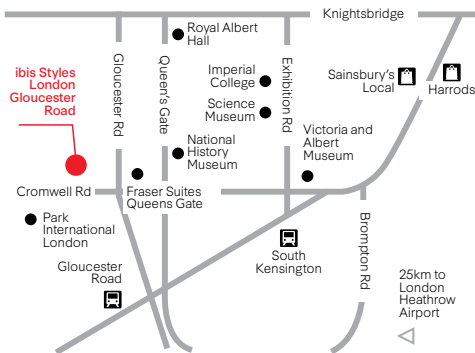
108, 110 and 112  
Cromwell Road, London,  
SW7 4ES, UK

Set in a Victorian-style building, ibis Styles London Gloucester Road completed its refurbishment of all 84 guest rooms, the breakfast room, gymnasium, lobby and bar in February 2019.

The hotel is located along Cromwell Road in the South Kensington borough, with the Gloucester Road Underground Station - served by the Piccadilly, Circle and District lines - in close proximity. Nearby attractions include

the Science Museum, the Natural History Museum, and the Victoria & Albert Museum, as well as shopping destinations such as Harrods and Harvey Nichols.

The hotel's strategic location allows it to capture demand from both business and leisure travellers. Offering a variety of double rooms, the hotel also has a breakfast area on the lower ground and a lobby bar serving drinks and snacks throughout the day.



### FRASER SUITES EDINBURGH

UK

**NO. OF ROOMS**

75

**GROSS FLOOR  
AREA**

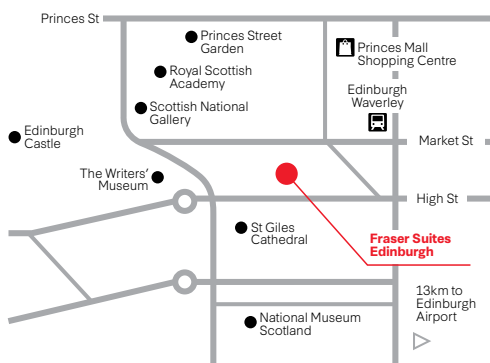
3,952 sqm

**ADDRESS**

12-26 St Giles Street,  
Edinburgh EH1 1PT,  
Scotland, UK

Set in a 1750s sandstone building, Fraser Suites Edinburgh is located on the historic St Giles Street, off the Royal Mile in Edinburgh's Old Town and within walking distance of Princes Street and Edinburgh Castle. The serviced residence is surrounded by restaurants, bars, cafes and shops, and is in close proximity to attractions such as Holyrood Palace, National Gallery of Art, National Museum of Scotland and Arthur's Seat. It is located about 13 km from Edinburgh Airport.

Fraser Suites Edinburgh comprises 8 storeys with 75 rooms. The unit sizes range from 24 sqm for a studio apartment to 47 sqm for an executive suite. The serviced residence also has a fitness suite that is opened 24 hours daily.



## FRASER SUITES GLASGOW

UK

**NO. OF ROOMS**  
98

**GROSS FLOOR AREA**  
7,386 sqm

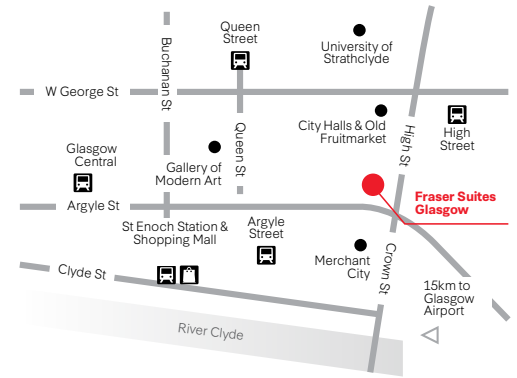
**ADDRESS**

No 1-19 Albion Street,  
Glasgow G1 1LH,  
Scotland, UK

Located in Merchant City, Glasgow's historic centre, Fraser Suites Glasgow offers convenient access to restaurants, boutiques, theatres and pavement cafes. It is also in close proximity to George Square, Glasgow Cathedral, the Gallery of Modern Art and the shopping destinations of Buchanan Street and St Enoch Centre.

Fraser Suites Glasgow is set in a restored 1850s building which has a classic Victorian Scottish façade. It once housed the city's

bank and now comprises 98 rooms over 5 storeys. The unit sizes range from 41 sqm for a studio apartment to 59 sqm for a 2-bedroom apartment and each unit comes fully furnished with a kitchenette. The serviced residence offers a 24-hour gym, self-service laundry and a meeting room.



## ANA CROWNE PLAZA KOBE

Japan

**NO. OF ROOMS**  
593

**GROSS FLOOR AREA**  
136,656 sqm

**ADDRESS**

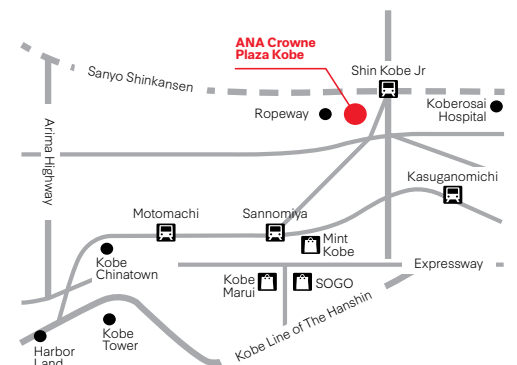
1-Chome,  
Kitano-Cho Chuo-Ku,  
Kobe, 650-0002, Japan

ANA Crowne Plaza Kobe is located close to the centre of Kobe City, the biggest city in Hyogo Prefecture. Situated above Shin-Kobe Subway Station, 1 subway stop from downtown Kobe, the hotel also has direct access to JR Shin-Kobe Shinkansen Station, which offers easy access to Tokyo and Osaka. It is approximately 8 km from Kobe Airport and 71 km from Kansai International Airport.

ANA Crowne Plaza Kobe offers a variety of room options, ranging from 15 sqm single rooms to 125 sqm club suites, and a wide range of recreational and business facilities, including a health and fitness centre. The health and

fitness centre is equipped with a gym and features an all-season indoor swimming pool and a sauna bath.

ANA Crowne Plaza Kobe has event spaces covering 3,298 sqm which include exhibit areas and a ballroom. The ballroom can accommodate up to 2,000 people. The hotel has 7 restaurants and a bar, offering a wide range of dining options and a total seating capacity of 968 persons. It is also directly connected to a retail mall, which offers a spectrum of retail shops such as a fashion boutique, a gift shop, a theatre and a supermarket.



## Asset Profiles



### THE WESTIN KUALA LUMPUR

Malaysia

**NO. OF ROOMS**

443

**GROSS FLOOR AREA**

79,593 sqm

**ADDRESS**

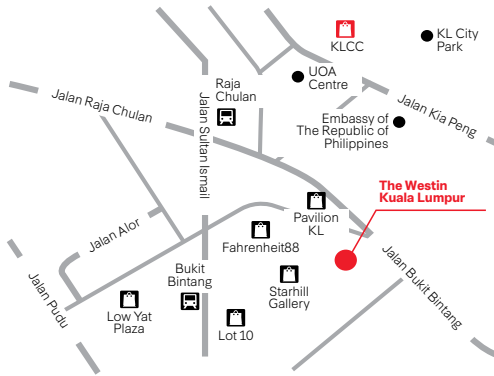
199, Jalan Bukit Bintang,  
Kuala Lumpur, 55100,  
Malaysia

Located in the bustling Golden Triangle, The Westin Kuala Lumpur offers convenient access to the city's shopping malls and nightlife. The hotel is situated directly opposite the Pavilion mall, which has over 500 retail shops. It is also in close proximity to Kuala Lumpur City Centre, where multinational corporations and leading financial institutions are located.

The 35-storey hotel offers 380 hotel rooms and 63 residential suites. It has a wide range of recreational and business

facilities, including a gym, swimming pool, F&B outlets serving Chinese, and international cuisines as well as a bar lounge.

The Westin Kuala Lumpur has 20 meeting rooms and conference facilities, all equipped with state-of-the-art audio-visual equipment. Its grand ballroom can accommodate up to 50 round tables. There are also 2 small meetings rooms catering to corporate travellers at its Executive Club Lounge.



### MARITIM HOTEL DRESDEN

Germany

**NO. OF ROOMS**

328

**GROSS FLOOR AREA**

25,916 sqm

**ADDRESS**

Devrientstrasse 10-12,  
01067 Dresden,  
Germany

Maritim Hotel Dresden is located between the International Congress Centre to the north and Saxon Parliament to the south. The hotel is also in close proximity to the city centre as well as the Dresden Zwinger and Semper Opera and can be easily accessed from the Dresden International Airport, located just 10 km away.

The hotel offers 328 guest rooms, a restaurant, bar, a gym and an underground car park. The hotel does not have any conference space as it is adjoining to the International Congress Centre which has a capacity of 8,600 sqm to accommodate up to 6,800 delegates.



# SUSTAINABILITY



# Sustainability

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## Glossary

A glossary of the abbreviations used in this report:

ARCC	: Audit, Risk, and Compliance Committee
BCA	: Building and Construction Authority
Board	: Board of Directors
BREEAM	: Building Research Establishment Environmental Assessment Method
CEO	: Chief Executive Officer
DEI	: Diversity, Equity and Inclusion
ESG	: Environmental, Social and Governance
FHT	: Fraser's Hospitality Trust
The Sponsor	: Fraser's Property Limited
The Group	: Fraser's Property and its subsidiaries
Framework	: ESG Framework
FY	: Financial Year Ended 30 September
GHG	: Greenhouse Gas
GRI	: Global Reporting Initiative
MAS	: Monetary Authority of Singapore
NABERS	: National Australian Built Environment Rating System
REITAS	: REIT Association of Singapore
SIAS	: Securities Investors Association (Singapore)
SSC	: Sustainability Steering Committee
TCFD	: Task Force on Climate-related Financial Disclosures
tCO <sub>2</sub> e	: Tonnes of CO <sub>2</sub> equivalent
YoY	: Year-on-year



## Board Statement



### Dear Stakeholders,

Recognising the imperative to embrace sustainability and being rooted in our Group-wide Purpose of - Inspiring experiences, creating places for good. - we have committed to drive actions across our sustainability commitments while enhancing the resilience of our portfolio of quality assets.

Frasers Hospitality Trust's (FHT) FY2023 Environmental, Social and Governance (ESG) Report provides an overview of our sustainability performance and efforts throughout the year. This report signifies our accountability and transparency to our stakeholders as we strive to improve our operations and create long-term value through the three pillars of Frasers Property Limited (the **Sponsor**) Sustainability Framework – Acting Progressively, Consuming Responsibly and Focusing on People.

In FY2023, all our properties in the UK completed their BREEAM (Building Research Establishment Environmental Assessment Method) assessment and are awaiting their certification awards. Our Australia and Malaysia properties will be undergoing their green certifications in FY2024.

During the year, we continued with our decarbonisation efforts as well as undertook several initiatives to reduce the energy and water consumption and waste generation across our properties where possible. These initiatives were aligned with our Sponsor's goal of being a net-zero carbon corporation by 2050.

Testament to our continued efforts, we are proud to have achieved a score of 82 and a 4-Star Rating in the 2023 GRESB Real Estate Assessment, marking this the third consecutive year that we have attained

improvements in our score and rating. We also maintained our third-place ranking in the 'Asia Pacific Hotel - Listed' category under the Assessment. This achievement is significant as stakeholders are able to benchmark FHT's performance against its global real estate peers in the same sector.

In line with our sustainability roadmap, we continue to align this year's sustainability disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

As the global tourism and hospitality industry continues with its recovery from the pandemic, it is important that we continue to embrace innovation and forge deeper partnerships to deliver on our sustainability commitments. We are grateful for the invaluable support of our stakeholders, who have enabled us to chart the path ahead to a greener future.

The Board of Directors will continue to fulfil its duties in determining, monitoring and managing our material ESG issues, providing strategic directions on sustainability as well as overseeing the standards and management processes needed to meet our sustainability objectives.

We look forward to progressing on this journey together.

### Board of Directors

Frasers Hospitality Asset Management Pte. Ltd.  
REIT Manager of Frasers Hospitality Real Estate Investment Trust

Frasers Hospitality Trust Management Pte. Ltd.  
Trustee-Manager of Frasers Hospitality Business Trust

## Sustainability

### The Year at A Glance



#### ACTING PROGRESSIVELY

- FHT achieved a score and rating of 82 and 4-star respectively in the 2023 GRESB Real Estate Assessment, with an improved score and rating for the third consecutive year. We maintained a third-place ranking (out of 7) in the "Asia Pacific Hotel – Listed" category.
- InterContinental Singapore retained the Building and Construction Authority (BCA) Green Mark GoldPLUS certification.
- Our properties in Australia scored an average 3.5-Star Water rating (that is between average and good) and 3-Star Energy rating (average) in the National Australian Built Environment Rating System (NABERS) assessment.
- In FY2023, we established our interim decarbonisation roadmap for 2030, in line with our goal of achieving net-zero carbon emissions by 2050. We also completed a climate risk assessment to identify FHT's physical and transitional risks.



#### CONSUMING RESPONSIBLY

- Fraser Suites Queens Gate London, Park International London, Fraser Place Canary Wharf London, Fraser Suites Edinburgh, Fraser Suites Glasgow are all powered by 100% renewable energy.
- The Westin Kuala Lumpur has also subscribed to green energy in FY2023.
- 2.6% year-to-year decrease in energy consumed per occupied room night.
- Expanded Scope 3 disclosure to cover natural gas consumption at tenanted areas and employee commuting.
- Collected 419 tonnes of waste for recycling, a 17.6% increase compared to FY2022.



#### FOCUSING ON PEOPLE

- The REIT Manager's senior management and employee base has 40% and 67% female representation, respectively. During FY2023, employees of the REIT Manager underwent an average of 23 learning hours per staff.
- In FY2023, all properties managed by Frasers Hospitality, a strategic business unit of the Sponsor, achieved a positive guest review score of 63.9% (FY2022: 63.3%) and a performance score of 81.4% (FY2022: 80.8%).

# Building A Resilient Future: Our Approach to ESG

## EMBEDDING ESG WITHIN OUR CORE

As a global hospitality REIT, FHT acknowledges its duty to operate in a responsible manner. Our goal is to contribute to the environmental and social well-being of the communities where we operate in, while creating long-term shared value for our stakeholders.

Our ESG strategy aligns with our Sponsor’s ESG Framework (the **Framework**) which comprises three core pillars: Acting Progressively, Consuming Responsibly and Focusing on People. We prioritise ESG-related focus areas within these key pillars that are most relevant for our hospitality business and operations.

### PILLARS



**ACTING  
PROGRESSIVELY**



**CONSUMING  
RESPONSIBLY**



**FOCUSING ON  
PEOPLE**

### FOCUS AREAS

**Innovation**  
Fostering an innovation culture that creates value and strengthens our competitive edge

**Resilient Properties**  
Strengthening the resilience and climate adaptive capacity

**Risk-based Management**  
Comprehensive assessment to address environmental, health and safety risks

**Responsible Investment**  
Incorporating social, environment and governance criteria in the evaluation process

**Materials & Supply Chain**  
Achieving the sustainable management and efficient use of materials along the supply chain

**Biodiversity**  
Enhancing the environment and ecosystem through our developments

**Energy & Carbon**  
Increasing substantially energy efficiency and renewable energy used

**Waste**  
Reducing substantially waste generation through prevention, reduction, recycling and reuse

**Water**  
Increasing substantially water efficiency and the recycling and safe reuse of water discharged

**Community Connectedness**  
Considering social value principles for communities

**Health & Well-being**  
Ensuring healthy and balanced work and community environments

**Diversity, Equity & Inclusion**  
Empowering and promoting the social inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

**Skills & Leadership**  
Developing skills and leadership programmes that support productive activities, creativity and innovation to deliver high-value products and services

## Sustainability

### OUR SUSTAINABILITY ROADMAP

To implement our strategy, we have established a sustainability roadmap, with annual targets to guide our overall sustainability approach and key initiatives for the year. These targets contribute to the overarching long-term goals set out by our Sponsor.

In FY2023, our Sponsor refreshed its Group ESG goals following a benchmark exercise and a review of the progress against targets announced in FY2021. The refresh took in a range of considerations including a market review of global sustainability trends, a FY2022 stakeholder survey exercise, and evolving regulatory requirements. The refreshed goals are as follows:

- Achieve net-zero carbon emissions across Scopes 1, 2 and 3 by 2050.
- Install 215 MW of renewable energy capacity on properties by 2030.
- Deploy group-wide climate risk analytics platform to identify, assess and manage climate-related risks by FY2024.
- Have 100% by gross floor area of new development projects, and 85% by gross floor area of owned and asset-managed properties, be either green-certified or pursuing green certification by 2030.
- Engage 75% of suppliers by spend on Responsible Sourcing Policy by FY2025.
- Develop a framework to assess and prioritise biodiversity risks and opportunities by FY2025.

### MANAGING SUSTAINABILITY GRI 2-9, 2-12, 2-13, 2-14

Ensuring transparency and accountability as part of our sustainability approach is a tenet of good governance and demonstrates our efforts to build trust with stakeholders. FHT has put in place a sustainability governance structure to align its sustainability goals with its business strategy and integrate ESG considerations into its long-term plans and operations.

We collaborate closely with our Sponsor on a cohesive governance approach. This alignment extends to our shared sustainability agenda, guided by the Group Sustainability Steering Committee (**SSC**). This committee, consisting of Chief Executive Officers (**CEOs**) from business units in the Group as well as other senior management, convenes six times annually to steer Group-wide sustainability strategies, and monitor sustainability performance across key metrics and endorse action plans throughout the Group. The SSC is supported by the Group Sustainability Team, which fosters close collaboration with FHT in ensuring alignment between the Group and FHT, crafting ESG action plans and monitoring advancements.

Within FHT, the Board provides strategic oversight and guidance on the identification, management and monitoring of material ESG factors, through the Audit, Risk, and Compliance Committee (**ARCC**). Focused on environmental risk oversight, the FHT Sustainability Steering Committee, led by the CEO and Head of Finance, ensures diligent monitoring. FHT also has a dedicated Sustainability Task Force,

comprising department heads from Asset Management, Finance, Investment, and Investor Relations, to drive its sustainability strategy. The Sustainability Task Force assumes the responsibility of developing FHT's sustainability framework and targets, along with formulating specific strategies, staff engagement plans, and resource allocation to execute these initiatives. The monitoring of property-level sustainability performance and indicators is entrusted to the Asset Management team and the General Managers of its hotels and serviced residences.

### PARTICIPATION IN ASSOCIATIONS AND ALIGNMENT WITH RECOGNISED STANDARDS GRI 2-28

FHT, whether independently or through its Sponsor, maintains active involvement in local and international efforts within the real estate sector. By collaborating with industry bodies, we leverage our insights and knowledge to drive meaningful change. We support and engage with various industry associations and global movements and these partnerships play a pivotal role in fulfilling our sustainability commitments.

### REIT ASSOCIATION OF SINGAPORE (REITAS)

REITAS serves as the representative advocate for Singapore's REIT sector, facilitating member engagement in policy consultations. REITAS supports the growth of the sector by improving transparency and governance for investor decision-making, and collaborating with regulators for industry-friendly policies. FHT plays an active role as a member of REITAS, participating in industry events organised by the association as well as relevant surveys initiated by the regulators which seek to gather feedback from the sector. FHT, through its Sponsor, is also represented on REITAS' Sustainability Taskforce.

As part of Fraser's Property Group, we are aligned with sectoral, national, and international platforms to elevate standards and scale up best practices. These include:

- GRESB Real Estate Assessment
- Property Council of Australia
- Science Based Targets initiative
- TCFD
- United Nations Global Compact
- United Nations Women's Empowerment Principles
- Urban Land Institute Singapore
- Tripartite Alliance on Fair Employment Practices
- Net Zero Carbon Buildings Commitment of the World Green Building Council
- Singapore Green Nation Pledge by Ministry of Sustainability and the Environment

### STAKEHOLDER ENGAGEMENT GRI 2-29

An important element of FHT's approach to sustainability is engaging our stakeholders and addressing their concerns to the best of our abilities. We value our stakeholders' views and work to integrate their feedback into our practices to improve our sustainability performance.

Our stakeholders are identified and prioritised based on the impact that our operations have on them, their knowledge of the sector and FHT, and their importance to the success of our business.

We typically engage our stakeholders throughout the year via a variety of communication channels. Our goal for all our stakeholder engagement initiatives is to better understand stakeholder needs while seeking collaborative ways to achieve shared objectives.





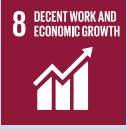

Key Stakeholders	Key Topics of Concern	Mode and Frequency of Engagement
<b>Customers and Guests</b>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Quality of facilities and services</li> <li>Health and safety</li> </ul>	Throughout the year: <ul style="list-style-type: none"> <li>Bilateral communications</li> <li>Guest satisfaction surveys</li> <li>Events</li> </ul>
<b>Investment Community and Stapled Securityholders</b>	<ul style="list-style-type: none"> <li>Financial and portfolio performance</li> <li>Business strategy and outlook</li> <li>Acquisitions and divestments</li> <li>Asset enhancement initiatives</li> <li>Capital and risk management</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly business updates, financial results briefings and earnings calls</li> <li>Annual General Meeting</li> </ul> Throughout the year: <ul style="list-style-type: none"> <li>Investor conferences and non-deal roadshows</li> <li>Bilateral communications via emails, calls, company visits and site visits</li> <li>Corporate website</li> </ul>
<b>Hotel and Serviced Residence Operators</b>	<ul style="list-style-type: none"> <li>Asset management and enhancement initiatives</li> <li>Business opportunities</li> <li>Property maintenance programmes</li> <li>ESG practices</li> </ul>	<ul style="list-style-type: none"> <li>Monthly ESG performance data collection and review</li> </ul> Throughout the year: <ul style="list-style-type: none"> <li>Regular site meetings</li> <li>Discussions via calls and emails</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee development and retention</li> <li>Employee satisfaction</li> <li>Occupational health and safety</li> <li>Impact on the environment</li> <li>Employee well-being</li> <li>Organisation updates</li> </ul>	Annual <ul style="list-style-type: none"> <li>Performance appraisals</li> <li>Employee culture or pulse survey</li> <li>Group-wide Health and Safety Month and Environment Month</li> </ul> Throughout the year: <ul style="list-style-type: none"> <li>Training, including courses and orientation programme for new staff</li> <li>Team bonding activities as well as sports, volunteering and other events</li> <li>Internal communications via emails, intranet, newsletters and townhall meetings</li> </ul>
<b>Suppliers and Business Partners</b>	<ul style="list-style-type: none"> <li>Appropriate cost and budgeting</li> <li>Adherence to terms and conditions of purchasing policies</li> <li>Responsible sourcing practices</li> </ul>	As and when requested: <ul style="list-style-type: none"> <li>Quotations, proposals and tenders</li> <li>Regular meetings</li> <li>Discussions via calls and email</li> </ul>
<b>Local Community</b>	<ul style="list-style-type: none"> <li>Social and community initiatives</li> <li>Business impact on the environment and society</li> </ul>	Throughout the year: <ul style="list-style-type: none"> <li>Community engagement activities</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Financial and operational performance</li> <li>FHT's latest developments, including acquisitions, equity fund raising, and divestments</li> </ul>	Throughout the year: <ul style="list-style-type: none"> <li>Media releases</li> </ul>
<b>Regulators and Non-governmental Organisations</b>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Regulatory and industry updates and trends</li> <li>Corporate governance</li> </ul>	Throughout the year: <ul style="list-style-type: none"> <li>Briefings, discussions and consultations</li> <li>Participation in relevant industry associations</li> <li>Participation in relevant industry surveys which seek to gather feedback from market participants</li> </ul>

## Sustainability

### MATERIALITY ASSESSMENT GRI 3-1, 3-2

We regularly review and assess how the changing landscape that we operate in affects our material ESG topics, our business and stakeholders. In FY2022, our Sponsor conducted a review of FHT’s material topics to determine if any new topics had emerged, or whether

there had been a shift in the importance and impact of existing topics. The review process comprised a global market review of relevant key sustainability trends as well as surveys and interviews with internal and external stakeholders. These findings were analysed and shared with the REIT Manager. After consolidating all feedback, we finalised the list of material sustainability topics for FHT.

Group Sustainability Framework Pillars	Corresponding United Nations Sustainable Development Goals	Material Topics
<p><b>ACTING PROGRESSIVELY</b></p> 	  	<p><b>Economic Performance</b></p> <hr/> <p><b>Anti-corruption</b></p>
<p><b>CONSUMING RESPONSIBLY</b></p> 	   	<p><b>Energy and Greenhouse Gas (GHG) Emissions Management</b></p> <hr/> <p><b>Water Management</b></p> <hr/> <p><b>Waste Management</b></p>
<p><b>FOCUSING ON PEOPLE</b></p> 	  	<p><b>Customer Experience</b></p> <hr/> <p><b>Talent Recruitment and Retention</b></p> <hr/> <p><b>Employee Well-being and Empowerment</b></p>

This continual updating of our sustainability management and accompanying policies ensures that our strategy remains relevant, as we seek to address evolving risks and opportunities.

The following table elaborates the significance of our material topics, the relevant United Nations Sustainable Development Goals and areas where we have made an impact through our business relationships.

Corresponding Group Focus Areas	Rationale	Material Factor Boundaries		
		FHT/ REIT Manager	Suppliers/ Contractors	Properties
<b>Risk-based Management, Responsible Investment, Resilient Properties</b>	Our strategic objective is to manage and expand our portfolio, within our risk capacity and appetite, to deliver long-term growth in distribution and net asset value to our Stapled Securityholders.	✓		
<b>Risk-based Management</b>	The foundation of our reputation lies in ethical and fair dealings. We maintain high standards of governance and accountability to earn the trust and confidence of our stakeholders.	✓	✓	✓
<b>Energy &amp; Carbon</b>	Considering that energy consumption is one of the largest environmental impact that our operations generate, we continue to actively monitor and manage energy consumption at our properties.			✓
<b>Water</b>	Water is a limited natural resource. It is essential for us to manage our consumption to reduce unnecessary usage.			✓
<b>Waste</b>	As the operations of our properties generate various types of waste, proper waste management is key in preventing adverse impact on the local environment and public health.			✓
<b>Community Connectedness</b>	Customer experience is a vital aspect in determining the success of our business. It is our utmost priority to meet and exceed the expectations of our customers and guests.			✓
<b>Skills &amp; Leadership</b>	It is important that the REIT Manager has the capacity to manage and expand FHT's portfolio to create value for our stakeholders. We seek to attract, develop and retain the right people who are the cornerstone of our success.	✓		
<b>Diversity, Equity &amp; Inclusion (DEI)</b>	Employees are at the heart of hospitality operations. It is vital to ensure our hotel and serviced residence operators value staff well-being by providing a conducive and safe working environment. In turn, a motivated workforce can better deliver positive, memorable experiences to our customers and guests.	✓		✓

## Sustainability



### Acting Progressively

FHT is dedicated to integrating ESG factors into its business choices, maintaining utmost integrity through established governance systems to address risks and opportunities. This is accomplished through robust policies that underpin our sustainability strategy and strengthen our business resilience. We actively strive to uphold responsible practices throughout our operations, continually evaluating our performance by benchmarking our properties against reputable green building certification schemes.

## OUR PROGRESS

Focus Area	Our Goals	Our Progress in FY2023
<b>Risk-Based Management</b>	<ul style="list-style-type: none"> <li>To establish holistic overarching internal policies to govern and guide the senior management on the focus areas.</li> </ul>	<ul style="list-style-type: none"> <li>Continued to roll out our Responsible Sourcing Policy, with 50% of the REIT Manager's suppliers acknowledging the policy.</li> </ul>
<b>Responsible Investment</b>	<ul style="list-style-type: none"> <li>To kickstart the process for green building certifications in FY2021 and achieve green certifications for at least 85% of the portfolio by 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Our properties in Australia scored an average 3.5-Star for Water rating (between Average and Good) and 3-Star for Energy rating (Average) for their NABERS assessment.</li> <li>InterContinental Singapore holds BCA Green Mark GoldPLUS certification.</li> <li>Five out of six of our UK properties are accredited under the Green Tourism Scheme.</li> <li>Notable improvement at the 2023 GRESB Real Estate Assessment with a 4-Star rating and a higher score of 82 which led FHT to maintain its third-place ranking in the 'Asia Pacific Hotel - Listed' category.</li> </ul>
<b>Resilient Properties</b>	<ul style="list-style-type: none"> <li>To carry out climate risk assessment and implement asset-level adaptation and mitigation plans in alignment with the TCFD framework by 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Our climate risk and climate 'value at-risk' portfolio-level assessment is still ongoing. We are also developing an action plan to address and mitigate key physical and transition risks.</li> <li>Aligned our climate reporting more closely to the TCFD framework.</li> </ul>

## RISK-BASED MANAGEMENT

### OUR APPROACH GRI 3-3

In view of our global portfolio, we are keenly aware of the various ESG and economic risks that our operations are exposed to.

We recognise the importance of upholding the highest standards of integrity and have established a robust governance framework to ensure regulatory compliance. Our Code of Business Conduct, which applies to all employees and leadership, sets out our

stand on ethics and compliance with ESG factors and is made available to other stakeholders.

We work with our Board and the Sponsor to implement effective internal controls across our business. Our Board ARCC supervises the audit procedures, supporting the Board in evaluating the quality and reliability of the accounting, auditing, internal controls and the REIT Manager's corporate governance practices. This includes an audit conducted by the Sponsor's internal audit team, which focuses on the REIT Manager's adequacy of internal controls, risk management and corporate governance practices. Audit findings and recommendations are then used to guide the Board and future management decisions.



The ARCC is responsible for actively integrating control measures aimed at anticipating and handling the potential business consequences of identified ESG risks. This integration is achieved through close collaboration with our Sponsor's Group Risk and Group Sustainability teams.

In FY2023, FHT remained a signatory of the annual Corporate Governance Statement of Support initiated by the Securities Investors Association (Singapore) (SIAS) to foster a culture of good corporate governance with a focus on ESG among Singapore listed companies.

### OUR ACTIONS AND PROGRESS

**GRI 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3, 206-1**

We have implemented a comprehensive set of corporate policies which are aligned with those of our Sponsor, to guide our operations and safeguard integrity and accountability in our business conduct. These policies are periodically reviewed to ensure that they remain relevant to our changing operating landscape:

- Anti-Bribery Policy
- Board Diversity Policy
- Code of Business Conduct
- Competition Act Compliance Manual
- Complaints/Feedback Handling Policy
- Continuing Education of Capital Markets Services Representatives
- Continuing Education Policy
- Corporate Social Responsibility Policy
- Diversity and Inclusion Policy
- Documents Management and Retention Policy
- Investment Manual and Guidelines - Acquisitions and Disposals
- Investor Relations Policy
- Personal Data Breach Incident Management Policy
- Personal Data Protection Policy
- Policy on Dealings in Units of FHT and Reporting Procedures
- Policy on Outsourcing
- Prevention of Money Laundering and Countering the Financing of Terrorism
- Procurement Policy
- Responsible Sourcing Policy
- Whistle-blowing Policy

To ensure the reliability of our data disclosure and processes in the publication of this year's ESG Report, we have sought independent external assurance for the report. Our assurance was carried out by Ere-S, with the engagement conducted under a limited level of assurance according to the International Standard on Assurance Engagements 3000 guidelines. Please refer to pages 107 to 109 for assurance findings and observations.

### Anti-Bribery, Anti-Corruption and Anti-Competitive Behaviour

We strive to maintain the highest standards of ethical business conduct and our commitment towards good faith business activities and regulatory compliance are outlined in our policies, namely the Anti-Bribery Policy, the Competition Act Compliance Manual and the Prevention of Money Laundering and Countering the Financing of Terrorism.

Training and communications build the awareness needed to tackle corruption and bribery. In FY2023, 91% of the REIT Manager's Singapore-based employees, and 75% of the REIT Manager's employees based outside of Singapore, received training on anti-corruption.

We also take a proactive approach to ensure compliance with all applicable laws and regulations within the markets where we have presence in. In FY2023, there was no confirmed incident of bribery and corruption within FHT's operations, and no significant breach of laws and regulations in relation to the environment, health and safety regulations or industry codes around marketing communications.

### Whistle-blowing and raising concerns

In upholding our Whistle-blowing Policy, we ensure that our employees and third parties have access to independent feedback channels. These provide safe avenues to report any improprieties, grievances or misconduct without fear of reprisal. Matters of concern can be reported by mail, electronic mail or by calling a hotline. Employees and third parties are encouraged to raise their concerns on any of the following issues relating to FHT and its staff:

- Financial fraud or professional misconduct, including concerns about accounting, internal controls or auditing matters;
- Improper conduct, dishonest, fraudulent or unethical behaviour;
- Any criminal or regulatory offence, breach, irregularity or non-compliance with laws/regulations or the Company's policies and procedures, and/or internal controls;
- Violence at the workplace, or any workplace hazards/violations which may threaten health and safety;
- Corruption or bribery;
- Conflicts of interest without proper disclosure;
- Any deliberate attempt to cover up and/or conceal misconduct; and any other improprieties or matters that may adversely affect shareholders' interest in, and assets of, the Company, and its reputation.

## Sustainability

Individuals who wish to file a whistleblowing report may refer to the details on our website.

Any report submitted through these channels are received by the Sponsor's Head of Group Internal Audit, who has been designated as an independent function to investigate all whistle-blowing reports. FHT will respond appropriately to individuals who engage in reprisal actions against whistle-blowers.

In FY2023, we did not receive any case via our whistleblowing channels. We will continue to foster close collaboration with our stakeholders and ensure that we pre-empt and mitigate any risks throughout our value chain.

### Supply chain management

FHT seeks to establish a sustainable supply chain by forging close partnerships with suppliers that embrace our sustainability vision and values. This ensures that they are aligned with our commitment to high quality environmental, health and safety standards. As conveyed in our Responsible Sourcing Policy, this commitment includes expectations around the following key areas:

- Environmental management – to manage the environmental impact of their products and services, and continually seek to improve their environmental efforts.
- Human rights and labour management – to eliminate human rights violations and oppose human trafficking in their operations and supply chains, and provide fair and transparent employment conditions to their employees.
- Health, safety and well-being – to manage health and safety risks and ensure that their staff are safe and protected.
- Business ethics and integrity – to uphold strong business ethics and ensure that their business is conducted lawfully and with integrity.

In FY2023, the REIT Manager continued to engage its key suppliers on its Responsible Sourcing Policy. As at 30 September 2023, half of these key suppliers have acknowledged the policy.

Our next step is to align with our Sponsor's new goal by raising our engagement level to 75% of suppliers by spend. This will be done through a Group-wide e-learning programme by the end of FY2025. We will be onboarding our suppliers onto this programme, which aims to encourage and equip them to implement sustainable business practices. This will serve as a springboard towards reducing environmental and social impacts in our value chain.

### Data privacy

At FHT, our Personal Data Protection Policy has been implemented to protect our information assets and establish responsibilities that employees must undertake to ensure maximum data confidentiality and security. In the case of information security incidents, FHT's Personal Data Breach Incident Management Policy sets out procedures for employees to manage and mitigate any negative impacts.

During the year, some of the staff at our properties attended cybersecurity training which equipped them with knowledge on basic cyber safety and the handling of personal data. For instance, 88 staff at Fraser Suites Singapore participated in the Stay Safe & Smart Online course between October 2022 to July 2023 and clocked a total of 2,211 training hours.

There was no recorded information security breach in FY2023.

### Aligning with Monetary Authority of Singapore (MAS) Guidelines on Environmental Risk Management for Asset Managers

Pursuant to MAS guidelines aimed at enhancing the resilience of funds, asset managers have been tasked to implement the guidelines on environmental risk management across six key areas. We have put in place processes and practices to meet these requirements and will continue to strive for further alignment.

Key area	Status
<p><b>Governance and strategy:</b> The Board and senior management to oversee integration of environmental risk considerations into asset managers' strategies, business plans and product offerings.</p>	<p>The ARCC assists the Board in carrying out its responsibility in determining ESG factors that are material to our business, monitoring and managing ESG factors, and overseeing standards, management processes and strategies to achieve sustainability practices.</p> <p>The FHT Sustainability Steering Committee, comprising the CEO and Head of Finance, has been designated to oversee and review environmental risk.</p>
<p><b>Research and portfolio construction:</b> Asset managers to evaluate the potential impact of environmental risk on the return potential of our investments.</p>	<p>We consider operational indicators (such as GHG emissions, energy, waste and water) that may affect tenant demand as well as operational efficiencies and costs. Please refer to the Energy and Carbon section of this Report for further details.</p>
<p><b>Portfolio risk management:</b> Asset managers to put in place appropriate processes and systems to assess, manage and monitor the impact of any risk.</p>	<p>We have put in place processes to manage environmental risk. Please refer to the Risk-Based Management section of this Report for further information.</p>
<p><b>Scenario analysis:</b> Asset managers to develop capabilities in assessing environmental risk impact on their portfolios and their alignment with climate goals set under a range of scenario pathways.</p>	<p>We are on track to complete climate risk assessments, which include scenario analysis from temperature rises (below 2°C scenario: RCP 2.6 and below 4°C scenario: RCP 8.5) by FY2024.</p>
<p><b>Stewardship:</b> Asset managers to engage investee companies to improve risk profile and support their efforts to transition towards more sustainable policies and practices.</p>	<p>We have progressively implemented asset enhancement initiatives with measures to improve energy and water efficiency and waste management.</p>
<p><b>Disclosures:</b> Clear and meaningful disclosures, referencing well-regarded international reporting frameworks.</p>	<p>This Report discloses our approach to environmental risk management and the potential impacts of risk. We strive to enhance disclosures to further align to the TCFD recommendations.</p>

## RESPONSIBLE INVESTMENT

### OUR APPROACH GRI 3-3

FHT has a geographically diversified portfolio of 14 quality assets, mostly located in key gateway cities in Asia, Australia and Europe. We recognise that we can make an impact across our value chain through how we invest.

We actively integrate ESG considerations into our business and investment decisions by driving our properties to attain green building certifications from Green Star, BCA Green Mark and more. Currently, 12% of FHT's portfolio<sup>1</sup> by gross floor area has been green-certified. In FY2023, all our UK properties completed their BREEAM assessment and are awaiting their certification award.

Furthermore, we have been benchmarking our sustainability performance through the GRESB Real

Estate Assessment since 2019. Notably, our higher rating and better score in the 2023 Assessment underscore our commitment to drive improvement on our ESG efforts.

### OUR ACTIONS AND PROGRESS

#### Advancing Green Practices in our Portfolio

In Australia, all our properties have been assessed using NABERS, which measures energy efficiency, water usage, waste management and indoor environment quality of a building and its environmental performance. Averaging 3.5 Stars for Water and 3 Stars for Energy in NABERS ratings, our properties exemplify our dedication to sustainable operations. Our next target is to have these properties certified under the Green Star scheme by the Green Building Council of Australia in FY2024.

In Singapore, InterContinental Singapore maintains its Green Mark GoldPLUS certification under the BCA Green Mark programme.

<sup>1</sup> Includes all properties in FHT's portfolio

## Sustainability

Our commitment also extends to the Green Tourism certification in the UK, which recognises our efforts to integrate sustainability into our UK properties' operations. Five of our properties have been certified under this scheme, symbolising our dedication to caring for local communities, preserving the environment, and fostering eco-friendly practices.

### Benchmarking FHT's Performance with the GRESB Real Estate Assessment

The GRESB Real Estate Assessment captures ESG performance by assessing what investors and the industry consider to be material issues in the sustainability performance of real asset investments. FHT's performance in the 2023 GRESB Real Estate Assessment improved from a 3-Star to a 4-Star rating. With a score of 82, we maintained our third-place ranking in the 'Asia Pacific Hotel - Listed' category. Our improvements spanned all ESG aspects, particularly in expanding data monitoring and reporting disclosures. We strive to continue building on this momentum by enacting positive changes across our operations and investment decisions to propel our sustainability agenda.

## RESILIENT PROPERTIES

### OUR APPROACH GRI 3-3

Climate change has been proven to present substantial risks to businesses, encompassing supply chain disruptions and rising operational vulnerabilities. Compounded by evolving regulatory landscapes and shifting consumer preferences, these threats necessitate adaptive measures. FHT is acutely aware that these risks have salient and direct financial implications.

Decarbonising the real estate sector has become an urgent imperative, underscored by COP27. We are focused on addressing climate-related risks by collaborating closely with our customers and guests, suppliers as well as communities that may be potentially impacted by our operations. Through this approach, we believe that we can forge a more sustainable future.

Enhancing the resilience of our properties against these impending threats ranks high on our agenda. In response, we are actively working to integrate these risks into our financial risk management processes. This entails harnessing climate risk data to identify, understand and manage our portfolio's exposure to climate-related hazards. Such an approach will enable us to effectively measure and manage our climate risks and opportunities.



We have set forth a series of climate objectives for FHT's business moving forward. These goals include our commitment to achieving net-zero throughout our operations and value chain by 2050. In tandem with these strategic initiatives, we continue to further align our disclosures with the recommendations put forth by the TCFD. This is aimed at fostering greater transparency to promote more informed investment, credit and insurance underwriting decisions and meet growing investor demand. Notably, our Sponsor has embarked on greater alignment with TCFD recommendations since 2019 and we have publicly affirmed our support for the TCFD disclosures through our Sponsor.

### OUR ACTIONS AND PROGRESS

The tables in the next few pages outline our approach and progress towards managing climate-related risks and opportunities.

TCFD core element	Our activities to support TCFD Alignment
<b>Governance</b>	
Describe the organisation’s governance around climate-related risks and opportunities.	<p>The Board provides oversight on broader sustainability trends, risks and opportunities to connect sustainability with corporate purpose and strategy. The Board is supported by the Sponsor’s SSC and Group Sustainability team.</p> <p>The ARCC continue to assist the Board in carrying out its responsibility, which includes responsibility in determining ESG factors that are material to our business, monitoring and managing ESG factors, and overseeing standards, management processes and strategies to achieve sustainability practices.</p>
Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>The senior management manages climate risk and identifies potential opportunities through accountability linked to remuneration.</p> <p>We established sustainability metrics, including climate-related objectives, within ‘Key Responsibility Areas’ and linked them to executive remuneration via the balanced-scorecard methodology.</p> <p>Two of our senior leaders underwent training on assessing and managing climate risks and opportunities, which included a deep-dive into TCFD recommendations and steps to be taken to better align with them and incorporate robust risk management processes into our strategy.</p>
<b>Strategy</b>	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<p>We have completed the first stage of the climate risk and climate ‘value-at-risk’ assessment of our portfolio and are on track towards asset-level climate risk assessments in FY2024.</p> <p>We are also in the process of conducting climate risk assessments that involve identifying potential risks to our assets and estimating financial impact to the business using scenario analysis.</p>
Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	<p>These climate risk assessments include an analysis of both the financial impacts to our major operating revenue and costs items in the absence of any mitigation actions and the potential value of damages to our assets in the face of extreme weather events.</p> <p>During FY2023, we established our interim decarbonisation roadmap for 2030, which will lead to us achieving net-zero carbon emissions by 2050.</p>
Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>Our Sponsor has initiated a group-wide readiness assessment of our practices as they relate to managing climate-related risk.</p> <p>Insights from the readiness assessment done on FHT have been used to develop a roadmap to align more closely with TCFD recommendations. Examples of actions within the roadmap include:</p> <ul style="list-style-type: none"> <li>• Integrating climate change risks and opportunities into strategic decision making</li> <li>• Providing annual training for business leaders</li> <li>• Undertaking climate risk assessments on the asset level, including an assessment against different and longer-term time horizons, both low-emissions and high emissions scenarios, and an assessment of financial impacts and materiality of climate related risks and opportunities</li> <li>• Improving the quality of climate-related financial disclosures</li> </ul> <p>This roadmap, approved by the Board, enables us to methodically address and mitigate physical and transition risks that are key to our business.</p>

## Sustainability

TCFD core element	Our activities to support TCFD Alignment
<b>Risk Management</b>	
Describe the organisation's processes for identifying and assessing climate-related risks.	<p>Our Sponsor has started a global process of identifying climate related risks and opportunities for our businesses at the asset-level, including identifying climate 'value at risk' for our activities and their locations.</p> <p>We have completed the first stage of the climate risk and climate 'value-at-risk' portfolio-level assessment of our properties.</p>
Describe the organisation's processes for managing climate-related risks.	<p>We identify key risks, assess their likelihood and materiality to our business and document corresponding mitigating controls in a risk register. The risk register is reviewed and updated regularly.</p> <p>Sustainability-related risks have been included in the FHT Risk Register for monitoring.</p>
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<p>We have implemented our Environmental, Health &amp; Safety Policy and Environmental, Health &amp; Safety Management System aligned to the ISO 14001 and ISO 45001 standards in key operating regions. For example, Fraser Suites Singapore has been certified bizSAFE Level 3 by the Singapore Workplace Safety and Health Council.</p> <p>We are on track towards integrating our climate-related risk identification activities within our Enterprise Risk Management processes and associated risk register practices.</p>
<b>Metrics and Targets</b>	
<p>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>Describe the organisation's processes for managing climate-related risks.</p>	<p>To ensure that we are on track to meet our target of net-zero carbon emissions by 2050, we measure and report our energy consumption and Scope 3 GHG emissions. Please refer to the Energy and Carbon section for detailed information on our metrics and targets.</p> <p>We measure and disclose our performance using metrics including:</p> <ul style="list-style-type: none"> <li>• energy consumption (GJ)</li> <li>• energy intensity (GJ/Occupied night)</li> <li>• Scope 3 GHG emissions (tonnes of CO<sub>2</sub>e)</li> <li>• Scope 3 GHG intensity (kgCO<sub>2</sub>e/Occupied night)</li> </ul> <p>This ESG Report is aligned with the recommended TCFD disclosures.</p> <p>Across asset classes and regions, we certify our properties in accordance to third-party green building standards, and continue to take steps to meet our goal of achieving green certification for 85% (by gross floor area) of owned properties by FY2030.</p> <p>Please refer to the Responsible Investment section for details of our green building certifications.</p>
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	<p>We measure and report our Scope 3 GHG emissions across our assets.</p> <p>Please refer to the Energy and Carbon section for full details of our metrics relating to GHG emissions.</p>
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<p>Through our Sponsor, we have introduced goals to inspire climate actions, such as attaining net-zero carbon emissions across our business and value chain by 2050.</p> <p>For further details on energy efficiency measures implemented in FY2023, please refer to the Energy and Carbon section.</p>

**FHT’s Climate-related Physical Assets**

PHYSICAL CLIMATE RISK		
Risk Description	Description of Potential Business Impact	Business Response
<p><b>Extreme water levels</b></p> <p>More frequent and intense levels of rainfall can lead to flooding</p>	<p>Exposure of assets to river floods damaging both the built and surrounding infrastructure and natural environment could impair accessibility and damage functionality of buildings. This could lead to increased expenditure due to increased frequency of repair and maintenance. In addition, revenue could be affected due to the closure of operations.</p>	<p>For acquisition of assets, green build certifications are sought as they factor in stronger structures, better insulation of buildings, more efficient roof drainage to cope with rain loads, energy efficient cooling systems, possibility of onsite renewable energy and so on which will contribute to addressing physical climate risks in the long run. Technical building assessments will also be conducted prior to acquisition.</p>
<p><b>Rising temperatures</b></p> <p>Higher mean temperatures, heatwaves</p>	<p>Higher temperatures reduce durability of building materials and affect the indoor climate. This could lead to higher expenses arising from more frequent maintenance checks and higher energy consumption required for cooling.</p> <p>Extreme temperatures also pose health and safety risks to property staff. Restricting/ shifting working hours could affect business productivity.</p>	
<p><b>Extreme weather</b></p> <p>More frequent and intense storms and droughts</p>	<p>More frequent and intense storms can cause damage to building infrastructure. Thus, higher expenses from more frequent repairs and maintenance of building infrastructure and replacement of fixtures.</p>	
<p><b>Fire risk</b></p> <p>Increased potential and frequency of fire-related events linked to the warm and dry conditions due to climate change</p>	<p>Destruction of assets and the surrounding environment would lead to costs incurred to rebuild and/or replace assets that are damaged.</p>	

## Sustainability

### FHT's Climate-related Transition Risks and Opportunities

TRANSITION RISKS		
Risk Description	Description of Potential Business Impact	Business Response
<b>Carbon pricing</b>	Increasing carbon prices across countries would lead to increased operating costs due to direct and indirect carbon taxes on energy consumption and from within the value chain.	In FY2023, our Sponsor trialled shadow pricing to support investment decisions, with a plan to further expand shadow pricing within investment activities to manage carbon related risks.
<b>Policy requirements for low carbon buildings</b>	With evolving building sector standards and regulations and national policies, businesses may need to upgrade existing assets or ensure new builds or assets comply. This could lead to increased expenditure to retrofit existing assets and ensure new builds comply. Failure to meet these policy requirements can lead to reputational risks.	Carbon neutral or low carbon designs are pursued for all new builds, while decarbonisation strategies are being implemented for existing properties to reduce its annual carbon emissions.
TRANSITION OPPORTUNITIES		
Opportunity	Opportunity Description	Description of Potential Business Impact
<b>Improving the resilience and energy efficiency of our portfolio</b>	Improving energy efficiency would help to reduce operating costs. New technologies are becoming increasingly available to increase the energy efficiency of buildings.	On an ongoing basis, investments on more efficient technology and innovations are being reviewed and budgeted for, while energy audits are being implemented across the portfolio.
<b>Deepening partnerships</b>	As a landlord, collective efforts with our customers and guests are a crucial part for the decarbonisation of our operations. These partnerships enable us to drive sustainable practices within our shared spaces.	We work closely with our operators to measure our properties' emissions and support investments and collaborations towards energy efficiency and waste reduction.





## Consuming Responsibly

We are committed to advancing responsible tourism and environmental stewardship within our hotels and serviced residences. Recognising our role in minimising our environmental impact, we ensure that sustainability is deeply embedded in our operations and value chain.

We strive to streamline our resource consumption by reducing waste generation, conserving energy and water, enhancing energy efficiency and using renewable energy where possible. This commitment is reinforced through the formulation of policies promoting positive environmental and social outcomes. Beyond that, we also pursue a collaborative approach in reducing our collective environmental footprint, actively encouraging sustainable practices among our employees, customers and guests, and property operators. We have set interim targets to be achieved by FY2024, using the baseline year of FY2018, which is the first year we began monitoring our environmental data.

### OUR PROGRESS

Focus Area	Our Goals	Our Progress in FY2023
<b>Energy &amp; Carbon</b>	<ul style="list-style-type: none"> <li>To develop a net-zero carbon roadmap and establish carbon targets in line with a science-based approach to achieve net-zero carbon emissions by 2050.</li> <li>To reduce the energy intensity of the portfolio by 3% per annum for the portfolio by 2024 against a 2018 baseline.</li> </ul>	<ul style="list-style-type: none"> <li>During FY2023, we established our interim decarbonisation roadmap for 2030, which contributes to our goal of achieving net-zero carbon by 2050.</li> <li>Energy intensity decreased by 2.6% year-on-year (YoY) to 0.3 GJ per occupied room night.</li> <li>Expanded Scope 3 Categories 7 and 13 disclosure.</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>To reduce the water intensity reduction of the portfolio by 1.5% per annum by 2024 against a 2018 baseline.</li> </ul>	<ul style="list-style-type: none"> <li>Water intensity increased by 18% per room night due to higher occupancy recorded across all properties in FY2023 compared to FY2022.</li> </ul>
<b>Waste</b>	<ul style="list-style-type: none"> <li>To establish a waste recycling target and expand waste data coverage from current 10 properties to 14.</li> </ul>	<ul style="list-style-type: none"> <li>Waste data coverage increased to cover 11 properties.</li> <li>Waste recycled increased by 17.5% YoY to 419 tonnes.</li> <li>Waste intensity increased by 15% YoY to 3.8 kg per occupied night.</li> </ul>

# Sustainability

## ENERGY AND CARBON

### OUR APPROACH GRI 3-3

FHT supports our Sponsor's goal of achieving net-zero emissions by 2050. This commitment drives us to adopt strategies aimed at enhancing our operational efficiency and reducing energy consumption across our properties. As part of this journey, we are developing a net-zero carbon roadmap and setting specific decarbonisation targets.

We harness technology to optimise energy consumption and drive emission reductions across our operations. We closely monitor the energy usage patterns across our properties and identify areas where efficiency improvements can be made. This data-driven approach enables us to make informed decisions and implement targeted energy-saving initiatives that lead to a reduction of our carbon footprint. Combining this approach with the use of technology, we are paving the way towards a more sustainable future for our operations.

Nonetheless, our commitment to net-zero emissions extends beyond our business operations. We encourage and empower our employees, our customers and guests, and suppliers to adopt environmentally conscious practices and choices. This proactive engagement promotes a culture of environmental responsibility that extends throughout our ecosystem.

### OUR ACTIONS AND PROGRESS

#### Energy GRI 302-2, 302-3, 302-5

Energy consumption in our portfolio comprises mainly of electricity and natural gas consumed at our leased assets. With the recovery of global tourism, our properties have reported healthy increase in occupancy. Overall energy consumption<sup>2</sup> at our tenanted properties increased by 29.1% YoY to 227,290 GJ. This included 42 MWh of electricity and 76,383 GJ of natural gas consumed across our assets. Nevertheless, we continue to take proactive measures to engage with our customers and guests to reduce energy consumption. Despite a rise in energy consumption, we observed a 2.6% YoY decline in energy intensity from FY2022 to 0.3 GJ per occupied night in FY2023.

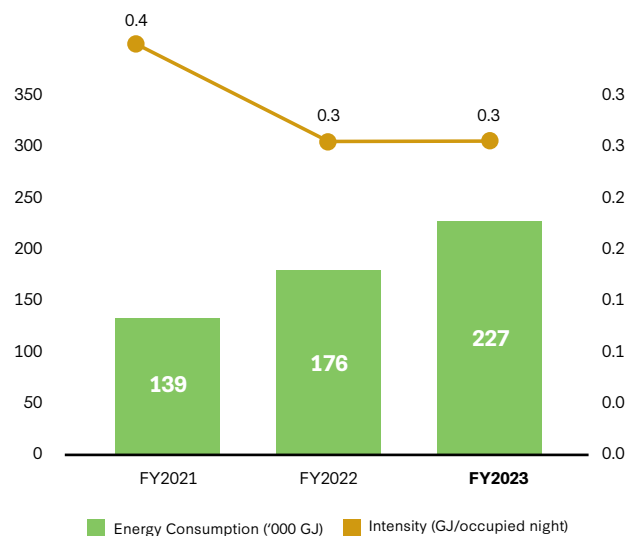
In FY2023, our properties in Australia achieved an average of 3 Stars NABERS energy rating. In the UK, all but one of our properties obtained an Energy Performance Certificate.

We also increased the proportion of our energy derived from renewable sources in FY2023 as we purchased close to 4 GWh of renewable energy off-site in the UK and Malaysia, covering 9.5% of our electricity consumption for the portfolio. Currently, Fraser Suites Queens Gate London, Park International London, Fraser Suites Canary Wharf London, Fraser Suites Edinburgh, Fraser Suites Glasgow and The Westin Kuala Lumpur are supplied with 100% renewable electricity.

At InterContinental Singapore, we undertook the replacement of air handling unit coils and cooling tower fan belts which led to a 2% savings in energy consumption. At Novotel Sydney Darling Square, fluorescent lights were progressively replaced by LED panel lights to reduce our electricity consumption.

Moving forward, we remain focused on our goal of reducing the energy intensity of our portfolio by 3% per annum by FY2024 against a FY2018 baseline.

**Energy Consumption (GJ) and Intensity (GJ per occupied night)**



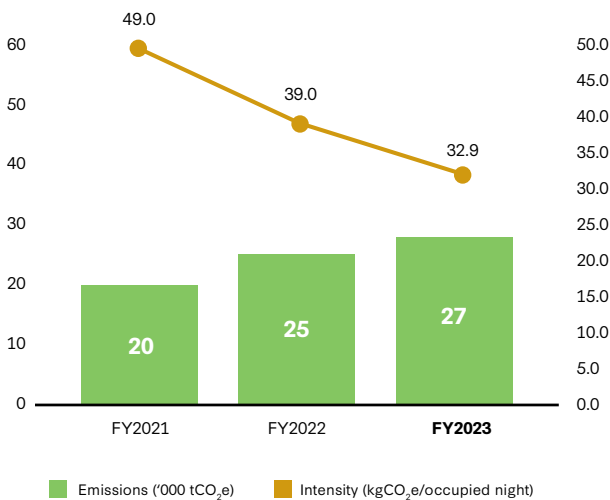
#### Carbon Emissions GRI 305-3, 305-4, 305-5

As FHT does not have direct operational control over its assets, all energy-related emissions are classified as Scope 3 Category 13. This only considers electricity and natural gas consumed at our properties. In FY2023, our total carbon emissions amounted to approximately 27,500 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e)<sup>3</sup>, representing an increase of 11.8% as compared to FY2022. Our emissions intensity was 32.9 kgCO<sub>2</sub>e per occupied room, down 15.7% from the previous year. Our carbon emissions for Category 13 remained relatively unchanged compared to our FY2019 baseline<sup>4</sup>.

<sup>2</sup> Energy data for the reported periods are restated to factor in replacement of previous estimates with actual data. All consumption and intensity values are based on energy consumption at tenanted areas, as FHT does not have direct operational control over its assets.

In order to better understand our carbon emissions formation, we encouraged all our employees to participate in the Group’s annual employee survey to estimate Category 7 of Scope 3 emissions. We received a response rate of 57% and the Scope 3 Category 7 emissions were estimated to be 5 tCO<sub>2</sub>e.

**Scope 3 Categories 7 and 13 Emissions (tCO<sub>2</sub>e) and intensity (kgCO<sub>2</sub>e per occupied night)**



Scope Category	FY2023 Emissions ('000 tCO <sub>2</sub> e)
Category 7 Employee commuting <sup>5</sup>	<0.1
Category 13 Downstream leased assets	27.5

benchmarking the water efficiency of our properties to gain valuable insights into our performance in sustainable water management. This not only validates our commitment to responsible resource usage, but also enables us to identify areas for improvement.

**OUR ACTIONS AND PROGRESS**  
GRI 303-1, 303-3

At our properties, conscious efforts continued to be taken during FY2023 to manage water consumption. This is exemplified by InterContinental Singapore, which worked to increase the cycle of concentration in its cooling tower and control conductivity for blowdowns. This led to 3 to 5 % savings in water consumption within the property. At Fraser Suites Sydney, new water restrictors for taps and showers were implemented to reduce the outflow of volume of water per minute.

Additionally, all of our Australia properties were evaluated against NABERS, a recognised benchmark that comprehensively evaluates building operational performance. As of FY2023, Novotel Sydney Darling Square held a NABERS water rating of 4 Stars, Novotel Melbourne on Collins held a 3.5 Stars rating and Fraser Suites Sydney held a 3 Stars rating.

In FY2023, our properties consumed a total of 846,000 kL<sup>6</sup> of water, all of which was drawn from municipal water supply. We saw an increase as compared to FY2022 due to the increase in business activities post-pandemic. Our water intensity per occupied room night also increased from 0.9 to 1.1 kL per occupied night.

**WATER**

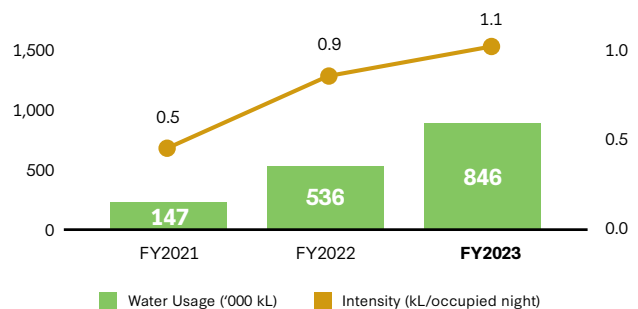
**OUR APPROACH**  
GRI 3-3, 303-1

FHT recognises its responsibility to enhance water efficiency in its business activities while mitigating the effects of water scarcity in the countries where it has presence in.

To reduce our water consumption, we have consistently adopted the approach of managing our water usage by prioritising the adoption of water-efficient devices and equipment wherever feasible.

To ensure that our strategy and goals are aligned with industry best practices, we place a strong emphasis on

**Water Usage (kL) and Intensity (kL per occupied night)**



3 GHG emissions are calculated using the location-based method. Scope 3 GHG data for the reported periods are restated to factor in the replacement of previous estimates with actual data and updates in historical emissions factors.

4 Comparison is based on the performance of 13 properties. As a complete dataset for waste collected and recycled, which was more representative of our business activities, was established in FY2019, the baseline year was set as such instead of FY2018.

5 5 tCO<sub>2</sub>e was calculated for Category 7 based on 55% of response rate from our annual employee commuting survey.

6 Water data for the reported periods are restated to factor in replacement of previous estimates with actual data. Total amount shown is based on 12 properties. Water usage at Fraser Place Canary Wharf London was charged as part of estate shared services and hence, the consumption data was not available.

## Sustainability

### WASTE

#### OUR APPROACH

GRI 3-3, 306-1, 306-3

In the face of a resurgent tourism sector and evolving consumer preferences, hospitality players continue to play a crucial role in promoting responsible waste management in their properties. The influx of guests post-pandemic has led to increased waste disposal, further underscoring the urgency of waste reduction. A key focal point of FHT's waste management approach lies in adopting circular economy principles across its portfolio.

Effective waste management yields advantages, such as providing us with an impetus to develop resource-efficient practices and achieve cost savings. Through waste recycling partnerships with specialists and non-governmental organisations, our properties have been striving to maximise the recovery, reuse and recycling of waste where possible.

#### OUR ACTIONS AND PROGRESS

GRI 306-2, 306-3, 306-4, 306-5

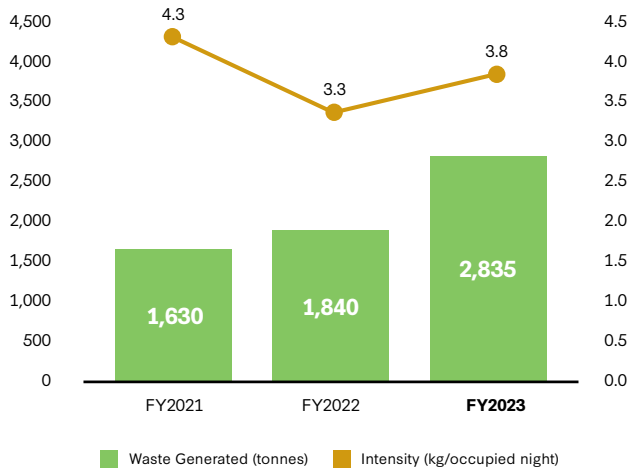
As at end FY2023, all properties in our portfolio have successfully phased out single-use plastics across

their various operations, such as food and beverage, laundry and bathroom amenities. Notably ibis Styles London Gloucester Road and Novotel Melbourne on Collins have replaced single-use plastic bottles and individually-packaged breakfast items with reusable containers. In addition, Fraser Suites Singapore has partnered with World Wildlife Fund Singapore to advance its Plastic ACTION initiative. Through this initiative, Fraser Suites Singapore is committed to achieving 100% reusable or >50% recyclable packaging design models by 2025 and supporting research projects and innovation aimed at enhancing plastics and recycling infrastructure.

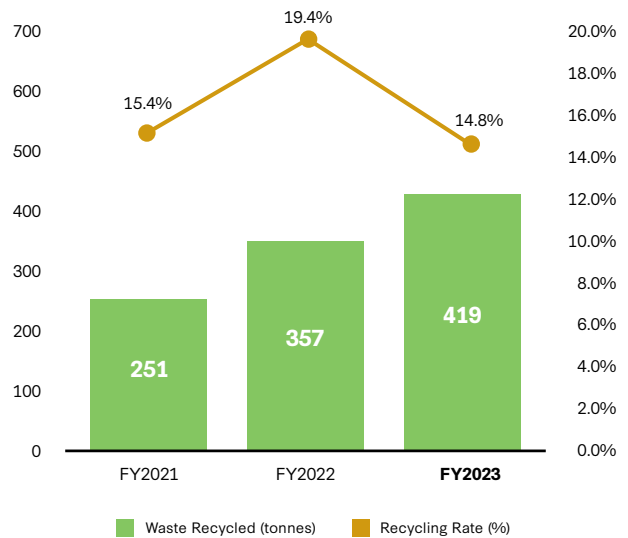
In FY2023, 11 of our properties generated a total of 2,835 tonnes<sup>7</sup> of waste, out of which 14.8% was successfully recycled. Another 42.3% of the waste was incinerated and the remaining 42.9% was sent for landfill.

The increase in waste generated was mainly attributed to higher occupancy on the back of continued recovery in global tourism. Waste intensity increased YoY by 15.0% 3.8 kg per occupied night while waste recycled increased YoY by 17.5% to 419 tonnes. Moving forward, we remain committed to minimising our environmental impact and advancing our responsible waste management practices.

Waste Generated (tonnes) and Intensity (kg per occupied night)



Waste Recycled (tonnes) and Recycling Rate (%)



7 Waste data for the reported periods are restated to factor in replacement of previous estimates with actual data. Total amount presented is based on 11 properties, with waste data from Fraser Suites Queens Gate London being estimated.



## Focusing on People

At the heart of FHT’s approach lies a people-centric strategy, driving satisfaction and value for our customers and guests, employees and staff at our properties as well as local communities. We seek to nurture our employees and prioritise the holistic well-being of all stakeholders, to deliver our shared Group purpose “Inspiring experiences, creating places for good.”

Our workforce is our most invaluable asset. As such, we are dedicated to cultivating a diverse, inclusive, and secure workplace and nurturing our team through continuous learning and development.

We also strive to create lasting value and contribute to the well-being of the communities in which we operate by continually investing in them through various initiatives that support health and education and protect the environment.

### OUR PROGRESS

Focus Area	Our Goals	Our Progress in FY2023
<b>Diversity, Equity &amp; Inclusion (DEI)</b>	<ul style="list-style-type: none"> <li>To embed DEI in our culture through employee engagement.</li> <li>To provide training and education that raises employee awareness of DEI and associated benefits.</li> <li>To enhance processes and policies to encourage greater flexibility and diversity.</li> </ul>	<ul style="list-style-type: none"> <li>82% of employees of the REIT Manager participated in the biennial Culture Survey led by our Sponsor.</li> <li>Continued alignment with the Sponsor’s Diversity and Inclusion Policy and Group DEI Framework.</li> </ul>
<b>Skills &amp; Leadership</b>	<ul style="list-style-type: none"> <li>To achieve an average of 30 training hours per employee.</li> </ul>	<ul style="list-style-type: none"> <li>Clocked an average of 23 learning hours per employee.</li> </ul>
<b>Health &amp; Well-being</b>	<ul style="list-style-type: none"> <li>To create a safe working environment and achieve zero injuries.</li> <li>To improve the well-being of our employees, customers and communities by 2030.</li> </ul>	<ul style="list-style-type: none"> <li>Continued to maintain safety priority with no work-related fatalities reported at all our properties.</li> </ul>
<b>Community Connectedness</b>	<ul style="list-style-type: none"> <li>To seek meaningful long-term relationships that respect local cultures and create lasting benefits.</li> <li>To identify measurements to quantify positive contributions.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved a positive guest review score of 63.9% (FY2022: 63.3%) and a performance score of 81.4% (FY2022: 80.8%) across all properties managed by Frasers Hospitality.</li> <li>Continued alignment with our Sponsor’s Community Investment Framework.</li> </ul>

## Sustainability

### DIVERSITY, EQUITY, AND INCLUSION

#### OUR APPROACH

GRI 3-3, 2-29, 2-7

At FHT, we embrace diversity and are committed to creating an inclusive workplace. Job opportunities are offered based on merit, regardless of age, race, gender, religion, marital status or disability. We view diversity as an asset that empowers us to create a thriving, vibrant workplace.

Guided by the Tripartite Alliance on Fair Employment Practices, FHT adopts equitable employment practices and provides support to employees facing discrimination at work.

All employees are expected to uphold fair and equal principles as set out in our Code of Business Conduct and the Group’s Diversity and Inclusion Policy.

Additionally, we ensure that we are aligned with our Sponsor’s DEI Framework, which comprises four key equity areas: gender equity, generation equity, cultural equity and ability equity.

To cultivate a culture of diversity and inclusivity, we engage our employees in surveys such as the biennial Culture Survey led by our Sponsor, which saw 82% of the employees of REIT Manager participated in the Survey in FY2023, as well as interim Pulse surveys. The findings from such engagements not only enhance our understanding of our teams’ work dynamics but also help foster improved communication and cooperation among employees. With regard to incidents including improprieties, grievances or misconduct, employees can report these without fear of reprisal through confidential whistleblowing channels. We work to resolve such cases and engage in the necessary remediation measures. For more information on our whistleblowing policy and how we handle reported incidences, please refer to the section on Risk-Based Management.

<p><b>GENDER EQUITY</b> Continue to advance women at the workplace, enable flexible working arrangements and support all families</p>	<p><b>CULTURAL EQUITY</b> Promote a positive environment where employees can deliver their best regardless of race, ethnicity or sexual orientation</p>
<p><b>GENERATION EQUITY</b> Develop strategies and support for an age-diverse workforce, rethink learning and development for long-life learning</p>	<p><b>ABILITY EQUITY</b> Develop awareness and understanding of recruiting and employing talent with disabilities, provide solutions at properties for inclusive spaces</p>

#### OUR ACTIONS AND PROGRESS

GRI 2-7, 2-9, 401-1, 404-3, 405-1

In alignment with our Sponsor, we work to uphold the United Nations Women’s Empowerment Principles, and are committed to advancing gender equality within our workplace, ensuring fair representation of women in leadership roles and promoting equal opportunities for all employees regardless of gender.

At the property level, InterContinental Singapore celebrated International Women’s Day by way of encouraging staff at the hotel to pledge their personal commitments to challenge gender bias and champion equality. In addition, to ensure that women are presented with equal opportunities to develop leadership skills, the hotel’s Director of Sales and Marketing was selected as part of InterContinental Hotels Group’s 2023 RISE Programme, a global talent initiative designed to inspire confidence and ambition, broaden networks and drive career progression for female leaders.

We also embrace a workforce that spans diverse age groups, demonstrating our commitment to equal opportunity employment. Recognising the significance of age diversity, we value the unique perspectives and experiences each generation brings to our operations. This inclusivity promotes collaboration and a dynamic work environment, allowing us to better serve our customers and guests and navigate the ever-changing business landscape.

We also recognise the importance of building a sustainable talent pipeline by carrying out yearly performance evaluation that encompasses an open and transparent appraisal approach. All staff eligible for incentives receive a performance and career development review. This enables our employees to evaluate their performance and gain insights into their career growth. Our reward system is rooted in meritocracy, ensuring that employees are recognised and incentivised based on their achievements. Moreover, we are committed to fostering equal access to opportunities for all, promoting a pathway for professional development. This highlights our dedication to fostering a work environment that nurtures individual growth and potential.

We measure progress against applicable international standards by tracking and disclosing our employee composition in alignment with relevant GRI recommendations.

As at 30 September 2023, the REIT Manager has 15 employees, comprising 67% females and 33% males. Of the 15 employees, 73% are located in Singapore

while 27% are located overseas. Women made up 40% of the REIT Manager’s management.

In FY2023, four employees were hired, while two employees contributed to the total turnover during the year. A breakdown of hiring and turnover rates during the reporting period by gender, age group and region is presented in the table below:

	Gender		Age			Region	
	Female	Male	Age under 30 Years Old	Age 30 - 50 Years Old	Age above 50 Years Old	Singapore	Rest of the World
<b>Hiring rate</b>	27%	0%	7%	13%	7%	20%	7%
<b>Turnover Rate</b>	7%	7%	7%	7%	0%	13%	0%

## SKILLS AND LEADERSHIP

### OUR APPROACH GRI 3-3

Acknowledging the pivotal role our employees play in driving the success of our business, we prioritise fostering a diverse talent pool by attracting, retaining, and continually developing our workforce. We partner with our Sponsor’s Talent & Learning team, which identifies and curates comprehensive training programmes to meet the diverse needs of our employees. We believe that this further enhances our capacity to adapt to evolving industry landscapes and ensures that our business continues to deliver exceptional value to our stakeholders.

### OUR ACTIONS AND PROGRESS GRI 404-1, 404-2

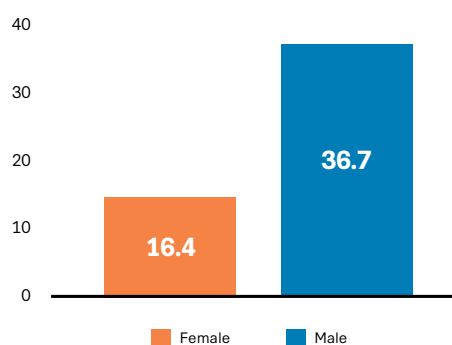
In FY2023, the REIT Manager’s employees continued to participate actively in learning and development programmes. During the year, they underwent an average of 23 learning hours per employee. Among them, women underwent an average of 16 hours of learning, while men underwent 37 hours.

Among the training that employees underwent include sustainability concepts and practices. Such knowledge enables them to develop a deeper appreciation for sustainability and its implications across various aspects of our operations. In addition, new hires of the REIT Manager undergo sustainability training via an e-learning module. As at the end of FY2023, all the Directors have undergone SGX-prescribed sustainability training.

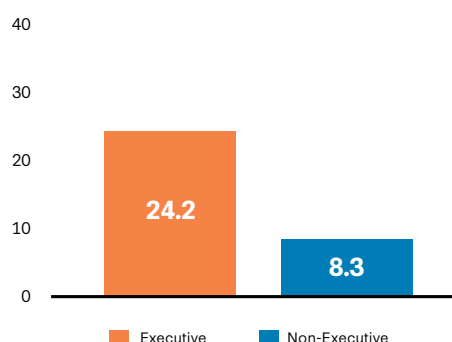
At InterContinental Singapore, a programme entitled, Leading Others, was conducted during FY2023 to support front-line leaders in their transition to

managerial roles. This programme emphasises the core tenets of effective management and leadership. Six of the property staff successfully completed this programme and earned a globally recognised Diploma in Hospitality Leadership accredited by the Confederation of Tourism & Hospitality.

**Average learning hours by gender**



**Average learning hours by employment category**



## Sustainability

### HEALTH AND WELL-BEING

#### OUR APPROACH GRI 3-3

Our utmost priority lies in safeguarding the holistic well-being of our stakeholders, be it our employees, customers and guests or the local communities that we engage with. As such, we are dedicated to creating a secure and healthy environment for people to work, live and play. This commitment is underscored by our efforts to uphold the highest standards of safety within our workplace and throughout all our business operations.

#### Occupational Health and Safety GRI 403-1, 403-2, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10

In FY2023, there was zero work-related fatality, high-consequence injury, work-related ill health or significant safety-related non-compliance case among staff and contractors at our properties. However, 14 recordable injuries were reported, resulting in 56 lost days. Appropriate follow-up actions were taken after the incidents to remediate, strengthen safety protocols and prevent recurrence.

Collaborating closely with our appointed hotel operators, we endeavour to elevate the levels of health and well-being of our property staff across our portfolio of assets. Each property has a committee in place to regularly review, assess and identify areas for improvement with regards to health and safety across our business. The committee is also responsible for establishing and upholding health and safety policies and practices. This includes organising safety training for our employees on topics such as:

- Fire safety and disaster preparedness
- Safety and security
- Emergency management
- Evacuation
- COVID-19 awareness
- Hygiene standards
- First aid
- Counterterrorism

Staff at our Singapore properties are also encouraged to tap on the benefits of the Singapore Workforce Skills Qualifications, a comprehensive credential system that hones, evaluates and certifies skills and competencies.

Within our properties, a robust Business Continuity Plan has been established to proactively anticipate and alleviate the repercussions of potential disruptions, ranging from pandemics to fires and power failures. Regularly scheduled test drills are conducted, serving to enhance the efficiency of the Business Continuity Plan across various scenarios and to ensure its ongoing applicability. The outcomes of these drills are documented on a quarterly basis, providing a comprehensive overview of performance. Notably, these assessments highlight areas that may warrant improvement, subsequently driving targeted actions to enhance the overall preparedness of the properties.

Another key focus of our approach is ensuring that are aligned with the health, safety and cleanliness standards in the countries where we have presence. Some of the key certifications and audits achieved by our properties are listed in the table at the bottom of this page.

#### Promoting Employees’ Holistic Well-being GRI 401-2, 403-6

We align our human resource practices with those of our Sponsor, ensuring consistency across the REIT Manager’s employees. These include an extensive range of welfare benefits, encompassing family care and parental leave, life, medical, and accident insurance coverage as well as gender-neutral compassionate leave to support any employee facing pregnancy loss.

The REIT Manager’s remuneration practices are guided by fairness and equity, aligning compensation with employees’ roles and performance. We provide a comprehensive benefits package to our employees which covers life insurance, healthcare, disability coverage, childcare, parental and adoption leave, and retirement provisions.

Property	Certifications and Audits
Fraser Suites Singapore	bizSAFE Level 3-certified by the Singapore Workplace Safety & Health Council
The Westin Kuala Lumpur	Annually audited according to the Malaysia Department of Occupational Safety and Health’s Self-Regulation and Occupational Safety and Health Act 1994
ANA Crowne Plaza Kobe	Audited every three years to attain the Hazard Analysis and Critical Control Points certification from verification company, SGS



In Singapore, eligible full-time, permanent part-time and some contract employees benefit from our Flexible Benefits Plan, enabling them to customise benefits according to their health and well-being needs.

They can utilise the employer assistance programme launched by our Sponsor which provides confidential professional counselling services, allowing employees an avenue to sound out should they face any personal challenges. Since FY2022, access to this programme has been extended to the immediate family members of our employees, cementing our commitment to supporting the holistic well-being of our employees and their loved ones.

We also assist retiring employees during their transition from work to retirement, providing employment support and post-retirement contracts when applicable.

Beyond safety measures, we have also introduced employee well-being programmes aimed at safeguarding the health of the employees of the REIT Manager and the properties. Staff of the REIT Manager participated in a range of activities organised by our Sponsor's Corporate Wellness team. These activities address the physical, mental, financial and environmental wellness aspects of the Corporate Wellness Framework. Property-level well-being initiatives were organised by the property managers for their staff and guests, underscoring our dedication to a holistic approach to well-being.

To gain comprehensive insights into the sentiments of our employees, our Sponsor conducts Group-wide employee surveys every two years. These surveys serve as a valuable tool for understanding employee perspectives of the REIT Manager, gauging their satisfaction levels, and identifying areas for improvement. By engaging in these surveys, we demonstrate our commitment to fostering a supportive and fulfilling work environment that is responsive to the diverse requirements of our workforce.

To better support our employees' wellbeing, we implemented StartWell@FH, a pilot wellness programme to help new hires of the REIT Manager transition into their new role with confidence and be their best at work. By participating in a questionnaire, they received a balanced view of their own health and well-being against the wellness facets of sleep, nutrition, activity, social connectedness, outlets and time out. Thereafter, a regular impact assessment was performed using practical tools for these employees to follow-up on and take care of their well-being.

## Elevating Guest Wellness

### GRI 403-6

At properties managed by Frasers Hospitality, several innovative initiatives were implemented to enhance the well-being of our valued guests.

Fraser Suites Singapore, introduced an herb garden, following a Farm-to-Table concept, where its kitchen is able to utilise freshly harvested herbs in restaurant dishes. Its guests are also encouraged to use these herbs for their own culinary creations, and a dedicated plot in the garden allows them to grow their own herbs. Another unique feature is The Plant Nook, a plant library where guests can "adopt-a-plant" during their stay. They can then return their adopted plants to the library when they check out, fostering a harmonious connection to nature during their visit.

## OUR ACTIONS AND PROGRESS

### GRI 401-3

The REIT Manager has implemented an inclusive, gender-neutral parental leave policy for all employees. In FY2023, none of the employees of the REIT Manager went on parental leave. Of our employees who went on maternity leave in our previous reporting year, half remained employed with us a year after their return to work. None of our employees went on paternity leave in the previous reporting year.

## COMMUNITY CONNECTEDNESS

### OUR APPROACH

#### GRI 3-3

We are dedicated to forming meaningful and lasting connections with our customers and guests, employees, suppliers, and local communities. This commitment is demonstrated through our involvement in community investment activities, including beach clean-ups and food donations, as well as guest engagement initiatives such as residence career talks. These initiatives have been curated with our core values in mind, to enhance the sense of community connectedness and foster a stronger, more interconnected community.

## Sustainability

To continuously raise service quality levels and enhance guest experience, we take the following three-pronged approach:

### Monitoring customer feedback and satisfaction

- This involves collating guest sentiments through various channels, such as in-room and post-stay surveys, and tracking reviews on major travel service platforms.
- Targets have been set for response rates in relation to online reviews and direct guest communications.
- Service protocols are in place to ensure complaints are addressed and treated with utmost care, and to strive for positive service delivery.

### Providing training targeted at customer service excellence

- Staff at our properties attend curated trainings centred at raising hospitality standards.
- Staff at Fraser's Hospitality-managed properties are given holistic training in areas such as front office excellence, housekeeping excellence and security, as well as on the job and functional department training through the Certified Departmental Trainers conducted by our Learning & Development team.
- New and existing staff at InterContinental Singapore attend e-learning on the hotel chain's approach to hospitality.
- New hires at Novotel Melbourne on Collins and Novotel Sydney Darling Square undergo Heartist training with the aim of focusing on the guest journey.

### Engaging external parties to evaluate service quality

- Deploying independent mystery guests to stay on property to assess service quality, where relevant.
- Annual independent audits on brand standards and quality evaluation are commissioned annually by the hotel and serviced residence operators.

## OUR ACTIONS AND PROGRESS

We share in our Sponsor's Purpose of "Inspiring experiences, creating places for good". We dedicate our resources towards making a positive difference to society, key community investment focus areas, and understanding and engaging with our employees, customers and guests.

### Elevating Guest Experiences

Our properties have feedback mechanisms in place to track guest satisfaction levels and ensure that our service offerings remain tailored to their diverse needs. The Novotel Melbourne on Collins received a score of 79% in its Customer Satisfaction Survey. Fraser Suites Singapore utilises the ReviewPro online reputation and post-stay survey management system to ensure that customer feedback is reviewed and valued. At The Westin Kuala Lumpur, all social media hotel reviews are tracked to collect guest feedback through the Brand Standard Audit, and actions are taken to enhance the service and satisfaction levels, ensuring a delightful experience for guests.

Additionally, our properties employ innovative solutions to enhance customer engagement and address requests seamlessly, elevating service quality while eliminating the need for physical interaction. For instance, Fraser Suites Singapore leverages Whizz, an automoted robot which uses advanced artificial intelligence navigation technology, to vacuum carpeted corridors and improve air quality by reducing airborne fungi by 80% as well as residue and micro organisms by 72%. Smart features, such as a solar-powered "Big Belly" waste compactor, have also been strategically placed at the property's communal areas to promote eco-friendly waste management while reducing the manpower needed to manage waste.

At Fraser Suites Sydney and across selected properties in the UK, Lola, an interactive digital concierge chatbot, helps streamline customer experiences by integrating seamlessly with property workflow management systems. ibis Styes London Gloucester Road further enhances guests' journey through fully digital experiences that offer contactless solutions at every touchpoint from check-in to check-out.

## Giving back to local communities

Our property-level community investment initiatives are aligned with our Sponsor's Community Investment Framework, which outlines three core focus areas for maximising positive impact: health, education, and the environment. This commitment is further solidified through initiatives tailored to address the distinct needs of local communities and create a meaningful and positive societal influence. The following subsections highlight some of our significant long-term community initiatives.

### Health

Fraser Suites Sydney supported Jeans for Genes, the iconic fundraising campaign of the Australia Children's Medical Research institute to help find cures for children's genetic diseases. In August 2023, staff at the property participated by donating to the fundraiser and helped raise awareness by wearing jeans and sharing pictures on social media. The property also organised a blood donation drive to support the local communities.

In addition, Fraser Suites Sydney participated in Cooking for a Cause, where a team of 10 staff at the property took part in a hands-on cooking class. Over the course of three hours, the team creatively utilised rescued ingredients from supermarkets, delis, hotels and restaurants - to craft delicious meals to be distributed to vulnerable members of their local community. Additionally, the team conducted a food drive to further support the local community by contributing a variety of essential dry goods.

### Environment

A total of 12 hotel staff from InterContinental Singapore participated in a beach clean-up activity which contributed to Singapore Tourism Board's Go Green Initiative aimed at creating a cleaner and greener Singapore. In September 2023, the hotel also organised activities including the Kayak Waterway Clean Up Programme, Food Bank Warehouse volunteering and an IHG Cluster Walkathon which initiatives involved staff members engaging in meaningful litter-picking activities to create awareness around the impact of litter on our waters and wildlife, as well as participating in tasks such as sorting incoming food donations, conducting stocktaking, and managing inventory.

As part of our TrashtoTreasure initiative, Fraser Suites Singapore collected close to 10 boxes of clothes, stationery and toys which were donated to The Salvation Army, as part of a collective effort to reduce waste, while giving back to the community.

Our properties across Singapore, switched off non-essential lights for an hour to show their support for Earth Hour, with staff and guests signing a pledge board to save the Earth.

### Education

At ANA Crowne Plaza Kobe, team members welcomed children from an orphanage to the hotel, sharing experiences and insights regarding the hospitality sector and engaging them with educational and interactive activities. The hotel also offered complimentary stay and table manner seminar to a total of 15 kids and teachers from the orphanage.

### Local communities

The Westin Kuala Lumpur partnered with non-profit organisation, Kechara Soup Kitchen, to provide food to the homeless every Tuesday, in line with the Marriott's Serve 360 initiative. In celebration of Hari Raya, the hotel offered food donations and distributed meals to the local community at PPR Sri Alam. A career drive was also carried out at PPR Sri Alam to provide job opportunities to the local community.

## Sustainability

### About this Report

#### GRI 2-2, 2-3

#### REPORT SCOPE

FHT's ESG Report covers our sustainability performance for the financial reporting period from 1 October 2022 to 30 September 2023.

The report describes the sustainability activities and performance of our 13 properties located across Asia, Australia and the UK<sup>8</sup>. Information relating to energy, water, waste, customer experience, employee health and well-being<sup>9</sup>, talent recruitment and retention, and our contribution to the communities has been disclosed in good faith and to the best of our knowledge. In this report, employees refer to the staff of the REIT Manager and all employee data disclosed relates only to the REIT Manager.

#### INTERNATIONAL STANDARDS AND GUIDELINES

This Report has been prepared in accordance with:

- the GRI Universal Standards 2021
- the Singapore Exchange Securities Trading Ltd Listing Manual (Rules 711A and 711B)

FHT has applied the Reporting Principles from the GRI Standards to ensure high quality and proper representation of the reported information. For a full list of disclosures reported, please refer to the GRI Content Index on page 110.

This report has also incorporated the recommendations of the TCFD.

#### EXTERNAL ASSURANCE

To verify the reliability of the data and management approach disclosed in our ESG Report, we sought an independent limited assurance by Ere-S Pte Ltd, a third-party assurance provider. Details of the assurance scope and findings can be found in the Independent Assurance Statement on pages 107 to 109.

#### FEEDBACK

We welcome any feedback or suggestion that will help us improve our ESG reporting and performance. Please write to: [ir@frasershospitality.com](mailto:ir@frasershospitality.com).

Thank you.



<sup>8</sup> Maritim Hotel Dresden has been excluded from the scope of the report due to limitations in master lease agreement.

<sup>9</sup> Occupational health and safety data is available for 13 properties covered in the report.

# Independent Assurance Statement

## TO THE MANAGEMENT<sup>1</sup> OF FRASERS HOSPITALITY TRUST

Ere-S Pte Ltd (Ere-S) has undertaken an independent limited assurance on the content of Frasers Hospitality Trust's (FHT) ESG Report FY2023 ("the Report"). The engagement, which took place between September and November 2023, formed part of a wider assurance of Frasers Property Limited's ESG Report.

### Scope

The assurance encompassed the entire Report and focused on all figures, statements and claims related to sustainability during the reporting period October 2022 to September 2023. This included the environmental and social management approach and performance data related to the company's corporate office and portfolio of owned and managed properties (13 in total)<sup>2</sup>, covering the following topics: Energy, carbon emissions, water, waste, diversity, employment, training, and safety.

The assurance does not cover historical figures, such as in environmental charts showing FY2021 and FY2022 performance, which were restated to factor in updated and actual data from the relevant periods. Disclosures on projected performance and savings of individual projects or properties were also not covered.

Ere-S did not verify that the Report contained all information required by the GRI Standards for each disclosure listed in the Report's GRI Content Index, nor did Ere-S assess the validity of the information given in the Index, including the reasons for omissions. Similarly, the verification did not cover whether FHT's material issues, approaches and outcomes presented in the Report were specifically aligned with any other frameworks mentioned in the Report, such as the Task Force on Climate-related Financial Disclosures (TCFD) framework, the MAS guidelines, the GHG Protocol, and the Sustainable Development Goals (SDGs).

Figures or statements unrelated to sustainability were not covered in the assurance. These include organisation profile and corporate structure, corporate financial and economic performance, and, where applicable, technical descriptions and figures of construction, machineries, technologies, plants and production processes.

### Assurance criteria

The information was verified against the principles of Accuracy, Verifiability, Clarity, Completeness, Balance,

Comparability, Sustainability Context and Timeliness as defined under the Global Reporting Initiative (GRI) Standards.

### Type of assurance

This assurance engagement was carried out to a limited level of assurance in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited level assurance relies on desktop-based assessment and basic sampling that is sufficient to support the plausibility of the information.

### Assurance methodology

The assurance procedures and principles applied in this engagement are compliant with ISAE 3000 and are drawn from a methodology developed by Ere-S comprising the following steps:

1. Identifying and classifying data sets according to the relevant topics and the types of evidence required for the verification process.
2. Carrying out virtual interviews and remote desktop-based data verification with the key data owners located at FHT's corporate office in Singapore. Specifically:
  - Enquiring about the quantitative and qualitative aspects of the performance disclosures, related statements and the underlying measurement systems, data collection and quality control mechanisms.
  - Requesting evidence of data sources from the data owner or key functional manager, as well as explanations of data collection and calculation methods (including conversion factors, estimates, key assumptions and apportionment methodologies) to substantiate the figures and claims.
  - Taking a broad sampling of quantitative data to validate data sets and corresponding sources, as well as other supporting information.
  - Challenging the claims made in the Report and comparing the presented evidence (including calculation methods, criteria and assumptions) with external sources and information from other business units and portfolios covered in the wider assurance engagement.

1 Includes Frasers Hospitality Asset Management Pte. Ltd., the REIT Manager of Frasers Hospitality Real Estate Investment Trust, and Frasers Hospitality Trust Management Pte. Ltd., the Trustee-Manager of Frasers Hospitality Business Trust.

2 InterContinental Singapore, Fraser Suites Singapore, Fraser Suites Sydney, Novotel Sydney Darling Square, Novotel Melbourne on Collins, Fraser Suites Queens Gate London, Park International London, Fraser Place Canary Wharf London, ibis Styles London Gloucester Road, Fraser Suites Edinburgh, Fraser Suites Glasgow, ANA Crowne Plaza Kobe and The Westin Kuala Lumpur. Due to a lack of data, Maritim Hotel Dresden was not included in the assurance.

3. Assessing the collected data against the reporting criteria and providing recommendations for correction of the Report's content or for future improvement of the data collection and reporting procedures.
4. Validating the performance disclosures submitted in the final version of the Report and, where applicable, verifying that Ere-S recommendations have been applied.

Ere-S was given access to the data management systems covering the entire FHT portfolio to allow our assurance team to evaluate the environmental and safety data more comprehensively. Social performance figures, such as those relating to workforce profile and training, as well as group-level initiatives disclosed in the Report, were verified in separate interviews as part of the assurance process for Frasers Property Limited.

Ere-S assessment of statements concerning the number (or absence) of complaints, incidents, breaches, and cases of non-compliance to policies and regulations related to environmental and social issues was founded on confirmation by key data owners and, where available, internal documents presented during the interviews.

FHT's stakeholder groups or their representatives were not interviewed during the assurance to assess the results of the engagement initiatives and the impact of the actions taken by the organisation.

### Limitations

A limited assurance provides a relatively lower level of confidence in an organisation's disclosures than a reasonable level of assurance (as used in financial auditing) would provide. The restricted extent, timeline and precision of audit procedures in a limited assurance can leave small misstatements undetected. In addition, sustainability-related evidence being more persuasive rather than conclusive, the assurance findings are more constrained to the judgement of the assurance practitioner.

To mitigate the associated risk of material misstatement in the disclosures being assessed during this engagement and to provide greater confidence in the accuracy of the information, including the application of the management approach, data collection methods, criteria and assumptions, further confirmation of the presented evidence was sought by Ere-S from multiple data owners and using other internal and external documentation.

### Responsibility and independence

This statement represents the independent opinion of Ere-S, whose responsibility was to provide the assurance, to express conclusions according to the agreed scope, and to prepare the assurance report and this assurance statement for the Management of FHT alone and for no other purpose. The Management of FHT was responsible for the preparation of the Report, including all statements and figures contained within it, and for the selection and application of the methods to collect and compile the performance data of its operations and properties. Ere-S was not involved in the development of the Report or any other aspects or projects related to the sustainability framework of FHT. The activities of Ere-S are independent of FHT and Frasers Property Limited and contain no financial interest in their business operations.

### Findings and Observations

FHT's incorporation of sustainability management strategies and objectives during the reporting period was evidenced by policies, initiatives, performance indicators and targets aligned with the Group's ESG framework. Supported by a risk-based approach for evaluating impacts and developing mitigation measures, assessment by FHT of social and environmental issues, including climate change, could also be observed. The approach included interaction with diverse groups of stakeholders, although consistent two-way engagement appeared overall limited except for employees and customers.

In Ere-S's opinion, the Report presents accurate information. It also provides good coverage of FHT's material aspects with, this year, additional energy and GHG emissions indicators and data points from natural gas consumption. We could evaluate the performance figures and trace them back to the source data sets, calculation methods and supporting evidence. Although multiple inconsistencies were initially identified in the calculation and compilation procedures of environmental data, FHT took the required corrective actions and followed the recommendations put forward by Ere-S. The final disclosures present a good level of accuracy and reliability.

However, the Report's completeness could be further improved, as all safety and environmental performance still needs to be included for one property and waste data is also missing for two other properties. A higher balance level, i.e., showing positive and negative information, is also recommended and could be achieved with highlights on current gaps, negative results and corresponding action plans, for example, related to alignment with standards or year-on-year performance comparison.

## Conclusion

On the basis of a limited assurance engagement consistent with the above-listed criteria, nothing has come to Ere-S attention that causes us not to believe that, in all material respects, Frasers Hospitality Trust's ESG Report FY2023 provides a credible and fair representation of the organisation's sustainability profile and includes statements and figures that achieve an adequate level of reliability and accuracy.

A detailed assurance report containing the above findings and additional recommendations for improvement has been presented to the Management of Frasers Hospitality Trust.



Reg no. 201003736W  
[www.ere-s.com](http://www.ere-s.com)

Singapore, 27 November 2023

### **Jean-Pierre Dalla Palma**

Director and Lead Certified Sustainability  
Assurance Practitioner

## Sustainability

# GRI Content Index

<b>Statement of use</b>	Frasers Hospitality Trust has reported in accordance with the GRI Standards for the period 1 October 2022 to 30 September 2023 (FY2023).
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
<b>General disclosures</b>					
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	Trust Structure and Organisational Structure, Page 6 Corporate Information, Page 7			
	2-2 Entities included in the organization's sustainability reporting	About this Report, Page 106			
	2-3 Reporting period, frequency and contact point	About this Report, Page 106			
	2-4 Restatements of information	Consuming Responsibly - Energy and Carbon, Pages 96 - 97 Consuming Responsibly - Water, Page 97 Consuming Responsibly, Waste, Page 98			
	2-5 External assurance	Independent Assurance Statement, Pages 107 - 109			
	2-6 Activities, value chain and other business relationships	About Frasers Hospitality Trust, Page 2			
	2-7 Employees	Focusing on People - Diversity, Equity and Inclusion, Pages 100 - 101			
	2-8 Workers who are not employees		a,b,c	Not applicable.	Not meaningful to disclose due to the nature of our business.
	2-9 Governance structure and composition	Trust Structure and Organisational Structure, Page 6 Board of Directors, Pages 61 - 65 Management Team, Pages 66 - 67 Corporate Governance Reports - Board Composition, Pages 133 - 145 Managing Sustainability, Page 82 Diversity, Equity and Inclusion, Page 100			
	2-10 Nomination and selection of the highest governance body	Corporate Governance Reports - Board Composition, Pages 133 - 145			
	2-11 Chair of the highest governance body	Board of Directors, Pages 61 - 65			
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors, Pages 61 - 65 Board Statement, Page 79 Managing Sustainability, Page 82			
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Reports - Delegation of Authority Framework, Pages 129 - 130 Management Team, Pages 66 - 67 Managing Sustainability, Page 82			
	2-14 Role of the highest governance body in sustainability reporting	Board Statement, Page 78 Managing Sustainability, Page 82			



GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
<b>GRI 2: General Disclosures 2021</b>	2-15 Conflicts of interest	Corporate Governance Reports - Conflict of Interest, Page 144 Additional Information - Interested Person Transactions, Pages 309 - 311			
	2-16 Communication of critical concerns	Corporate Governance Reports - Whistle-Blowing Policy, Pages 157 - 158 Investor Relations, Page 158 Conduct of General Meetings, Pages 159 - 160			
	2-17 Collective knowledge of the highest governance body	Board Statement, Page 79 Corporate Governance Reports - Training and Development of Directors, Pages 132 - 133			
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Reports - Board Performance Evaluation, Pages 144 - 145			
	2-19 Remuneration policies	Corporate Governance Reports - Remuneration Matters, Pages 145 - 152			
	2-20 Process to determine remuneration	Corporate Governance Report - Remuneration Matters, Pages 145 - 152			
	2-21 Annual total compensation ratio		a, b, c	Confidentiality constraints.	We are unable to disclose the ratio due to our highly competitive labour market.
	2-22 Statement on sustainable development strategy	Board Statement, Page 79			
	2-23 Policy commitments	Acting Progressively - Risk-based Management, Page 87			
	2-24 Embedding policy commitments	Acting Progressively - Risk-based Management, Page 87			
	2-25 Processes to remediate negative impacts	Acting Progressively - Risk-based Management, Page 87	e	Information unavailable	We do not track the effectiveness of the mechanisms but we readily welcome feedback through our various communication channels.
	2-26 Mechanisms for seeking advice and raising concerns	Acting Progressively - Risk-based Management, Page 87			
	2-27 Compliance with laws and regulations	Acting Progressively - Risk-based Management, Page 87			
	2-28 Membership associations	Participation in Associations and Alignment with Recognised Standards, Page 82			
2-29 Approach to stakeholder engagement	Managing Sustainability - Stakeholder Engagement, Pages 82 - 83				
2-30 Collective bargaining agreements		a, b	Confidentiality constraints.	We do not publicly disclose this data.	

## Sustainability

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
<b>Material topics</b>					
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Managing Sustainability - Materiality Assessment, Pages 84 - 85			
	3-2 List of material topics	Managing Sustainability - Materiality Assessment, Pages 84 - 85			
<b>Acting Progressively</b>					
<b>Risk-based Management</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Acting Progressively - Risk-based Management, Pages 86 - 87			
	205-1 Operations assessed for risks related to corruption	Risk Management - Fraud Risk, Page 121 Acting Progressively - Risk-based Management, Pages 87 - 88	a	Information incomplete.	Lack of data for meaningful disclosure.
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures		c, d	Information incomplete.	Lack of data for meaningful disclosure.
	205-3 Confirmed incidents of corruption and actions taken	Risk Management - Fraud Risk, Page 121 Acting Progressively - Risk-based Management, Pages 87 - 88			
<b>GRI 206: Anti-competitive Behaviour 2016</b>	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Acting Progressively - Risk-based Management, Pages 87 - 88			
<b>Responsible Investment</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Acting Progressively - Responsible Investment, Pages 89 - 90			
<b>Resilient Properties</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Acting Progressively - Resilient Properties, Pages 90-94			
<b>Consuming Responsibly</b>					
<b>Energy and Carbon</b>					
<b>GRI 302: Energy 2016</b>	3-3 Management of material topics	Consuming Responsibly - Energy and Carbon, Page 96			
	302-1 Energy consumption within the organization	Consuming Responsibly - Energy and Carbon, Page 96		Not applicable.	Due to the nature of our business, we do not have direct operational control over our tenanted assets.
	302-2 Energy consumption outside of the organization	Consuming Responsibly - Energy and Carbon, Page 96			
	302-3 Energy intensity	Consuming Responsibly - Energy and Carbon, Page 96			

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
<b>GRI 302: Energy 2016</b>	302-5 Reductions in energy requirements of products and services		a, b, c	Information incomplete.	Due to the management of diverse properties and YoY fluctuations, we are unable to provide specific numerical reductions in energy consumption that are directly tied to initiatives. This complexity makes it challenging to precisely isolate the impact of its reduction measures.
	305-1 Direct (Scope 1) GHG emissions			Not applicable.	Due to the nature of our business, we do not have direct operational control over our tenanted assets.
<b>GRI 305: Emissions 2016</b>	305-2 Energy indirect (Scope 2) GHG emissions			Not applicable.	Due to the nature of our business, we do not have direct operational control over our tenanted assets.
	305-3 Other indirect (Scope 3) GHG emissions	Consuming Responsibly - Energy and Carbon, Pages 96 - 97			
	305-4 GHG emissions intensity	Consuming Responsibly - Energy and Carbon, Pages 96 - 97			
	305-5 Reduction of GHG emissions	Consuming Responsibly - Energy and Carbon, Pages 96 - 97			
	<b>Water</b>				
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Consuming Responsibly - Water, Page 97			
	303-1 Interactions with water as a shared resource	Consuming Responsibly - Water, Page 97			
<b>GRI 303: Water and Effluents 2018</b>	303-2 Management of water discharge-related impacts		a	Information incomplete.	All effluent discharge is handled by municipalities.
	303-3 Water withdrawal	Consuming Responsibly - Water, Page 97	b, c	Information incomplete.	FHT tracks total water withdrawal but currently does not break this down to water stress areas.
<b>Waste</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Consuming Responsibly - Waste, Page 98			
	306-1 Waste generation and significant waste-related impacts	Consuming Responsibly - Waste, Page 98			
<b>GRI 306: Waste 2020</b>	306-2 Management of significant waste-related impacts	Consuming Responsibly - Waste, Page 98			

## Sustainability

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 306: Waste 2020	306-3 Waste generated	Consuming Responsibly – Waste, Page 98			
	306-4 Waste diverted from disposal	Consuming Responsibly – Waste, Page 98			
	306-5 Waste diverted to disposal	Consuming Responsibly – Waste, Page 98			
<b>Focusing on People</b>					
<b>Diversity, Equity and Inclusion</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Focusing on People – Diversity, Equity and Inclusion, Page 100			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Focusing on People – Diversity, Equity and Inclusion, Pages 100 - 101			
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Focusing on People – Diversity, Equity and Inclusion, Pages 100 - 101			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Focusing on People - Diversity, Equity and Inclusion, Pages 100 - 101			
	405-2 Ratio of basic salary and remuneration of women to men		a, b	Confidentiality constraints.	We are unable to disclose the ratio due to our highly competitive labour market.
<b>Skills and Leadership</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Focusing on People – Skills and Leadership, Page 101			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Focusing on People – Skills and Leadership, Page 101			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Focusing on People – Skills and Leadership, Page 101	b	Information incomplete.	Lack of data for meaningful disclosure.
<b>Health and Well-being</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Focusing on People - Health and Well-being, Page 102			
GRI 401: Employment 2016	401-2 Benefits provided to fulltime employees that are not provided to temporary or part-time employees	Focusing on People – Health and Well-being, Pages 102 - 103			
	401-3 Parental leave	Focusing on People – Health and Well-being, Page 103			

GRI Standard / Other Source	Disclosure	Location	Omission			
			Requirement(s) Omitted	Reason	Explanation	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Focusing on People – Health and Well-being, Page 102	a, b	Information incomplete.	Lack of data for meaningful disclosure.	
	403-2 Hazard identification, risk assessment, and incident investigation	Focusing on People – Health and Well-being, Page 102	a, b, c, d	Information incomplete.	Lack of data for meaningful disclosure.	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Focusing on People – Health and Well-being, Page 102	a, b	Information incomplete.	Lack of data for meaningful disclosure.	
	403-5 Worker training on occupational health and safety	Focusing on People – Health and Well-being, Page 102	a	Information incomplete.	Lack of data for meaningful disclosure.	
	403-6 Promotion of worker health	Focusing on People – Health and Well-being, Pages 102 - 103				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Focusing on People – Health and Well-being, Page 102				
	403-9 Work-related injuries	Focusing on People – Health and Well-being, Page 102	a, b, c, d, e, f, g	Information incomplete.	Lack of data for meaningful disclosure.	
	403-10 Work-related ill health	Focusing on People – Health and Well-being, Page 102	a, b, c, d	Information incomplete.	Lack of data for meaningful disclosure.	
	<b>Community Connectedness</b>					
	<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Focusing on People – Community Connectedness, Pages 103 - 105			

#### Notes on Reporting Scope

- Maritim Hotel Dresden is not included in all data disclosed.
- With the exceptions mentioned in the corresponding footnotes, all figures reported for energy consumption, GHG emissions, water consumption and waste generated are computed based on the entire building areas for all properties.
- The GHG emission factors are from Energy Market Authority - Singapore Energy Statistics 2021; Australia National Greenhouse Accounts Factors 2021, 2022, 2023, UK Government GHG Reporting 2021, 2022, 2023; Climate Transparency (2019 Report) for Japan and GreenTech Malaysia.
- As a complete dataset for waste collected and recycled, which was more representative of our business activities, was established in FY2019, the baseline year was set as such instead of FY2018.
- The number of recordable injuries and lost days led to a recordable injury rate of 5.1 and a severity rate of 20.5. Rates are calculated per million hours worked, and man-hours have been estimated by property managers based on regular business operations.
- Discrepancies between individual figures and aggregates, or derived values, in the charts and tables of this report are due to rounding.

## Investor Relations

### FAIR, TIMELY AND TRANSPARENT COMMUNICATIONS

The Managers of FHT are committed to providing timely, accurate and comprehensive information that will aid our Stapled Securityholders and the investment community in their investment decisions. To keep our stakeholders up-to-date on FHT's performance and progress, we strive to release our announcements, news releases, presentation slides, annual reports, circulars and all other disclosures promptly via SGXNET, and subsequently on FHT's website at [www.frasershospitalitytrust.com](http://www.frasershospitalitytrust.com).

Our stakeholders can subscribe to email alert service via FHT's website to receive notifications on our latest announcements and SGXNET filings. There is also a dedicated communication channel (via email and telephone) through which Stapled Securityholders and investors may direct their enquiries to.

FHT's website contains general information such as our property portfolio details, annual and sustainability reports, quarterly business updates and financial results, news releases, presentation slides, distribution payouts and financial calendar. Other information such as interactive stapled security price charts and historical stapled security price data are available too.

Underscoring our commitment to uphold and maintain high standards of corporate governance to deliver sustainable value to our stakeholders, we continue to support the SIAS Corporate Governance Statement of Support 2023.

### AGM

AGMs provide important channels of communication between the Managers and our Stapled Securityholders. FHT's 8th AGM was convened on 16 January 2023. The meeting was held physically at the InterContinental Singapore Grand Ballroom.

Prior to the meeting, we invited Stapled Securityholders to submit their questions relating to the resolutions tabled for approval ahead of the AGM. At the meeting, opportunities were given to Stapled Securityholders to participate and communicate their views on matters relating to FHT. Our Board of Directors and Management were present to engage them and address their concerns.

Updates on FHT's performance, market outlook and growth strategies were covered during the AGM which was well attended. Resolutions for the AGM were then put to the vote by way of electronic polling. The results, showing the number of votes cast for and against each resolution, were promptly disclosed on SGXNet and FHT's website on the same day of the AGM. The AGM minutes were also published as soon as practicable on SGXNet and FHT's website for greater transparency.

### ACTIVE ENGAGEMENTS VIA MULTIPLE PLATFORMS

Throughout the year, we actively engage the investment community through investor meetings, conference calls, non-deal roadshows and investor conferences. Such interactions help the investment community better understand our business and performance and provide us with valuable insights into the market perceptions and expectations of FHT.

For our interim and full-year results as well as business updates, virtual briefings for analysts are conducted on a quarterly basis. Property visits are arranged upon request to help the investment community better understand the key drivers of our portfolio performance.

#### Financial Calendar for FY2023

**16 January 2023**

8<sup>th</sup> AGM

**3 February 2023**

Release of 1Q FY2023 business updates

**28 April 2023**

Release of 1H FY2023 results

**28 June 2023**

Payment of 1H FY2023 distribution

**4 August 2023**

Release of 3Q FY2023 business updates

**7 November 2023**

Release of 2H and FY2023 results

**29 December 2023**

Payment of 2H FY2023 distribution

## Investor Relations Calendar for FY2023

### First Quarter FY2023 (1 October 2022 – 31 December 2022)

Analyst briefing for FY2022 results	4 November 2022
CIMB non-deal roadshow, Kuala Lumpur	14 November 2022
Frasers Day, Bangkok	22 November 2022

### Second Quarter FY2023 (1 January 2023 – 31 March 2023)

8 <sup>th</sup> AGM	16 January 2023
Analyst briefing for 1Q FY2023 business updates	6 February 2023
Investor conference call hosted by DBS	6 February 2023

### Third Quarter FY2023 (1 April 2023 – 30 June 2023)

Analyst briefing for 1H FY2023 results	28 April 2023
Investor conference call hosted by DBS	28 April 2023

### Fourth Quarter FY2023 (1 July 2023 – 30 September 2023)

Analyst briefing for 3Q FY2023 business updates	7 August 2023
Investor conference call hosted by DBS	7 August 2023
Frasers Property Group Corporate Day, Kuala Lumpur	23 August 2023
Frasers Property Group Analysts Luncheon	24 August 2023

## STAPLED SECURITY PRICE PERFORMANCE

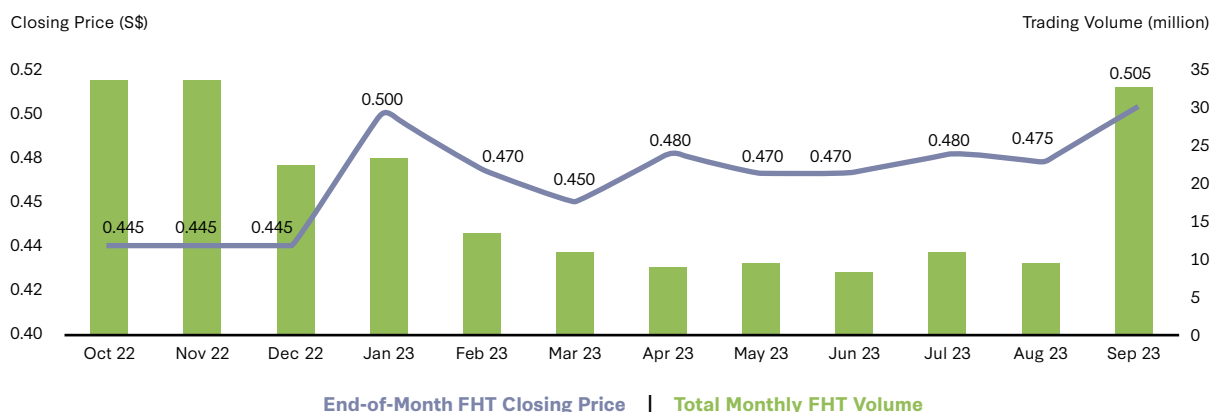
FHT's stapled security price closed at S\$0.505 on 29 September 2023, representing an increase of 7.4% from the start of FY2023 and a total return of 12.6% for the year under review.

Since January 2023, FHT's stapled security price has been riding on the positive news of continued

resurgence in demand for global travel. This has been further supported by the notable improvements in our portfolio performance on the back of healthy RevPAR growth across all six country portfolios in FY2023.

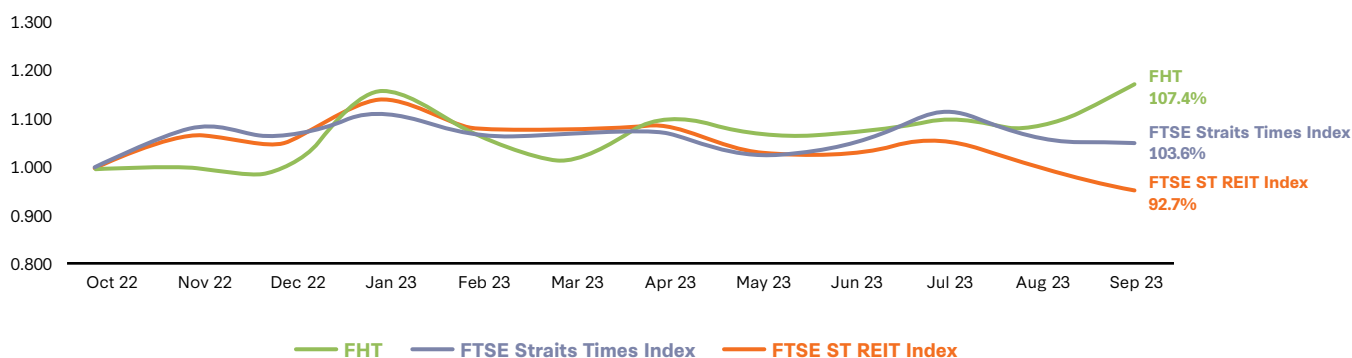
Looking at the benchmark indices, the Singapore REIT sector has underperformed since June 2023 amid rising interest rates. However, improving operational performance from stronger RevPAR momentum seemed to favour the hospitality REITs including FHT.

### FHT Monthly Trading Performance for FY2023



## Investor Relations

### Comparative Trading Performance for FY2023



### FHT 5-Year Trading Performance

	FY2019	FY2020	FY2021	FY2022	FY2023
Opening Price (S\$)	0.700	0.715	0.430	0.455	0.480
Closing Price (S\$)	0.715	0.430	0.455	0.480	0.505
Highest Price (S\$)	0.770	0.735	0.590	0.710	0.505
Lowest Price (S\$)	0.675	0.350	0.385	0.420	0.425
Total Volume of Stapled Securities Traded	249.0 million	268.9 million	136.2 million	700.0 million	213.2 million
Average Daily Volume of Stapled Securities Traded	1.0 million	1.1 million	0.5 million	2.8 million	0.9 million
Market Capitalisation as at End of Financial Year	S\$1,354.4 million	S\$826.1 million	S\$876.4 million	S\$924.5 million	S\$972.7 million

Source: Bloomberg

Note: Data extracted are not adjusted for any cash adjustments, capital changes or corporate actions (including but not limited to cash dividend, rights offering, warrants and stock splits).

### Comparative Total Returns

	1 Year <sup>1</sup>		3 Years <sup>1</sup>		5 Years <sup>1</sup>	
	Price Change	Total Return <sup>2</sup>	Price Change	Total Return <sup>2</sup>	Price Change	Total Return <sup>2</sup>
FHT	7.4%	12.6%	17.4%	30.1%	-29.4%	-13.3%
FTSE Straits Times Index	3.6%	7.7%	28.7%	44.0%	-1.2%	19.8%
FTSE ST REIT Index	-7.3%	-4.1%	-20.3%	-8.2%	-16.3%	6.3%

Source: Bloomberg

1 1-year return is for period 3 Oct 2022 to 29 Sep 2023; 3-year return is for period 1 Oct 2020 to 29 Sep 2023; and 5-year return is for period 1 Oct 2018 to 29 Sep 2023.

2 Assumes dividends are reinvested

### Accolade

In the 2023 GRESB Real Estate Assessment, FHT attained a higher rating of 4-Star (2022: 3-Star), with an improved score of 82 points (2022: 78 points), while maintaining its third-place ranking in the Asia Pacific Hotel (Listed) category.

### Equity Research Coverage

FHT is covered by sell-side analysts from:

- DBS
- Maybank Kim Eng

### Feedback

To promote open and transparent communication, FHT values and welcomes feedback. Please contact:

Ms Sandy Leng  
Head of Investor Relations  
Email: [sandy.leng@frasershospitality.com](mailto:sandy.leng@frasershospitality.com)



# Risk Management

## ENTERPRISE-WIDE MANAGEMENT

The objective of enterprise-wide risk management (**ERM**) is to safeguard Stapled Securityholders' interests and FHT's assets. Management adopts an ERM framework to identify key risks, put in place controls, and allocate appropriate resources to proactively manage the identified risks. The ERM framework covers key areas such as investment, financial management and operating activities. Enterprise-wide risk reporting is facilitated through a web-based Corporate Risk Scorecard system which enables the reporting of risks and risk status on a common platform in a consistent and cohesive manner. Risks are reported and monitored using a Risk Scorecard which captures risks, mitigating measures, timeline for action items and risk ratings. Where applicable, Key Risk Indicators are established to monitor risks. The Risk Scorecard and Key Risk Indicators are presented in the form of a Key Risk Dashboard and reviewed by the Management and the Managers' Audit, Risk and Compliance Committee (**ARCC**) on a regular basis.

Risk tolerance statements setting out the nature and extent of significant risks which the Managers are willing to take in achieving their strategic objectives in respect of FHT, have been formalized and adopted. The risk tolerance statements are reviewed annually according to the business plan. Risk limits, which set the risk boundaries in strategic and operational areas, support the risk tolerance statements. The risk limit status is monitored by the Management and reported to the ARCC quarterly.

The Managers have implemented a Comfort Matrix Framework, which provides an overview of the mitigating measures, and assurance processes for managing key financial, compliance, Information Technology (**IT**) and operational risks.

## KEY RISKS IN 2023

### Investment Risk

All investment proposals are evaluated against a comprehensive set of investment criteria and due diligence is carried out to mitigate potential investment risks. The acquisition must be aligned with FHT's investment mandate. The evaluation process for all investment activities includes consideration of the location, guests mix, building condition, competitive conditions, expected investment return, means of financing, long-term sustainability of asset performance and growth potential.

### Regulatory and Compliance Risk

FHT has global operations and is subject to the laws and regulations of the markets it operates in. FHT comprises FH-REIT, a Singapore-based REIT, and FH-BT, a Singapore-based business trust registered under the Business Trust Act. The REIT Manager and the Trustee-Manager, being the responsible entities of FH-REIT and FH-BT, respectively, each has its own Board of Directors (which comprises the same persons) and its own set of procedures in relation to corporate governance.

Due to the different legislative and regulatory requirements in relation to a REIT as compared with a business trust, the corporate governance procedures and disclosure requirements in relation to the REIT Manager are different from those in relation to the Trustee-Manager.

The Managers have put in place policies and procedures to facilitate compliance with applicable laws and regulations. They keep abreast of the latest developments in relevant laws and regulations through training and attending talks and briefings. Where necessary, the Managers will consult external legal counsel for advice.

### Foreign Currency Risk

The entities within the stapled group normally conduct their business in their respective functional currencies. FHT's foreign currency risk mainly relates to its Australian dollar, British pound, Japanese yen, Malaysian ringgit and Euro denominated investments and distribution income and interest income from its foreign subsidiaries. The Managers monitor FHT's foreign currency exposures on an ongoing basis and limit its exposure to fluctuations in exchange rates by using derivative financial instruments or other suitable financial products.

It is the Managers' policy to fix FHT's anticipated foreign currency exposure in respect of distribution income, net of anticipated payments required in the same currency from its foreign subsidiaries at least 6 months forward by using foreign currency forward exchange contracts and certain currency derivatives.

Investment in overseas assets are hedged naturally to the extent that borrowings are taken up in their respective foreign currencies. It is the Managers' policy to hedge at least 20% of its investments denominated in foreign currencies, either through borrowings in the same foreign currencies or using cross currency swap contracts.

## Risk Management

The net position of the foreign exchange risk of these investments in overseas assets are not hedged as such investments are long term in nature.

### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the FHT's financial instruments will fluctuate because of changes in market interest rates. FHT's exposure to changes in interest rates relate primarily to its interest-bearing borrowings. Interest rate risk is actively managed by the Managers on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Managers adopt a policy of fixing the interest rates for at least 50% of their outstanding borrowings via the use of derivative financial instruments or other suitable financial products.

Interest rate derivatives in respect of FHT's borrowings have been entered into to achieve an appropriate mix of fixed and floating rates exposures within FHT's policy. Generally, the maturities of these interest rate derivatives follow the maturities of the related borrowings.

At the end of the financial year, the proportion of fixed-rate borrowings to total borrowings was 75.5% (2022: 81.7%).

### Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations with FHT, as and when they fall due.

FHT's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The REIT

Manager has established credit limits for lessees and monitors their balances on an ongoing basis. Credit evaluations are performed by the REIT Manager before lease agreements are entered into with the lessees. Credit risk is also mitigated by the security deposits collected from lessees.

The security deposits, equivalent to 8 months of the monthly fixed rent, have been received in cash (except for The Westin Kuala Lumpur which was provided in the form of banker's guarantee) under the Master Lease Agreements entered into during FHT's IPO.

In addition, Frasers Property and TCC Land International Limited (the Corporate Guarantors) have granted a corporate guarantee to FH-REIT for the performance of the master lessees and retail master lessee respectively (excluding Maritim Hotel Dresden and Novotel Melbourne on Collins). Upon default, the Corporate Guarantors will pay the rent and other sums payable under the Master Lease Agreements and the Retail Master Lease Agreement respectively.

Cash and cash equivalents are placed with financial institutions which are regulated. Derivative financial instruments are only entered into with banks with sound credit ratings.

At the end of the financial year, approximately 45.1% (2022: 46.0%) of FHT's trade and other receivables were due from related companies of the REIT Manager. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statements of Financial Position.

### Liquidity Risk

Liquidity risk is the risk arising in the event that FHT encounters difficulty in meeting its financial obligations due to shortage of funds. The Managers monitor and maintain a level of cash and cash equivalents deemed adequate to finance FHT's operations for a reasonable period, including the servicing of financing obligations, and to mitigate the effects of fluctuations in cash flows.

In addition, the REIT Manager monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings.

The Managers also ensure that FHT has access to revolving credit lines from financial institutions to fund its working capital needs and capital expenditure requirements in the short to medium term.

As at 30 September 2023, FHT has undrawn committed revolving credit facilities of S\$172.0 million and the flexibility to tap on the unutilised S\$880.0 million from the S\$1.0 billion Multicurrency Debt Issuance Programme which was established in January 2016. It is the Managers' intention to ensure that the maturities of the borrowings are spread out to mitigate financing risks. There are no outstanding borrowings due until July 2024 and the borrowings are widely spread out across FY2024 to FY2028 to mitigate concentration of refinancing risk. As at 30 September 2023, FHT's weighted average debt to maturity was 2.32 years (2022: 2.00 years). As at 30 September 2023, FHT's gross borrowings stood at S\$703.2 million (2022: S\$758.4 million).

**Operational Risks**

FHT relies on its appointed hotel and serviced residence operators for the day-to-day running of its properties. It reduces its operational risks through the engagement of reputable hotel and serviced residence operators with strong experience in the respective markets. The Asset Management team actively oversees the performance of the assets and the operators and performs benchmarking of the assets' performance vis-à-vis their competitors. Regular meetings are scheduled between the Asset Management team and the operators in which the performance is reviewed and actions to improve the operating performance are agreed. The interests of these operators are aligned with FHT's through a 100% variable fee model which links performance of the assets to fees payable to operators.

In pandemic situations (such as COVID-19), disruptions to hotels and serviced residences are minimised through established crisis management and business continuity plans, and adoption of country-specific disease prevention and containment regulations. The Asset Management team works closely with the operators to rein in the disruptions through identifying alternative revenue streams and cost containment measures.

Global terrorism risk poses a threat to the operations of the hotels and serviced residences. Where physical controls at the properties are inadequate, events such as terrorist attacks could result in physical damage to FHT's assets and injury to guests and employees at the properties.

The hotel and serviced residence operators have implemented business continuity and crisis management procedures at the properties, to reduce the risk of loss of lives and damage to property.

The REIT Manager has procured insurance coverage for property damage, business interruption and political violence.

**Information Technology Risk**

Frasers Property, of which the Managers are a part of, places a high priority on information availability, IT governance and IT security. Group-wide IT policies and procedures have been put in place to address evolving IT security threats, such as hacking, malware, privileged access, phishing, mobile threats and data-loss. Disaster recovery plans and incident management procedures are developed and tested annually.

Measures and considerations have also been taken to enable effective privileged access monitoring, patch management, data security, data protection and prolonged service unavailability of critical IT systems. Periodic training is also conducted for new and existing employees to raise IT security awareness. External professional service providers are engaged to conduct independent vulnerability assessment and penetration tests to further strengthen the IT systems.

In November 2022, the Managers adopted the REIT Technology Policy and the REIT Property Level Technology Policy, which incorporate the requirements under the Technology Risk Management Guidelines issued by the MAS.

**Fraud Risk**

A Whistle Blowing Policy and a Manual of Authority, in particular for the approval of purchases and payments, are in place to mitigate fraud risk. FHT and its Managers are subject to regular internal audit reviews scheduled based on the internal audit work plans approved by the Managers' ARCC.

**Human Capital Risk**

The REIT Manager has in place a career planning and development system for its staff, and conducts regular remuneration and benefits benchmarking to attract and retain appropriate talent for the business. Regular training and development opportunities are also provided to upgrade the skills and knowledge of the staff.

## Corporate Governance Reports

### INTRODUCTION

*Frasers Hospitality Trust ("FHT") is a stapled group comprising Frasers Hospitality Real Estate Investment Trust ("FH-REIT") and Frasers Hospitality Business Trust ("FH-BT").*

The units in FH-REIT and the units in FH-BT are stapled together under the terms of a stapling deed dated 20 June 2014 ("**Stapling Deed**") entered into between Frasers Hospitality Asset Management Pte. Ltd., as manager of FH-REIT ("**REIT Manager**"), Perpetual (Asia) Limited, as trustee of FH-REIT ("**REIT Trustee**"), and Frasers Hospitality Trust Management Pte. Ltd., as trustee-manager of FH-BT ("**Trustee-Manager**"), and together with the REIT Manager, the "**Managers**" and each, the "**Manager**", to form stapled securities in FHT ("**Stapled Securities**", and each a "**Stapled Security**"). Each Stapled Security, consisting of one FH-REIT unit and one FH-BT unit, is treated as a single instrument. The Stapled Securities are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

FH-REIT is a real estate investment trust ("**REIT**") constituted in Singapore by a trust deed dated 12 June 2014 made between the REIT Manager and the REIT Trustee (as amended and restated by a first amending and restating deed dated 20 June 2014, and as further amended, restated and/or supplemented from time to time) (the "**FH-REIT Trust Deed**"). FH-REIT is a collective investment scheme under the Securities and Futures Act 2001 (the "**SFA**").

FH-BT is a business trust constituted in Singapore by a trust deed dated 20 June 2014 (as further amended, restated and/or supplemented from time to time) (the "**FH-BT Trust Deed**", and together with the FH-REIT Trust Deed and the Stapling Deed, the "**Trust Deeds**"). FH-BT is registered as a business trust under the Business Trusts Act 2004 (the "**BTA**").

FH-BT was activated on 19 October 2016 to act as master lessee of "Novotel Melbourne on Collins" under a master lease agreement (the "**Melbourne Master Lease Agreement**") entered into between FH-BT NMCS Operations Pty Ltd (an indirectly wholly-owned subsidiary of FH-BT) and The Trust Company (PTAL) Limited, as trustee for FHT Melbourne Trust 1 (an indirectly wholly-owned sub-trust of FH-REIT). The Melbourne Master Lease Agreement is an internal arrangement within the FHT stapled group.

The Managers comply with the principles of the Code of Corporate Governance 2018 (the "**CG Code**") in line with the listing manual of the SGX-ST (the "**SGX-ST Listing Manual**"). The REIT Manager also complies with the CG Code in accordance with its obligations under the Guidelines to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Guideline No: SFA04-G07) issued by the Monetary Authority of Singapore ("**MAS**"). The practices and activities of the Board of Directors of each of the Managers (collectively the "**Boards**") and the management of the Managers (collectively the "**Management**") adhere closely to the provisions under the CG Code.

To the extent the practices may vary from any provision of the CG Code, the Managers will state explicitly the provision from which it has varied, explain the reason for the variation and explain how the practices nevertheless are consistent with the intent of the relevant principle of the CG Code. The Managers are also guided by the Practice Guidance which accompanies the CG Code and which sets out best practices for listed issuers; as this will build investor and stakeholder confidence in FHT and the Managers. A summary of compliance with the express disclosure requirements under the provisions of the CG Code is set out on pages 166 to 167 of this Annual Report.

Due to the different legislative and regulatory requirements in relation to a REIT as compared to a business trust, the corporate governance procedures and disclosure requirements in relation to the REIT Manager are different from those in relation to the Trustee-Manager, and where appropriate, we have highlighted them below.

FHT is a signatory to the 2022 Corporate Governance Statement of Support initiated by the Securities Investors Association (Singapore) where FHT has pledged its continued commitment to uphold high standards in corporate governance.

## Corporate Governance Reports

### The Managers

The Managers are wholly-owned subsidiaries of Frasers Property Limited (“**FPL**” or the “**Sponsor**” and together with its subsidiaries, “**Frasers Property Group**”). Each of the REIT Manager and the Trustee-Manager has general powers of management over the business and assets of FH-REIT and FH-BT, respectively.

The REIT Manager holds a Capital Markets Services Licence issued by the MAS as required under the licensing regimes for real estate investment trust managers to carry out REIT management activities. The REIT Manager’s main responsibility is to manage FH-REIT’s assets and liabilities for the benefit of unitholders of FH-REIT. To this end, the REIT Manager is able to set the strategic direction of FH-REIT and make recommendations to the REIT Trustee, on acquisitions, divestments and enhancement of the assets of FHT. The role of the REIT Manager includes the pursuit of a business model that sustains the growth and enhances the value of FH-REIT and is focused on delivering regular and stable distribution to holders of the Stapled Securities of FHT (the “**Stapled Securityholders**”). Other functions and responsibilities of the REIT Manager include preparing annual asset plans, undertaking regular individual asset performance analysis and market research analysis, and managing finance functions relating to FH-REIT (which includes financial and tax reporting, capital management, treasury, and preparation of consolidated budgets). The Trustee-Manager performs similar functions for FH-BT.

The MAS has granted the Trustee-Manager an exemption from compliance with Sections 10(2)(a) and 11(1)(a) of the BTA to act in the best interests of the holders of FH-BT unitholders only, subject to:

- (a) the FH-BT units remaining stapled to the FH-REIT units; and
- (b) the directors of the Trustee-Manager (“**Trustee-Manager Directors**”) and the Trustee-Manager acting in the best interests of all Stapled Securityholders as a whole.

### The Values of the REIT Manager and the Trustee-Manager

1. Each of the REIT Manager and the Trustee-Manager is committed to upholding and maintaining high standards of corporate governance, corporate transparency and sustainability, and instituting sound corporate practices and controls to facilitate their respective roles in safeguarding and enhancing FHT’s asset value so as to maximise returns from investments, and ultimately the total return to Stapled Securityholders. Each of the REIT Manager and the Trustee-Manager believes that a robust and sound governance framework is an essential foundation on which to build, evolve and innovate a business which is sustainable over the long-term and one which is resilient in the face of the demands of a dynamic, fast-changing environment.
2. Each of the REIT Manager and the Trustee-Manager adheres to corporate policies, business practices and systems of risk management and internal controls, which are designed to ensure that it maintains consistently high standards of integrity, accountability and governance in FH-REIT and FH-BT (as the case may be) and its own daily operations.
3. Each of the REIT Manager and the Trustee-Manager ensures that the business and practices of FH-REIT and FH-BT (as the case may be) are carried out in a manner that comply with applicable laws, rules and regulations, including the BTA, the SFA, their respective subsidiary legislation, the SGX-ST Listing Manual, the CG Code, the Code on Collective Investment Schemes (the “**CIS Code**”) issued by the MAS (including Appendix 6 of the CIS Code, the “**Property Funds Appendix**”), the Trust Deeds, as well as the written directions, notices, codes and other guidelines that the MAS and other regulators may issue from time to time.

The Boards work with Management to ensure that these values underpin its leadership of the REIT Manager and the Trustee-Manager.

The REIT Manager and the Trustee-Manager are staffed by an experienced and well-qualified team who manage the operational matters of FH-REIT and FH-BT (as the case may be). The Managers are wholly-owned subsidiaries of FPL, a multi-national developer-owner-operator of real estate products and services across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The Frasers Property Group has businesses in Southeast Asia, Australia, Europe and China, and its well-established hospitality business owns and/or operates serviced apartments and hotels in over 20 countries and more than 70 cities across Asia, Australia, Europe, the Middle East and Africa.

## Corporate Governance Reports

As the Sponsor holds a substantial ownership stake of approximately 25.75% in FHT as at 30 September 2023, there is an alignment of interests between the Sponsor, the Managers and the Stapled Securityholders. The Managers are able to benefit from and leverage on its association with the Sponsor in the management of FHT in various ways, including tapping on the Sponsor's extensive experience in development and management of real estate assets, sourcing for talent and experienced personnel within the Sponsor's pool of employees, including those who may be considered for appointment to the Boards, access to the Frasers Property Group's network of lenders for debt financing, and negotiating for favourable terms with external suppliers and vendors on a group basis.

The REIT Manager and the Trustee-Manager are appointed in accordance with the terms of the FH-REIT Trust Deed and the FH-BT Trust Deed respectively. The REIT Manager can be removed by notice in writing given by the REIT Trustee in favour of a corporation appointed by the REIT Trustee under certain circumstances outlined in the FH-REIT Trust Deed, including where the unitholders of FH-REIT, by a resolution duly passed by a simple majority of unitholders of FH-REIT present and voting (with no unitholder of FH-REIT being disenfranchised) at a unitholders' meeting, decide that the REIT Manager is to be removed. The Trustee-Manager may be removed, by a resolution by the unitholders of FH-BT holding in the aggregate not less than three-fourths of the voting rights of all the unitholders of FH-BT.

### BOARD MATTERS

#### The Board

Each of the REIT Manager and the Trustee-Manager has its own Board.

So long as the FH-REIT units remain stapled to the FH-BT units, in order to avoid any conflict between FH-REIT and FH-BT and to act in the best interests of FHT, the Board of FH-REIT ("**REIT Manager Board**") and the Board of FH-BT ("**Trustee-Manager Board**") will comprise the same persons.

The REIT Manager Board is responsible for the overall leadership and oversight of both FH-REIT's and the REIT Manager's business, financial, investment and material operational affairs and performance objectives, and FH-REIT's long-term success. The REIT Manager Board sets the strategic direction of FH-REIT and the REIT Manager, which includes appropriate focus on value creation, innovation and sustainability. The REIT Manager Board also determines the REIT Manager's approach to corporate governance, including setting appropriate tone-from-the-top and the desired organisational culture, values and ethical standards of conduct, and works with Management on its implementation across all levels of the organisation's values, standards, policies and practices.

The key roles of the Trustee-Manager Board are to: (a) guide the corporate strategy and directions of the Trustee-Manager; (b) ensure that Management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; (c) oversee the proper conduct of the Trustee-Manager; and (d) ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced. Further information on the roles and responsibilities of the Trustee-Manager Board can be found in the Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust on pages 175 to 180.

The Managers also focus on value creation, innovation and sustainability. The Boards, supported by Management, ensure necessary resources are in place for FHT and the Managers to meet their strategic objectives. Through the enterprise-wide risk management framework of FHT and its subsidiaries (the "**Group**"), the Boards establish and maintain a sound risk management framework to effectively monitor and manage risks and to achieve an appropriate balance between risks and the Group's performance. The Boards also put in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements. The Boards, which comprise directors who, as fiduciaries, are expected to act objectively in the best interests of the Managers and the Group, constructively challenges Management and reviews their performance, and holds Management accountable for performance. The Boards oversee Management to ensure transparency and accountability to key stakeholder groups.

## Corporate Governance Reports

### The Chairman

The chairman of the Board (the “**Chairman**”) leads the Board<sup>1</sup>. The Chairman, provides leadership and direction in the review of Managers’ corporate strategy and objectives, sets the right ethical and behavioural tone and ensures the Board’s effectiveness by, among other things, promoting and maintaining high standards of corporate governance and transparency, encouraging active and effective engagement, participation from all directors of the REIT Manager (also the Trustee-Manager Directors, collectively, the “**Directors**”) and facilitating constructive and appropriate relations among and between them and Management. The Chairman sets the agenda for each Board meeting to take full account of the issues and concerns of the Directors and the Management team, promotes a culture of openness and debate at Board meetings and encourages Directors to engage in productive and thorough discussions and constructive debate on strategic, business and other key issues pertinent to the business and operations of the Group, the REIT Manager and the Trustee-Manager, leading to better decision-making and enhanced business performance. The Chairman also enhances the standing of FHT with the outside world and ensures effective communication with Stapled Securityholders, financial analysts and the media on critical issues that could significantly affect the reputation and standing of FHT.

The Chairman also presides over the Annual General Meeting each year and any other general meetings of Stapled Securityholders. The Chairman addresses, and/or requests the Chief Executive Officer (the “**CEO**”) of the Managers to address Stapled Securityholders’ queries and ensures that there is clear and open dialogue between all stakeholders.

### Role of the CEO and Management

The Management is led by the CEO of the Managers. The CEO is responsible for the execution of the strategies and policies as approved by the Boards, leading, promoting and conducting the affairs of FHT and the Managers with the highest standards of integrity, corporate governance and transparency. The CEO is responsible and is accountable to the Boards for the conduct and performance of Management. The CEO and Management team of the Managers, are responsible for executing the Boards’ strategies and policies as approved by the Boards and are responsible for the planning, direction, control, conduct and performance of the business operations of the Group. With the support of the Management, the CEO seeks business opportunities, drives new initiatives and is responsible for the operational performance of the Group and building and maintaining strong relationships with stakeholders of the Group.

### Division of Responsibilities between the Chairman and the CEO

The Chairman and the CEO are separate persons and the division of responsibilities between the Chairman and the CEO is clearly demarcated, avoids concentration of power and ensures a degree of checks and balances, an increased accountability, and greater capacity of the Boards for independent decision making. Such separation of roles between the Chairman and CEO promotes robust deliberations by the Boards and Management on the business activities of FHT.

### Relationships between the Boards and the CEO

None of the members of the Boards and the CEO are related to one another, and none of them has any business relationships among them.

### Board Committees

Each of the REIT Manager Board and the Trustee-Manager Board has formed committees of their respective boards (the “**Board Committees**”) to oversee specific areas, for greater efficiency and has delegated authority and duties to such Board Committees based on written and clearly defined terms of reference. The terms of reference of the Board Committees set out their compositions, authorities and duties, including reporting back to the Boards. Each of the REIT Manager Board and the Trustee-Manager Board has constituted two Board Committees, namely, the Audit, Risk and Compliance Committee (“**ARCC**”), and the Nominating and Remuneration Committee (“**NRC**”).

The ARCC of the REIT Manager (“**REIT Manager ARCC**”) and the ARCC of the Trustee-Manager (“**Trustee-Manager ARCC**”) comprise the same persons. The NRC of the REIT Manager (“**REIT Manager NRC**”) and the NRC of the Trustee-Manager (“**Trustee-Manager NRC**”) also comprise the same persons.

<sup>1</sup> In this Corporate Governance Report, references to the “**Board**”, “**Chairman**”, “**Directors**” and similar words and expressions are intended to mean the Board, Chairman, Directors, etc. of each of the REIT Manager and the Trustee-Manager (save where the context otherwise requires), as during FY2023, the Boards and Management comprised the same persons.

## Corporate Governance Reports

Minutes of all Board Committee meetings are circulated to the respective Boards so that Directors are aware of and kept updated on the proceedings, matters discussed and decisions made during such meetings, and to enable the Directors to weigh in on any key points under consideration.

AUDIT, RISK AND COMPLIANCE COMMITTEE <sup>(1)</sup>	
MEMBERSHIP	KEY OBJECTIVES
Nagaraj Sivaram, <i>Chairman</i> <sup>2</sup> Soong Hee Sang, <i>Member</i> <sup>3</sup> Quah Ban Huat, <i>Member</i> <sup>4</sup> David Wong See Hong, <i>Member</i> <sup>5</sup>	<ul style="list-style-type: none"> <li>Assist Board in fulfilling responsibility for overseeing the quality and integrity of the accounting, auditing, financial practices, internal controls, risk management and sustainability practices of the Manager</li> </ul>

### Note:

<sup>(1)</sup> Unless otherwise stated, the information provided herein is as at 30 September 2023.

<sup>(2)</sup> Nagaraj Sivaram was appointed as a non-executive and independent Director, Chairman of the ARCC, and a member of the NRC with effect from 29 May 2023.

<sup>(3)</sup> Soong Hee Sang was appointed as a non-executive and lead independent Director, a member of the ARCC, and Chairman of the NRC, and Law Song Keng retired as a non-executive and independent Director, each with effect from 29 May 2023.

<sup>(4)</sup> Quah Ban Huat was appointed as a non-executive and independent Director, a member of the ARCC and the NRC, and Liew Choon Wei retired as a non-executive and independent Director, each with effect from 6 June 2023.

<sup>(5)</sup> David Wong See Hong relinquished his role as the Chairman of the ARCC with effect from 29 May 2023, and remains as a member of the ARCC and the NRC. He was re-designated as a non-independent Director with effect from 10 June 2023.

As at 30 September 2023, each of the ARCCs<sup>2</sup> comprises non-executive Directors, the majority of whom, including the chairman of each of the ARCCs, are independent Directors. All members of the ARCC, including the chairman of each of the ARCCs, are appropriately qualified and collectively possess relevant accounting and related financial management expertise or experience. Their collective wealth of experience and expertise enables them to discharge their responsibilities competently.

Under the Terms of Reference of each of the ARCCs, a former partner or director of FHT's existing auditing firm or auditing corporation should not act as a member of the ARCC: (a) within a period of two years commencing on the date of his ceasing to be a partner of the auditing firm or a director of the auditing corporation; and in any case, (b) for as long as he has any financial interest in the auditing firm or auditing corporation. None of the members of the ARCCs is a former partner of FHT's external auditors, KPMG LLP and none of the members of the ARCCs holds any financial interest in FHT's external auditors, KPMG LLP.

### Audit Functions

The Terms of Reference of the ARCCs provide that some of the key responsibilities of the ARCCs include:

- External Audit Process:** reviewing and reporting to the Boards, the scope, quality, results and performance of the external audit(s), its cost effectiveness and the independence and objectivity of the external auditors. It shall also review the nature and extent of non-audit services performed by external auditors;
- Internal Audit:** establishing an effective internal audit function which shall be adequately qualified to perform an effective role, adequately resourced, independent of the activities which it audits and able to discharge its duties objectively, and to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced<sup>3</sup>;
- Financial Reporting:** reviewing and reporting to the Boards the significant financial reporting issues and judgements so as to ensure the integrity of the respective financial statements of FHT, FH-REIT, the REIT Manager, FH-BT and the Trustee-Manager and any announcements relating to FHT's financial performance, and to review the assurance provided by the CEO and the Head of Finance ("**HOF**", and together with the CEO, the "**Key Management Personnel**") that the financial records have been properly maintained and the financial statements give a true and fair view of each of FHT's, FH-REIT's, the REIT Manager's, FH-BT's and/or the Trustee-Manager's respective operations and finances;

<sup>2</sup> In this Corporate Governance Report, references to the "**ARCC**" are intended to mean each of the REIT Manager ARCC and the Trustee-Manager ARCC, and references to the "**NRC**" are intended to mean each of the REIT Manager NRC and the Trustee-Manager NRC (save where the context otherwise requires)

<sup>3</sup> For FY2023, the internal audit function is outsourced to the Frasers Property Group.



## Corporate Governance Reports

- **Internal Controls and Risk Management:** reviewing and reporting to the Board at least annually, its assessment of the adequacy and effectiveness of each of the REIT Manager's and the Trustee-Manager's internal controls for FHT, and FH-REIT and the REIT Manager and FH-BT and the Trustee-Manager (as the case may be), including financial, operational, compliance and information technology controls (including those relating to compliance with existing legislation and regulations), and risk management policies and systems established by Management;
- **Interested Person Transactions:** reviewing interested person transactions<sup>4</sup> and/or interested party transactions<sup>5</sup> (collectively referred to herein as "**Related/Interested Person Transactions**" (save where the context otherwise requires)) entered into from time to time and the internal audit reports to ensure compliance with the applicable legislation, the SGX-ST Listing Manual and/or the Property Funds Appendix (where applicable);
- **Conflicts of Interests:** deliberating on resolutions relating to conflicts of interest situations involving FHT, FH- REIT and/or FH-BT (as the case may be);
- **Whistle-blowing:** reviewing the policy and arrangements by which employees of the REIT Manager and any other persons may, in confidence, safely raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken; and
- **Investigations:** reviewing the findings of internal investigations into any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, which the ARCCs become aware of, and which has or is likely to have a material impact on FHT's operating results or financial position.

Where the external auditors raise any significant issues (where applicable) in their audit of FHT's year-end financials, the ARCCs will consider whether the issues raised have a material impact on the interim financial statements or business updates previously announced by FHT. If so, the ARCCs will bring this to the Boards' attention immediately so that the Boards can consider whether an immediate announcement is required under the SGX-ST Listing Manual. In such a situation, the ARCCs will also advise the Board if changes are needed to improve the quality of future interim financial statements or business updates – such changes (if any) will be disclosed in FHT's annual report.

In carrying out its role, the ARCCs are empowered to investigate any matter within its Terms of Reference, with full access to, and cooperation by, Management, to seek information they may require from any Director and/or employee of the Managers (as the case may be). The ARCCs also have full discretion to invite any Director or executive officer to attend its meetings, and obtain reasonable resources to enable them to discharge their functions properly. The Chairman of the Board, non-executive Directors, the CEO, the HOF, the head of the internal audit function, representatives of the external auditor(s), or other person with relevant experience and expertise may attend the meetings of the ARCCs at the invitation of the respective ARCCs. The meetings serve as a forum to review and discuss material risks and exposures of the Managers' businesses and strategies to mitigate risks. The ARCCs meet with internal auditors and external auditors without the presence of Management at least once a year to review various audit matters and the assistance given by Management to the internal and external auditors. In carrying out its function, the ARCCs may also obtain independent or external legal or other professional advice or appoint external consultants as they consider necessary at the Managers' cost.

Periodic updates on changes in accounting standards and treatment are presented to members of the ARCCs so that they are kept abreast of such changes and its corresponding impact on the financial statements, if any.

<sup>4</sup> Refers to "interested person transactions" under the SGX-ST Listing Manual. In the case of a REIT, the definition of "interested person" refers to the definition of "interested party" used in the Property Funds Appendix. In the case of a business trust, an "**Interested Person**" means (a) a director, CEO, or controlling shareholder of the trustee-manager of the business trust; (b) the trustee-manager or controlling unitholder of the business trust; or (c) an associate of any of the persons or entities in (a) and (b).

<sup>5</sup> Refers to "interested party transactions" under the Property Funds Appendix wherein an "**Interested Party**" means (a) a director, CEO or controlling shareholder of the manager, or the manager, trustee or controlling unitholder of the property fund; or (b) an associate of any director, CEO or controlling shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund.

## Corporate Governance Reports

### Sustainability

The ARCCs also assist the Boards in carrying out its responsibility in determining environmental, social, and governance (“ESG”) factors identified as material to the business, monitoring and managing ESG factors and overseeing standards, management processes and strategies to achieve sustainability practices. The ARCCs have oversight of sustainability practices, and assist the Boards in ensuring that Management establishes and maintains a sound system of sustainability governance and an appropriate sustainability reporting framework which links sustainability risks and opportunities with strategy, other organisational risks and goals and which also enhances operational responses to sustainability risks and opportunities.

### Risk Management

The ARCCs shall review the framework and processes established by Management to comply with applicable laws, regulations, standards, best practice guidelines and the REIT Manager’s and/or the Trustee-Manager’s policies and procedures. The ARCCs shall assist the Boards in ensuring that Management maintains a sound system of risk management and internal controls to safeguard the interests of the Managers or the interests of Stapled Securityholders (as the case may be) and the assets of FH-REIT, the REIT Manager, FH-BT and the Trustee-Manager. The ARCCs also assist the Boards in their determination of the nature and extent of significant risks which the Boards are willing to take in achieving the Managers’ strategic objectives and value creation, and the overall levels of risk tolerance and risk policies, including reviewing technology risks faced by the Managers. Further information on the key activities conducted by the ARCCs can be found in the sections titled “Financial Performance, Reporting and Audit” on pages 152 to 153 and “Governance of Risk and Internal Controls” on pages 153 to 158.

NOMINATING AND REMUNERATION COMMITTEE <sup>(1)</sup>	
MEMBERSHIP	KEY OBJECTIVES
Soong Hee Sang, <i>Chairman</i> <sup>2</sup> Quah Ban Huat, <i>Member</i> <sup>3</sup> Panote Sirivadhanabhakdi, <i>Member</i> Nagaraj Sivaram, <i>Member</i> <sup>4</sup> David Wong See Hong, <i>Member</i> <sup>5</sup>	<ul style="list-style-type: none"> <li>Establish a formal and transparent process for appointment and re-appointment of Directors</li> <li>Develop a process for evaluation of the performance and annual assessment of the effectiveness of the Boards as a whole and each of its Board Committees and individual Directors</li> <li>Review succession plans</li> <li>Assist the Boards in establishing a formal and transparent process for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel</li> <li>Review and recommend to the Boards, for endorsement of the Boards, a general framework of remuneration for the Board and Key Management Personnel and specific remuneration packages for each Director and Key Management Personnel</li> </ul>

#### Note:

<sup>(1)</sup> Unless otherwise stated, the information provided herein is as at 30 September 2023.

<sup>(2)</sup> Soong Hee Sang was appointed as a non-executive and lead independent Director, Chairman of the NRC, and a member of the ARCC, and Law Song Keng retired as a non-executive and independent Director, Chairman of the NRC, each with effect from 29 May 2023.

<sup>(3)</sup> Quah Ban Huat was appointed as a non-executive and independent Director, a member of the NRC and the ARCC, and Liew Choon Wei retired as a non-executive and independent Director, each with effect from 6 June 2023.

<sup>(4)</sup> Nagaraj Sivaram was appointed as a non-executive and independent Director, a member of the NRC, and Chairman of the ARCC, with effect from 29 May 2023.

<sup>(5)</sup> David Wong See Hong was re-designated as a non-independent Director with effect from 10 June 2023.

## Corporate Governance Reports

As at 30 September 2023, all the members of the NRCs are non-executive and the majority of whom, including the chairman of each of the NRCs, are independent.

The NRCs are guided by written Terms of Reference approved by the Boards which set out the duties and responsibilities of the NRCs. The NRCs' responsibilities, in relation to their functions as a nominating committee, include reviewing the structure, size and composition and independence of the Boards and its Board Committees, reviewing and making recommendations to the Boards on the succession plans for Directors, the Chairman and Key Management Personnel, making recommendations to the Boards on all appointments and re-appointments of Directors (including alternate Directors, if any), and determining the independence of Directors. The NRCs also propose for the Boards' approval, the objective performance criteria and process for the evaluation of the effectiveness of the Boards, the Board Committees and each Director, and ensure that proper disclosures of such process are made. The NRCs are also responsible for reviewing and making recommendations to the Boards on training and professional development programmes for the Board and the Directors.

Further information on the main activities of the NRCs, in relation to their functions as a nominating committee, are outlined in the following sections:

- "Training and Development of Directors" on pages 132 to 133
- "Board Composition" on pages 133 to 145
- "Directors' Independence" on pages 138 to 143
- "Board Performance Evaluation" on pages 144 to 145

The NRCs' responsibilities, in reviewing remuneration matters, include reviewing and recommending to the Boards, a framework of remuneration for the Boards and Key Management Personnel. Pursuant to the MAS Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Notice No: SFA04-N14), the REIT Manager NRC's responsibilities also include ensuring the remuneration of executive Directors shall not be linked in any way to FH-REIT's gross revenue.

On an annual basis, the NRCs also review and recommend, for the respective Boards' approval, the respective Managers' remuneration and benefits policies and practices (including long-term incentive schemes), and the performance and specific remuneration packages for each Director and Key Management Personnel, in accordance with the approved remuneration policies and processes.

The NRCs also propose, for the respective Boards' approval, criteria to assist in the evaluation of the performance of Key Management Personnel and (where applicable) reviews the obligations of the Managers arising in the event of the termination of the service agreements of executive Directors and Key Management Personnel to ensure that such contracts of service contain fair and reasonable termination clauses. The NRCs also administer and approve awards under the Restricted Stapled Securities Plan ("**RSSP**") and/or other long-term incentive schemes to senior employees of the Managers.

In carrying out their review on remuneration matters, the Terms of Reference of the NRCs provide that the NRC shall consider all aspects of remuneration, including Directors' fees, special remuneration to Directors who render special or extra services to the Managers, salaries, allowances, bonuses, options, unit-based incentives and awards, benefits-in-kind and termination payments, and shall aim to be fair and to avoid rewarding poor performance.

If necessary, the NRCs can seek expert advice on remuneration within the Frasers Property Group's Human Resources Department or from external sources. Where such advice is obtained from external sources, the NRCs ensure that existing relationships, if any, between the REIT Manager, the Trustee-Manager and the appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

### Delegation of authority framework

As part of the REIT Manager's internal controls, the REIT Manager Board has adopted a framework of delegated authorisations in its Manual of Authority (the "**MOA**"). The MOA, which is approved by the REIT Manager Board, sets out the levels of authorisation required for particular types of transactions to be carried out, and specifies whether REIT Manager Board approval needs to be sought. It also sets out approval limits for operating and capital expenditure, treasury transactions, as well as investments, divestments and asset enhancement initiatives.

## Corporate Governance Reports

While day-to-day operations of the business are delegated to Management, in the REIT Manager Board's exercise of its leadership and oversight of FH-REIT, the MOA contains a schedule of matters specifically reserved for approval by the REIT Manager's Board and these are clearly communicated to Management in writing. These include approval of annual budgets, financial plans, material transactions, namely, acquisitions, divestments, funding and investment proposals and asset enhancement initiatives.

The Trustee-Manager Board has also maintained a similar MOA for FY2023.

### Meetings of the Boards and Board Committees

The Boards meet regularly, at least once every quarter, and also as required by business needs or if the members deem it necessary or appropriate to do so.

The following table summarises the number of meetings of the Boards and Board Committees and general meetings held and attended by the Directors in FY2023:

	Meeting attendance record for FY2023			
	Board Meetings	Audit, Risk and Compliance Committee Meetings	Nominating and Remuneration Committee Meetings	General Meetings <sup>(2)</sup>
<b>Number of meetings held in FY2023</b>	6	4	4	1
<b><i>Directors holding office as at 30 September 2023</i></b>				
Panote Sirivadhanabhakdi <sup>(3)</sup>	6/6(C) <sup>(1)</sup>	N.A.	4/4	1/1
Soong Hee Sang <sup>(4)</sup>	2/2	1/1	1/1(C) <sup>(1)</sup>	—*
Quah Ban Huat <sup>(5)</sup>	2/2	1/1	1/1	—*
Nagaraj Sivaram <sup>(6)</sup>	2/2	1/1(C) <sup>(1)</sup>	1/1	—*
David Wong See Hong <sup>(7)</sup>	6/6	4/4(C) <sup>(1)</sup>	4/4	1/1
<b><i>Directors who ceased to hold office during FY2023</i></b>				
Law Song Keng <sup>(8)</sup>	4/4(C) <sup>(1)</sup>	3/3	3/3(C) <sup>(1)</sup>	1/1(C) <sup>(1)</sup>
Chua Phuay Hee <sup>(9)</sup>	4/4	N.A.	N.A.	1/1
Liew Choon Wei <sup>(10)</sup>	4/4	3/3	3/3	1/1

#### Notes:

<sup>(1)</sup> C refers to chairman

<sup>(2)</sup> Comprising the annual general meeting held on 16 January 2023.

<sup>(3)</sup> Panote Sirivadhanabhakdi was appointed as the Chairman of each of the Boards, with effect from 29 May 2023.

<sup>(4)</sup> Soong Hee Sang was appointed as a non-executive and lead independent Director, Chairman of the NRC and a member of the ARCC, with effect from 29 May 2023.

<sup>(5)</sup> Quah Ban Huat was appointed as a non-executive and independent Director, a member of the ARCC and the NRC, with effect from 6 June 2023.

<sup>(6)</sup> Nagaraj Sivaram was appointed as a non-executive and independent Director, Chairman of the ARCC and a member of the NRC, with effect from 29 May 2023.

<sup>(7)</sup> David Wong See Hong relinquished his role as the Chairman of the ARCC with effect from 29 May 2023, and remains as a member of the ARCC and the NRC. He was re-designated as a non-independent Director with effect from 10 June 2023.

<sup>(8)</sup> Law Song Keng retired as a Director and a member of the ARCC and the NRC, with effect from 29 May 2023.

<sup>(9)</sup> Chua Phuay Hee retired as a Director, with effect from 29 May 2023.

<sup>(10)</sup> Liew Choon Wei retired as a Director and a member of the ARCC and the NRC, with effect from 6 June 2023.

\* No meeting(s) held during period of appointment in FY2023.

## Corporate Governance Reports

A calendar of activities is scheduled for the Boards a year in advance.

The Constitutions of both the REIT Manager and the Trustee-Manager provide for Board members who are unable to attend physical meetings to participate through telephone conference, video conference or similar communications equipment.

Management provides the Directors with Board papers setting out complete, adequate and relevant information on the agenda items to be discussed at Board and Board Committee meetings around a week in advance of the meeting (save in cases of urgency). This is to give Directors sufficient time to prepare for the meeting and review and consider the matters being tabled so that discussions can be more meaningful and productive and Directors have the necessary information to make sound and informed decisions.

Members of the Management team attend Board meetings, and where necessary, Board Committee meetings, to brief and make presentations to the Directors, provide input and insight into matters being discussed, and respond to queries and take any follow up instructions from the Directors. If required, time is set aside after scheduled Board meetings for discussions amongst the Board members without the presence of Management. The lead independent Director also has the discretion to hold meetings with the other independent Directors without the presence of Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings.

Where required by the Directors, external advisers may also be present or available whether at Board and Board Committee meetings or otherwise, and (if necessary), at the Managers' expense where applicable, to brief the Directors and provide their advice.

For matters which require the Boards' and/or Board Committees' decision outside such meetings, Board and/or Board Committee papers will be circulated through the Company Secretary for the Directors' consideration with further discussions taking place between the Directors and Management (if required) before a decision is made.

### Matters discussed by Boards and Board Committees in FY2023

#### BOARD

- |  |  |   |
|--|--|---|
| <ul style="list-style-type: none"> <li>• Strategy</li> <li>• Business and Operations Update</li> </ul> | <ul style="list-style-type: none"> <li>• Financial Performance</li> <li>• Sustainability, Environment, Social &amp; Governance</li> <li>• Cybersecurity and Threats</li> <li>• Technology Risk Management</li> <li>• Governance</li> </ul> | <ul style="list-style-type: none"> <li>• Feedback from Board Committees</li> <li>• Asset Enhancement Initiatives</li> </ul> |
|--|--|---|

#### Audit, Risk and Compliance Committee

#### Nominating and Remuneration Committee

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• External and Internal Audit</li> <li>• Treasury, Debt and Capital Management</li> <li>• Tax Updates and Planning</li> <li>• Financial Reporting</li> <li>• Internal Controls and Risk Management</li> <li>• Interested Person Transactions</li> <li>• Conflicts of Interests</li> <li>• Technology Risk Management</li> <li>• Sustainability, Environmental, Social &amp; Governance</li> <li>• Compliance with Legislation and Regulations</li> </ul> | <ul style="list-style-type: none"> <li>• Board Composition and Renewal</li> <li>• Board, Board Committees and Director Evaluations</li> <li>• Training and Development</li> <li>• Remuneration Policies and Framework</li> <li>• Succession Planning</li> </ul> |
|---|---|

### Board Oversight

Outside of Board and Board Committee meetings, Management provides Directors with complete and adequate reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets periodically, as well as such other relevant information on an on-going and timely basis to enable them to discharge their duties and responsibilities properly. In respect of budgets, any material variance between the projections and actual results will be disclosed and explained in the relevant periodic report.

## Corporate Governance Reports

Directors have separate and independent access to Management, and are entitled to request for such additional information as needed to make informed decisions and to fulfil their duties and responsibilities properly, which additional information will then be provided by Management in a timely manner. Where required or requested by Directors, site visits are also arranged for Directors to have an intimate understanding of the key business operations and to promote active engagement with Management.

Directors are provided with complete, adequate and timely information to enable them to ensure that they prepare adequately for Board and Board Committee meetings and make informed decisions, and Directors (including those who hold multiple board representations and other principal commitments) devote sufficient time and attention to the affairs of FHT and the Managers. At Board and Board Committee meetings, the Directors attend and actively participate, discuss, deliberate and appraise matters requiring their attention and decision. Where necessary for the proper discharge of their duties, the Directors may seek and obtain independent professional advice at the Managers' expense.

In addition, the Boards were regularly updated on macro-economic conditions in the Group's markets, and relevant legal and regulatory requirements.

### The Company Secretary

The Boards are supported by the Company Secretary of the Managers (the "**Company Secretary**"), who is legally trained and familiar with company secretarial practices, and responsible for administering and executing Board and Board Committee procedures in compliance with the Companies Act 1967 of Singapore, the Managers' Constitution, the Trust Deeds and applicable law. The Company Secretary also provides advice and guidance on relevant guidelines, notices, rules and regulations, including disclosure requirements under the SFA, applicable MAS guidelines and notices, the CIS Code and the SGX-ST Listing Manual, as well as corporate governance practices and processes.

The Company Secretary attends all Board and Board Committee meetings and drafts and reviews the minutes of proceedings thereof, and facilitates and acts as a channel of communication for the smooth flow of information to and within the Boards and their various Board Committees, as well as between and with Management. The Directors have separate and independent access to the Company Secretary, whose responsibilities include supporting and advising the Boards on corporate and administrative matters.

The Company Secretary solicits and consolidates Directors' feedback and evaluation, facilitates induction and orientation programmes for new Directors, and assists with Directors' professional development matters. The Company Secretary also acts as the REIT Manager's and the Trustee-Manager's primary channel of communication with the SGX-ST.

The appointment and removal of the Company Secretary is subject to the approval of the Boards.

### Training and Development of Directors

The NRCs are tasked with identifying and developing training programmes for the Boards and Board Committees for the Boards' approval and ensuring that Directors have the opportunity to develop their skills and knowledge.

Upon appointment, each new Director is issued a formal letter of appointment setting out his or her roles, duties, responsibilities and obligations, including his or her responsibilities as fiduciaries and on the policies relating to conflicts of interest, as well as the expectations of the Managers. An induction and orientation programme is also conducted to provide new appointees with information on the business activities, strategic direction, policies and corporate governance practices of the Managers, as well as their statutory and other duties and responsibilities as Directors. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his or her roles and responsibilities as prescribed by the SGX-ST (including training on sustainability matters), unless the NRC is of the view that training is not required because he or she has other relevant experience, in which case the basis of its assessment will be disclosed.

## Corporate Governance Reports

The Directors are continually and regularly updated on FHT's business and the regulatory and industry specific environments in which the entities of the Group operate. The Managers ensure that the Boards are regularly updated on new developments in laws and regulations or changes in regulatory requirements and financial reporting standards which are relevant to or may affect the FHT, FH-REIT, the REIT Manager, FH-BT and/or the Trustee-Manager and such updates may be in writing, by way of briefings held by the Managers' lawyers and external auditors or disseminated by way of presentations and/or handouts. During FY2023, the Directors attended briefings and training programmes on, among others, (i) managing Cyber Risk and Data Breaches; (ii) updates on MAS Guidelines on Business Continuity Management; and (iii) changes to Listing Manual and recommendations on adoption of ISSB Reporting Standards.

To ensure that the Directors have the opportunities to develop their skills and knowledge and continually improve the performance of the Boards, all Directors are encouraged to undergo continual professional development during the term of their appointment, and are provided with opportunities to develop and maintain their skills and knowledge at the Managers' expense. The Managers maintain a training record to track Directors' attendance at training and professional development courses.

Directors are encouraged to be members of the Singapore Institute of Directors ("SID") and for them to receive updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and relevant business trends.

### BOARD COMPOSITION

The following table shows the composition of the Board and the various Board Committees as at 30 September 2023:

		Audit, Risk and Compliance Committee	Nominating and Remuneration Committee
Panote Sirivadhanabhakdi <sup>1</sup>	Chairman, Non-Executive (Non-Independent) Director		•
Soong Hee Sang <sup>2</sup>	Non-Executive (Lead Independent) Director	•	• (Chairman)
Quah Ban Huat <sup>3</sup>	Non-Executive (Independent) Director	•	•
Nagaraj Sivaram <sup>4</sup>	Non-Executive (Independent) Director	• (Chairman)	•
David Wong See Hong <sup>5</sup>	Non-Executive (Non-Independent) Director	•	•

<sup>(1)</sup> Panote Sirivadhanabhakdi was appointed as the Chairman of each of the Boards, with effect from 29 May 2023.

<sup>(2)</sup> Soong Hee Sang was appointed as a non-executive and lead independent Director, Chairman of the NRC and member of the ARCC, and Law Song Keng retired as a non-executive and independent Director, Chairman of the NRC and member of the ARCC, each with effect from 29 May 2023.

<sup>(3)</sup> Quah Ban Huat was appointed as a non-executive and independent Director, a member of the ARCC and NRC, and Liew Choon Wei retired as a non-executive and independent Director, a member of the ARCC and NRC, each with effect from 6 June 2023.

<sup>(4)</sup> Nagaraj Sivaram was appointed as a non-executive and independent Director, Chairman of the ARCC and member of the NRC, and Chua Phuyay Hee retired as a non-executive and independent Director, each with effect from 29 May 2023.

<sup>(5)</sup> David Wong See Hong relinquished his role as Chairman of the ARCC with effect from 29 May 2023, and remains as a member of the ARCC and the NRC. He was re-designated as a non-independent Director with effect from 10 June 2023.

Profiles of each of the Directors can be found on pages 61 to 65.

As at 30 September 2023, all of the Directors are non-executive, majority of whom are independent.

No alternate directors have been appointed on the Boards for FY2023. Alternate directors will only be appointed in exceptional circumstances. As the Chairman, Panote Sirivadhanabhakdi, is a Non-Executive (Non-Independent) Director, Soong Hee Sang has been appointed as the lead independent director. The principal responsibilities of the lead independent Director are to act as Chairman of the Boards when matters concerning the Chairman are to be considered, and to be available to the Boards and Stapled Securityholders for communication of Stapled Securityholders' concerns when other channels of communication through the Chairman or CEO are inappropriate, as well as for leading all deliberations on feedback regarding performance of the CEO and any interested party transactions.

The NRCs review, on an annual basis, the structure, size and composition of the Boards and Board Committees, taking into account the CG Code, Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**") and Business Trust Regulations.

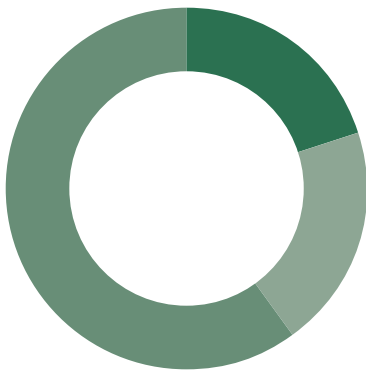
## Corporate Governance Reports

The NRCs have assessed that the current structure, size and composition of each of the REIT Manager Board and the Trustee- Manager Board and the respective Board Committees are appropriate for the scope and nature of the operations of FHT, the REIT Manager and the Trustee-Manager (as the case may be). No individual or group dominates the REIT Manager Board's and/or the Trustee-Manager Board's decision-making process or has unfettered powers of decision-making. The NRCs are of the opinion that the Directors, with their diverse backgrounds and competencies (including real estate experience / knowledge, business management, strategy development, investments / mergers and acquisitions (including fund management and/or investment banking), audit / accounting and finance, risk management, legal / corporate governance, sustainability and human resource management), provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity that avoids groupthink and fosters constructive debate and ensures the effectiveness of the Boards and the Board Committees. The Boards concur with the views of the NRCs.

Where Directors step down from the Boards, cessation announcements providing detailed reason(s) for the cessation are released on SGXNet in compliance with the requirements of the SGX-ST Listing Manual.

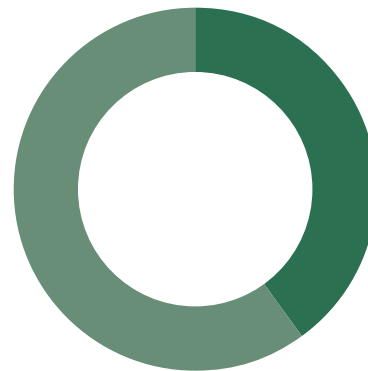
### Board Composition in terms of Age Group, Independence and Tenure (as at 30 September 2023)

#### Age Group



< 50 years old	20%
51-60 years old	20%
61-70 years old	60%

#### Independence



Non-Executive and Non-Independent Directors	40%
Non-Executive and Independent Directors	60%

#### Tenure

##### Number of Directors



### Selection, Appointment and Re-appointment of Directors

Under the NRCs' Terms of Reference, NRCs are tasked with making recommendations to the Boards on all Board appointments and re-appointments, taking into account, among other things, the scope and nature of the operations of the Group, the requirements of the business, whether Directors who have multiple board representations are able to carry out and have been carrying out their duties as Directors and whether the Directors have given sufficient time and attention to the affairs of FHT, FH-REIT and the REIT Manager, and/or FH-BT and the Trustee-Manager (as the case may be).



## Corporate Governance Reports

The process for the selection, appointment and re-appointment of Directors also takes into account the composition and progressive renewal of the Boards and Board Committees.

Additionally, as part of the NRCs' review of the composition, and performance evaluation, of the Boards and Board Committees (which are done at least annually), the NRCs will consider the competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) of the Directors (including Directors who are to be recommended for re-appointment). In the case of a potential new Director, the NRCs will consider the candidate's experience, education, expertise, judgment, skillset, personal qualities and general and sector specific knowledge in relation to the needs of the Boards as well as whether the candidates will add diversity and technological expertise to the Boards and whether they are likely to have adequate time to discharge their duties, including attendance at all Board meetings. The NRCs will also take into consideration whether a candidate had previously served on the boards of companies with adverse track records or a history of irregularities, and assess whether such past appointments would affect his/her ability to act as a Director of the Managers.

The NRCs consider a range of different channels to source and screen both internal and external candidates for Board appointments, depending on the requirements, including tapping on the existing networks of contacts and recommendations. External consultants may be retained from time to time, where appropriate, to assist in sourcing, assessing and selecting a broader range of potential internal and external candidates beyond the Board's existing network of contacts. For FY2023, the NRCs used the business networks of the Board and the Managers to source for potential candidates for Board appointments as part of its Board renewal exercise.

Suitable candidates are carefully evaluated by the NRCs so that recommendations made on proposed candidates are objective and well supported.

On an annual basis, the NRCs review (a) the directorships and principal commitments of each Director, and (b) a framework for Board evaluation to be conducted by an external consultant on the effectiveness of the Boards. Through the aforementioned review and Board evaluation exercise, the Directors assess whether Board members effectively manage his or her directorships and have the time and ability to contribute to the Boards.

Instead of prescribing a maximum number of directorships and/or other principal commitments that each Director may have, the NRCs adopt a holistic assessment of each Director's individual capacity and circumstances to carry out his duties, taking into consideration not only the number of other board and other principal commitments held by each Director, but also the nature and complexity of such commitments. The assessment also takes into consideration Directors' commitment, conduct and contributions (such as meaningful participation, candour and rigorous decision making) at Board meetings, as well as whether the Director's engagement with Management is adequate and effective. In respect of FY2023, the NRCs are of the view that each Director, including Directors who hold multiple board representations, has been able to diligently discharge his duties as a Director of the Managers.

Further details on the Board evaluation exercise are set out under the section "Board Performance Evaluation" on pages 144 to 145.

Directors are not subject to periodic retirement by rotation. Under their Terms of Reference, the NRCs are tasked with reviewing the succession plans for Directors, the Chairman and Key Management Personnel.

### Board Diversity Policy, Targets, Timelines and Progress

The NRCs are responsible for:

- (a) the Board Diversity Policy which has been adopted by the Boards;
- (b) setting qualitative and measurable quantitative objectives (where appropriate) for achieving board diversity;
- (c) monitoring and implementing the Board Diversity Policy, and taking the principles of the Board Diversity Policy into consideration when determining the optimal composition of the Board and recommending any proposed changes to the Board; and
- (d) reviewing the Managers' progress towards achieving the objectives under the Board Diversity Policy.

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Upon the NRCs' recommendation, the Boards will set certain measurable objectives and specific diversity targets (each a "Target") in order to achieve an optimal Board composition. These Targets will be reviewed by the NRCs annually to ensure their appropriateness. The NRCs will endeavour to ensure that the Targets are taken into consideration when assessing the suitability of candidates for new Board appointments, and together with the Boards, will work towards meeting the Targets as set by the Boards. The Boards will strive to ensure, with a view to meeting the Targets, that:

- (a) any brief to external search consultants for potential appointments to the Boards will include a requirement to fulfil one or more Targets; and
- (b) candidates fulfilling one or more of the Target(s) are included for consideration by the NRCs whenever they seek to identify a new Director for appointment to the Boards.

The Managers embrace diversity and the Board Diversity Policy addresses various aspects of diversity such as gender, skills and expertise and age.

The Board composition reflects the Managers' commitment to Board diversity, especially in terms of gender, skills and expertise and age. The Managers' diversity Targets for the Boards, their plans and timelines for achieving the Targets, and their progress towards achieving the Targets, are described below.

Target	Progress and plans towards achieving Target
<h3>1. Gender representation</h3>	
<p>Improve gender diversity in the next 3 to 5 years by appointing at least one additional female director.</p>	<p>When identifying new director(s) for appointment to the Boards, FHAM/FHTM will strive to ensure that female candidate(s) are included for consideration by the NRCs.</p>
<h3>2. Skills and expertise</h3>	
<p>The Boards to comprise Directors who, as a group, possess a variety of qualifications and competencies, including skillsets, expertise and/or experience in at least a majority of the identified core competencies of:</p> <ol style="list-style-type: none"> <li>(i) real estate industry experience/knowledge;</li> <li>(ii) business management;</li> <li>(iii) strategy development;</li> <li>(iv) investments/mergers and acquisitions (including fund management and/or investment banking);</li> <li>(v) audit/accounting and finance;</li> <li>(vi) risk management;</li> <li>(vii) legal/corporate governance;</li> <li>(viii) digital and technology (including AI);</li> </ol>	<p>As at 30 September 2023, this target is met. In FY2023, the following directors were appointed to the Boards:</p> <ol style="list-style-type: none"> <li>(i) Mr Soong Hee Sang was appointed as a non-executive and lead independent director on 29 May 2023. He has extensive experience in the investment and asset management of real estate. He retired from GIC Real Estate in 2016 where he was Managing Director (Deputy Head Asia) from 2006 to 2013 and Managing Director (London) from 2013 to 2016. At GIC Real Estate, he had responsibilities for real estate investment and asset management of its real estate portfolio. Mr Soong's experience in investment and asset management of real estate will provide further diversity to the core competencies and skill set of the Boards.</li> <li>(ii) Mr Nagaraj Sivaram was appointed as a non-executive and independent director on 29 May 2023. He was an assurance partner in Ernst &amp; Young, Singapore and retired from the firm in June 2019 after 35 years with the firm. In his years with the firm, he served in various roles principally in the audit or assurance department. His audit experience over the years included the audit of listed companies and multinational companies in the food and beverage, logistics and property industries. Mr Sivaram's experience in audit and assurance matters will provide further diversity to the core competencies and skill set of the Boards.</li> </ol>

## Corporate Governance Reports

Target	Progress and plans towards achieving target
(ix) sustainability; and	(iii) Mr Quah Ban Huat was appointed as a non-executive and independent director on 6 June 2023. He has over 35 years of experience in real estate, management, finance and advisory. From 2013 to 31 May 2023, he was a Principal Consultant at the Corporate Finance and Advisory department of KPMG Services Pte. Ltd. ("KSPL"), for which he was responsible for providing consultancy services to KSPL in relation to the origination, coverage, execution and advising clients of KSPL on various matters with a focus on mergers and acquisitions, primarily sale of assets and businesses, deal restructuring, valuations and capital raising. Mr Quah's experience in real estate, management, finance and advisory matters will provide further diversity to the core competencies and skill set of the Boards.
(x) human resource management, and experience in relevant geographies.	
	When considering new Directors for appointment to the Boards, candidates who have relevant skills, expertise and/or experience which would complement those already on the Boards would be prioritised.

### 3. Age diversity

The Boards to comprise directors falling within at least two out of three age groups, being (i) 50 and below; (ii) 51 to 60; and (iii) 61 and above.

As at 30 September 2023, this target is met.

The Managers' target is to maintain the above levels of skills and expertise and age annually.

The Boards view Board diversity as an essential element for driving value in decision-making and proactively seek as part of its Board Diversity Policy, to maintain an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diversity of skills and expertise, and age of the Directors. The Boards, taking into account the views of the NRCs, consider that diversity of the Boards will contribute to the quality of their decision-making process and serve the needs and plans of the Group. In this regard:

- in relation to gender representation, the Managers believe in achieving an optimum mix of gender representation on the Boards to provide different approaches and perspectives. The push for greater gender diversity would also provide the Managers with access to a broader talent pool and improve their capacity for strategic thinking and problem solving;
- in relation to skills and expertise, the Managers believe that diversity in skills and expertise would support the work of the Boards and Board Committees and the needs of the Managers. This benefits the Managers and Management as decisions by, and discussions with, the Boards would be enriched by the broad range of views and perspectives and the breadth of experience of the Directors. In addition, this would facilitate the effective oversight of management and the Group's businesses and would also help shape the Managers' strategic objectives; and
- in relation to age diversity, the Managers believe that age diversity would contribute beneficially to the Boards' deliberations and avoid the risk of groupthink, while ensuring the Boards' decisions and/or strategies stay relevant as markets evolve.

The current Board composition reflects an appropriate diversity of age, independence, backgrounds and competencies of the Directors. The competencies of the Directors range from real estate industry experience/knowledge, business management, strategy development, investments/mergers and acquisitions (including fund management and/or investment banking), audit/accounting and finance, risk management, legal/corporate governance, sustainability and human resource management. Furthermore, the Directors' diversity in experience in different geographical markets has provided the Managers with significant insights and in-depth understanding of the Group's multi-national businesses across key markets including Singapore, Australia, the United Kingdom and Japan. As at 30 September 2023, the ages of the members of each of the Boards range from 45 to 70 years.

## Corporate Governance Reports

### Directors' Independence

The Directors exercise their judgment independently and objectively in the interests of all Stapled Securityholders as a whole. The NRCs determine annually, and as and when circumstances require, if a Director is independent based on the rules, guidelines and/or circumstances on director independence as set out in Rule 210(5)(d) of the SGX-ST Listing Manual, Provision 2.1 of the CG Code and the accompanying Practice Guidance, the MAS Guidelines No. SFA04-G07 "Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" dated 1 January 2016 and Regulations 13D to 13H of the SFLCB Regulations (collectively, the "**Relevant Regulations**"). The NRCs provides their views to the Boards for the Boards' consideration. Directors are expected to disclose any relationships with the Managers, its related corporations, its substantial shareholders, its officers or the substantial Stapled Securityholders of FHT, if any, which may affect their independence, as and when they arise, to the Boards.

Each of the Independent Directors complete a declaration of independence annually which is then reviewed by the NRCs.

Based on the declarations of independence of the Independent Directors, and having regard to the rules, guidelines and circumstances set forth in the Relevant Regulations, the NRCs and the Boards have determined that as at 30 September 2023, there are three independent Directors on each of the Boards, namely, Nagaraj Sivaram, Soong Hee Sang, and Quah Ban Huat.

### Nagaraj Sivaram

Nagaraj Sivaram is a non-executive and independent director of British and Malayan Holdings Limited, ESR-LOGOS Funds Management (S) Limited, Land Transport Authority, and Singapore Institute of Technology as at 30 September 2023. He has confirmed, *inter alia*, that he:

- (a) save as set out in note (1) on page 141, is not connected<sup>(a)</sup> to any substantial shareholder<sup>(b)</sup> of the Managers or substantial Stapled Securityholder<sup>(b)</sup> of FHT and does not have any relationship with the Managers, their related corporations, their substantial shareholders, their officers or the substantial Stapled Securityholders of FHT which could interfere with the exercise of his independent judgment as a Director;
- (b) (i) is not employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2023 or any of the past three financial years, and (ii) does not have any immediate<sup>(c)</sup> family member who has been employed by the Managers or any of their related corporations, FH-REIT/FH-BT or any of their related corporations or the REIT Trustee as an executive officer in any of the past three financial years; and
- (c) in FY2023 or the immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments<sup>(d)</sup> or material services from the Managers or any of their subsidiaries, FHT or any of their subsidiaries and/or the REIT Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Stapled Securityholder of, or (b) a partner in (with 5% or more stake), or (c) an executive officer of, or (d) a director of, any organisation to or from which the Managers or any of their subsidiaries, FH-REIT/FH-BT or any of their subsidiaries or the REIT Trustee made, or received significant payments (e) or material services (other than Directors' fees).

Having considered the declaration of independence and the Relevant Regulations, the REIT Manager NRC and Trustee-Manager NRC have determined that, notwithstanding the circumstances set out in note (1) on page 141, Nagaraj Sivaram is an independent director as at 30 September 2023.

## Corporate Governance Reports

### Soong Hee Sang

Soong Hee Sang is a non-executive and independent director of Metro Holdings Limited, and Keppel Pacific Oak US REIT Management Pte. Ltd., manager of Keppel Pacific Oak US REIT as at 30 September 2023. He has confirmed, *inter alia*, that he:

- (a) save as set out in note (2) on page 141, is not connected<sup>(a)</sup> to any substantial shareholder<sup>(b)</sup> of the Managers or substantial Stapled Securityholder<sup>(b)</sup> of FHT and does not have any relationship with the Managers, their related corporations, their substantial shareholders, their officers or the substantial Stapled Securityholders of FHT which could interfere with the exercise of his independent judgment as a Director;
- (b) (i) is not employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2023 or any of the past three financial years, and (ii) does not have any immediate<sup>(c)</sup> family member who has been employed by the Managers or any of their related corporations, FH-REIT/FH-BT or any of their related corporations or the REIT Trustee as an executive officer in any of the past three financial years; and
- (c) in FY2023 or the immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments<sup>(d)</sup> or material services from the Managers or any of their subsidiaries, FHT or any of their subsidiaries and/or the REIT Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Stapled Securityholder of, or (b) a partner in (with 5% or more stake), or (c) an executive officer of, or (d) a director of, any organisation to or from which the Managers or any of their subsidiaries, FH-REIT/FH-BT or any of their subsidiaries or the REIT Trustee made, or received significant payments (e) or material services (other than Directors' fees).

Having considered the declaration of independence and the Relevant Regulations, the REIT Manager NRC and Trustee-Manager NRC have determined that, notwithstanding the circumstances set out in note (2) on page 141, Soong Hee Sang is an independent director as at 30 September 2023.

### Quah Ban Huat

Quah Ban Huat is a non-executive and independent director of Samudera Shipping Line Ltd, and an executive director of Primeur Cellars Pte. Ltd. and Primeur Holdings Pte. Ltd., as at 30 September 2023. He has confirmed, *inter alia*, that he:

- (a) save as set out in note (3) on page 141, is not connected<sup>(a)</sup> to any substantial shareholder<sup>(b)</sup> of the Managers or substantial Stapled Securityholder<sup>(b)</sup> of FHT and does not have any relationship with the Managers, their related corporations, their substantial shareholders, their officers or the substantial Stapled Securityholders of FHT which could interfere with the exercise of his independent judgment as a Director;
- (b) (i) is not employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2023 or any of the past three financial years, and (ii) does not have any immediate<sup>(c)</sup> family member who has been employed by the Managers or any of their related corporations, FH-REIT/FH-BT or any of their related corporations or the REIT Trustee as an executive officer in any of the past three financial years; and
- (c) in FY2023 or the immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments<sup>(d)</sup> or material services from the Managers or any of their subsidiaries, FHT or any of their subsidiaries and/or the REIT Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Stapled Securityholder of, or (b) a partner in (with 5% or more stake), or (c) an executive officer of, or (d) a director of, any organisation to or from which the Managers or any of their subsidiaries, FH-REIT/FH-BT or any of their subsidiaries or the REIT Trustee made, or received significant payments (e) or material services (other than Directors' fees).

Having considered the declaration of independence and the Relevant Regulations, the REIT Manager NRC and Trustee-Manager NRC have determined that, notwithstanding the circumstances set out in note (3) on page 141, Quah Ban Huat is an independent director as at 30 September 2023.

## Corporate Governance Reports

### Notes:

- (a) A Director is “**connected**” to a substantial shareholder of each of the Managers or substantial Stapled Securityholder of FHT if:
- (i) in the case where the substantial shareholder or substantial Stapled Securityholder is an individual, he/she is:
    - (i) a member of the immediate family of the substantial shareholder or substantial Stapled Securityholder;
    - (ii) employed by the substantial shareholder or substantial Stapled Securityholder;
    - (iii) a partner of a firm or a limited liability partnership of which the substantial shareholder or substantial Stapled Securityholder is also a partner; or
    - (iv) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder or substantial Stapled Securityholder;
  - (ii) in the case where the substantial shareholder or substantial Stapled Securityholder is a corporation, he/she is:
    - (i) employed by the substantial shareholder or substantial Stapled Securityholder;
    - (ii) employed by a related corporation or associated corporation of the substantial shareholder or substantial Stapled Securityholder;
    - (iii) a director of the substantial shareholder or substantial Stapled Securityholder;
    - (iv) a director of a related corporation or associated corporation of the substantial shareholder or substantial Stapled Securityholder;
    - (v) a partner of a firm or a limited liability partnership of which the substantial shareholder or substantial Stapled Securityholder is also a partner; or
    - (vi) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder or substantial Stapled Securityholder.
- (b) “**substantial shareholder**” and “**substantial Stapled Securityholder**” refers to a shareholder or Stapled Securityholder holding not less than 5% of the total votes or units attached to all voting shares or units in the Managers or FHT, respectively.
- (c) “**Immediate family**” in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent.
- (d) As a guide, payments aggregated over any financial year in excess of S\$50,000 would generally be deemed as significant. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material.
- (e) As a guide, payments aggregated over any financial year in excess of S\$200,000 would generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material.

The REIT Manager Board has considered the relevant requirements under the SFLCB Regulations and its views in respect of the independence of each Director are as follows:

### Directors holding office as at 30 September 2023

The Director:	Nagaraj Sivaram <sup>(1)</sup>	Soong Hee Sang <sup>(2)</sup>	Quah Ban Huat <sup>(3)</sup>	David Wong See Hong <sup>(4)</sup>	Panote Sirivadhanabhakdi <sup>(5)</sup>
(i) had been independent from the management of the REIT Manager and FH-REIT during FY2023	✓	✓	✓	✓	
(ii) had been independent from any business relationship with the REIT Manager and FH-REIT during FY2023	✓	✓	✓		
(iii) had been independent from every substantial shareholder of the REIT Manager and every substantial Stapled Securityholder of FHT during FY2023					
(iv) had not been a substantial shareholder of the REIT Manager or a substantial Stapled Securityholder of FHT during FY2023	✓	✓	✓	✓	
(v) has not served as a director of the REIT Manager for a continuous period of nine years or longer as at the last day of FY2023	✓	✓	✓		

## Corporate Governance Reports

### Directors who ceased to hold office during FY2023

The Director:	Law Song Keng <sup>(6)</sup>	Chua Phuyay Hee <sup>(7)</sup>	Liew Choon Wei <sup>(8)</sup>
(i) had been independent from the management of the REIT Manager and FH-REIT during FY2023	✓	✓	✓
(ii) had been independent from any business relationship with the REIT Manager and FH-REIT during FY2023		✓	✓
(iii) had been independent from every substantial shareholder of the REIT Manager and every substantial Stapled Securityholder of FHT during FY2023			
(iv) had not been a substantial shareholder of the REIT Manager or a substantial Stapled Securityholder of FHT during FY2023	✓	✓	✓
(v) has not served as a director of the REIT Manager for a continuous period of nine years or longer as at the date of cessation of their appointment in FY2023	✓	✓	✓

#### Notes:

<sup>(1)</sup> Nagaraj Sivaram is a director of the REIT Manager and the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. During FY2023, Nagaraj Sivaram is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2023, Nagaraj Sivaram was able to act in the best interests of all Stapled Securityholders as a whole and is of the view that Nagaraj Sivaram should be treated as an independent Director of the REIT Manager. As at the last day of FY2023, Nagaraj Sivaram was able to act in the best interests of all Stapled Securityholders as a whole.

<sup>(2)</sup> Soong Hee Sang is a director of the REIT Manager and the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. During FY2023, Soong Hee Sang is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2023, Soong Hee Sang was able to act in the best interests of all Stapled Securityholders as a whole and is of the view that Soong Hee Sang should be treated as an independent Director of the REIT Manager. As at the last day of FY2023, Soong Hee Sang was able to act in the best interests of all Stapled Securityholders as a whole.

<sup>(3)</sup> Quah Ban Huat is a director of the REIT Manager and the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. During FY2023, Quah Ban Huat is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2023, Quah Ban Huat was able to act in the best interests of all Stapled Securityholders as a whole and is of the view that Quah Ban Huat should be treated as an independent Director of the REIT Manager. As at the last day of FY2023, Quah Ban Huat was able to act in the best interests of all Stapled Securityholders as a whole.

<sup>(4)</sup> David Wong See Hong is a director of the REIT-Manager and the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. With effect from 29 May 2023, David Wong See Hong relinquished his role as the chairman of the ARCC and remains as a member of the ARCC and the NRC. David Wong See Hong was re-designated from a non-executive and independent director to a non-executive and non-independent director of the REIT Manager and Trustee-Manager with effect from 10 June 2023. David Wong See Hong was appointed as a non-executive and independent director of FPL, a member of its Audit Committee and a member of its Sustainability and Risk Management Committee, with effect from 5 July 2023.

During FY2023, David Wong See Hong is deemed: (a) to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT; and (b) to have a business relationship with the REIT Manager and FH-REIT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2023, David Wong See Hong was able to act in the best interests of all Stapled Securityholders as a whole. As at the last day of FY2023, David Wong See Hong was able to act in the best interests of all Stapled Securityholders as a whole.

<sup>(5)</sup> Panote Sirivadhanabhakdi is currently a director and the Group Chief Executive Officer of FPL and, in addition to being a director of the REIT Manager and the Trustee-Manager, a director of other entities within the Frasers Property Group. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. Panote Sirivadhanabhakdi is also a director of various entities within the TCC Group<sup>6</sup> (which is the controlling shareholder of the Frasers Property Group<sup>7</sup>) and holds 20.0% of the issued share capital of TCC Group Investments Limited, a substantial Stapled Securityholder of FHT. Panote Sirivadhanabhakdi is also the son of Charoen Sirivadhanabhakdi and the late Khunying Wanna Sirivadhanabhakdi. During FY2023, Panote Sirivadhanabhakdi is deemed (a) to have a management relationship with the REIT Manager and FH-REIT; (b) to have a business relationship with the REIT Manager and FH-REIT; and (c) to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT, and is a substantial Stapled Securityholder of FHT. The REIT Manager Board is satisfied that, as at the last day of FY2023, Panote Sirivadhanabhakdi was able to act in the best interests of all Stapled Securityholders as a whole. As at the last day of FY2023, Panote Sirivadhanabhakdi was able to act in the best interests of all Stapled Securityholders as a whole.

<sup>6</sup> "TCC Group" refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and the estate of the late Khunying Wanna Sirivadhanabhakdi

<sup>7</sup> "Frasers Property Group" refers to FPL and/or its subsidiaries.

## Corporate Governance Reports

<sup>(6)</sup> Law Song Keng retired as a director of the REIT Manager and the Trustee-Manager, with effect from 29 May 2023. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. During his period of appointment in FY2023, Law Song Keng is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT.

Law Song Keng is a director of Great Eastern Holdings Limited, of which Great Eastern General Insurance Limited (“GEG”) is a wholly-owned subsidiary. GEG has provided insurance products to FHT, the Managers and/or their related corporations in the current and the immediately preceding financial year and received fees therefor (the “GEG Fees”). Insurance policies are procured with the assistance of unrelated professional insurance brokers who will source for the most competitive quotes and terms, and make recommendations to FHT and/or the Managers accordingly. Notwithstanding this, such provision of insurance products fall within the categories of business relationships set out in Regulation 13G of the SFLCB Regulations and Regulation 3 of the BT Regulations.

Nonetheless, (i) taking into account, *inter alia*, the declaration of independence of Law Song Keng and the objective criteria in the procurement of products from GEG, each of the Boards affirms its view that the provision of insurance products by GEG to FHT, the Managers and/or their related corporations and the payment of the GEG Fees in respect thereof do not affect his continued ability to exercise strong objective judgment and be independent in conduct and character (in particular, in the expression of his views and in his participation in the deliberations and decision-making of the Boards and Board Committees of which he is a member), and do not interfere with the exercise of his independent judgment, acting in the best interests of all Stapled Securityholders of FHT as a whole, and (ii) the REIT Manager Board is satisfied that, during his period of appointment in FY2023, Law Song Keng was able to act in the best interests of all Stapled Securityholders as a whole and is of the view that Law Song Keng should be treated as an independent Director of the REIT Manager during his period of appointment in FY2023. During his period of appointment in FY2023, Law Song Keng was able to act in the best interests of all Stapled Securityholders as a whole.

<sup>(7)</sup> Chua Phuay Hee retired as a director of the REIT Manager and the Trustee-Manager, with effect from 29 May 2023. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. During his period of appointment in FY2023, Chua Phuay Hee is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, during his period of appointment in FY2023, Chua Phuay Hee was able to act in the best interests of all Stapled Securityholders as a whole and is of the view that Chua Phuay Hee should be treated as an independent Director of the REIT Manager during his period of appointment in FY2023. During his period of appointment in FY2023, Chua Phuay Hee was able to act in the best interests of all Stapled Securityholders as a whole.

<sup>(8)</sup> Liew Choon Wei retired as a director of the REIT Manager and the Trustee-Manager, with effect from 6 June 2023. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. During his period of appointment in FY2023, Liew Choon Wei is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, during his period of appointment in FY2023, Liew Choon Wei was able to act in the best interests of all Stapled Securityholders as a whole and is of the view that Liew Choon Wei should be treated as an independent Director of the REIT Manager during his period of appointment in FY2023. During his period of appointment in FY2023, Liew Choon Wei was able to act in the best interests of all Stapled Securityholders as a whole.

Each of the Directors is a member of each of the REIT Manager Board and the Trustee-Manager Board. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder. As such, during FY2023, each of the Directors is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2023, each of the Directors was able to act in the best interests of all the Stapled Securityholders as a whole. The REIT Manager Board is of the view that each of Nagaraj Sivaram, Soong Hee Sang and Quah Ban Huat, should be treated as an independent Director of the REIT Manager. Panote Sirivadhanabhakdi and David Wong See Hong were able to act in the best interests of the Stapled Securityholders as a whole as at the last day of FY2023.

Further information on the independence of the Trustee-Manager Directors under the BTA and the related exemption granted by the MAS from the requirement under Regulation 12(1) of the Business Trusts Regulations can be found in the Statement on Composition of the Board of Directors of Frasers Hospitality Business Trust on pages 181 to 182.

The independent Directors lead the way in upholding good corporate governance at the Board level and their presence facilitates the exercise of objective independent judgement on corporate affairs. Their participation and input also ensure that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into account the long-term interests of FHT and its Stapled Securityholders. As at 30 September 2023, none of the Independent Directors have been on the Boards for a continuous period of nine years or longer. Board renewal is a continuing process where the appropriate composition of each of the Boards is continually under review. In this regard, the tenure of each Independent Director is monitored so that the process for board renewal is commenced ahead of any Independent Director reaching the nine-year mark to facilitate a smooth transition and to ensure that the Boards continue to have an appropriate balance of independence. To this end, the NRCs are tasked with undertaking the process of reviewing, considering and recommending any changes to the composition of the Boards, where appropriate, taking into account the requirements to be met by Independent Directors including the SFLCB Regulations.



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Law Song Keng, Chua Phuay Hee, Liew Choon Wei and David Wong See Hong, all of whom joined the Board on 10 June 2014, were identified as Independent Directors who would each have served an aggregate of more than nine years on the Boards as of 10 June 2023, and be deemed non-independent from 10 June 2023. Following a review by the NRCs and the Boards, it had been determined that new Independent Directors, including a new Lead Independent Director, be appointed as part of succession planning and Board renewal. To facilitate an orderly and smooth transition and continuity of knowledge, familiarity, and experience, Panote Sirivadhanabhakdi, a Non-Executive and Non-Independent Director of each of the Managers, has been appointed as the Chairman of the Board of each of the Managers in place of Law Song Keng, with effect from 29 May 2023. In view of the appointment of a Non-Independent Director as the Chairman of the Board of each of the Managers, Mr Soong Hee Sang has been appointed as the Lead Independent Director of each of the Managers, with effect from 29 May 2023.

See, further, the section below on “Changes to the Boards and Board Committees during FY2023”.

### Changes to the Boards and Board Committees during FY2023

In line with FHT’s plans for Board refreshment and renewal, the following changes to the Boards and Board Committees took place during FY2023:

- (a) Mr Nagaraj Sivaram was appointed as a Non-Executive and Independent Director of each of the Managers, Chairman of the ARCC of each of the Managers, and a member of the NRC of each of the Managers, with effect from 29 May 2023.
- (b) Mr Soong Hee Sang was appointed as a Non-Executive and Lead Independent Director of each of the Managers, Chairman of the NRC of each of the Managers and a member of the ARCC of each of the Managers, with effect from 29 May 2023.
- (c) Mr Law Song Keng and Mr Chua Phuay Hee retired as Non-Executive and Independent Directors of each of the Managers with effect from 29 May 2023.
- (d) Following the cessation of appointment of Mr Law Song Keng as a Non-Executive and Independent Director of each of the Managers, Mr Panote Sirivadhanabhakdi, a Non-Executive and Non-Independent Director of each of the Managers, was appointed as the Chairman of the Board of each of the Managers in place of Mr Law Song Keng, with effect from 29 May 2023. In view of the appointment of a Non-Independent Director as the Chairman of the Board of each of the Managers, Mr Soong Hee Sang was appointed as the Lead Independent Director of each of the Managers, with effect from 29 May 2023.
- (e) Mr Quah Ban Huat was appointed as a Non-Executive and Independent Director of each of the Managers, a member of the ARCC and NRC of each of the Managers, with effect from 6 June 2023.
- (f) Mr Liew Choon Wei retired as a Non-Executive and Independent Director of each of the Managers with effect from 6 June 2023.
- (g) Dr David Wong See Hong relinquished his role as Chairman of the ARCC with effect from 29 May 2023, and remains as a member of the ARCC and the NRC of each of the Managers. He was re-designated from a Non-Executive and Independent Director to a Non-Executive and Non-Independent Director of each of the Managers with effect from 10 June 2023.

As more than half of the Board comprises independent Directors, the REIT Manager will not be subjecting any appointment or re-appointment of Directors to voting by Stapled Securityholders under Regulation 13D of the SFLCB Regulations.

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### Conflict of Interest

The Boards have in place clear procedures for dealing with conflicts of interest. To address and manage possible conflicts of interest (including in relation to Directors, officers and employees) that may arise in managing FH-REIT, the REIT Manager has put in place procedures which, among other things, specify that: (a) the REIT Manager shall be dedicated to the management of FH-REIT and will not directly or indirectly manage other REITs; (b) all executive officers will be employed by the REIT Manager; (c) all resolutions in writing of the directors of the REIT Manager ("**REIT Manager Directors**") in relation to matters concerning FH-REIT must be approved by a majority of the REIT Manager Directors, including at least one director independent from management and business relationships with the REIT Manager; (d) at least a majority of the REIT Manager Board shall comprise REIT Manager independent Directors; (e) on matters where the Frasers Property Group has an interest (directly or indirectly), Directors nominated by Frasers Property Group shall abstain from voting. On such matters, the quorum must comprise a majority of the REIT Manager's independent Directors and must exclude nominee Directors of Frasers Property Group; and (f) an interested Director is required to disclose his interest in any proposed transaction with FH-REIT, to recuse himself from meetings and/or discussions (or relevant segments thereof), and is required to abstain from voting on resolutions approving the transaction.

Further information on the conflict policy the Trustee-Manager has instituted to deal with conflicts of interest that may arise in managing FH-BT can be found in the Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust on pages 175 to 180.

The Managers do not have a practice of extending loans to Directors, and as at 30 September 2023, there were no loans granted by the Managers to Directors. If there are such loans, each of the Managers will comply with its obligations under the Companies Act 1967 of Singapore in relation to loans, quasi-loans, credit transactions and related arrangements to Directors.

### Board Performance Evaluation

Each of the REIT Manager NRC and the Trustee-Manager NRC is tasked with making recommendations to the respective Boards on the process and objective performance criteria for evaluation of the performance of the Board as a whole, the Board Committees and the individual Directors.

The Boards, with the recommendation of the NRCs, have approved the objective performance criteria and implemented a formal process for assessing the effectiveness of the Boards as a whole and their Board Committees separately and the contribution by the Chairman and each individual Director to the effectiveness of the Boards, on an annual basis. In relation to the financial year ended 30 September 2022, the outcome of the evaluation was generally affirmative across the evaluation categories. The objective performance criteria are not typically changed from year to year.

Based on the NRCs' review, the Boards and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Boards.

For FY2023, an independent external consultant, Aon Solutions Singapore Pte. Ltd., has been appointed to facilitate the process of conducting a Board evaluation survey. The external consultant has no connection with the Managers or any of the Directors.

Each Director is required to complete a Board evaluation questionnaire, a Board Committee evaluation questionnaire and an individual Director self-evaluation questionnaire (the "**Questionnaires**"). The Questionnaires have been designed to provide an evaluation of the current effectiveness of the Boards and to support each Chairman and each of the Boards in proactively considering what can enhance the readiness of the Boards to address emerging strategic priorities for FHT as a whole. The external consultant will facilitate questionnaires to be sent to all Directors, and one-to-one interviews are conducted selectively on a rotational basis, to obtain Directors' feedback.

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The objective performance criteria covered in the Board evaluation exercise relate to the following key segments:

- (1) Board composition (balance of skills, experience, independence, knowledge of the company, and diversity);
- (2) management of information flow;
- (3) Board processes (including Board practices and conduct);
- (4) Board's consideration of ESG aspects;
- (5) Board strategy and priorities;
- (6) Board's value add to, and management of the performance of FHT and the Managers;
- (7) development and succession planning of executives;
- (8) development and training of Directors;
- (9) oversight of risk management and internal controls; and
- (10) the effectiveness of the Board Committees.

The individual Director self-evaluation questionnaire aims to assess whether each Director is willing and able to constructively challenge and contribute effectively to the Boards, and demonstrate commitment to his role on the Boards and Board Committees (if any).

The responses to the Questionnaires and interview(s), if any for that particular financial year, are summarised by the external consultant and its report submitted to the NRCs. To provide a greater level of objectivity in the evaluation process, the report also includes peer comparisons and third-party benchmarking of the results to the evaluation. Findings and recommendations of the external consultant which include feedback from Directors would be taken into consideration and any necessary follow-up actions would be undertaken with a view to improving the overall effectiveness of the Boards in fulfilling its role and meeting its responsibilities to Stapled Securityholders. The Chairman will, where necessary, provide feedback to the Directors with a view to improving Board performance and, where appropriate, propose changes to the composition of the Boards.

### REMUNERATION MATTERS

The remuneration of the staff of the Managers and Directors' fees are paid by the REIT Manager and the Trustee-Manager from the management fees received from FH-REIT and FH-BT respectively, and not by FH-REIT and FH-BT (as the case may be). With the recommendations of the NRCs, the Boards have put in place a formal and transparent procedure for developing policies on remuneration of Directors and Key Management Personnel and for reviewing and approving the remuneration packages of individual Directors and Key Management Personnel.

### Compensation Philosophy

The Managers seek to incentivise and reward consistent and sustained performance through market competitive, internally equitable, and performance-orientated compensation programmes which are aligned with Stapled Securityholders' interests. This compensation philosophy is the foundation of the Managers' remuneration framework, and seeks to: (a) align the aspirations and interests of its employees with the interests of FHT and its Stapled Securityholders, resulting in the sharing of rewards for both employees and Stapled Securityholders on a sustained basis; and (b) attract, retain and motivate employees. The Managers aim to connect employees' desire to develop and fulfil their aspirations with the growth opportunities afforded by the Managers' strategic vision and corporate initiatives.

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### Compensation Principles

All compensation programme design, determination and administration are guided by the following principles:

(a) Pay-for-Performance

The Managers' Pay-for-Performance principle encourages excellence, in a manner consistent with the Managers' core values. The Managers take a total compensation approach, which recognises the value and responsibility of each role, and differentiates and rewards performance through its incentive plans.

(b) Stapled Securityholder Returns

Performance measures for incentives are established to drive initiatives and activities that are aligned with both short-term value creation and long-term Stapled Securityholder wealth creation, thus ensuring a focus on delivering Stapled Securityholder returns.

(c) Sustainable Performance

The Managers believe sustained success depends on the balanced pursuit and consistent achievement of short-term and long-term goals. Hence, variable incentives incorporate a significant pay-at-risk element to align employees with sustainable performance for the Managers.

(d) Market Competitiveness

The Managers aim to be market competitive by benchmarking its compensation levels with relevant comparators accordingly. However, the Managers embrace a holistic view of employee engagement that extends beyond monetary rewards. Recognising each individual as unique, the Managers seek to motivate and develop employees through all the levers available to the Managers through its respective comprehensive human capital platform, including: (a) culture and engagement building; (b) a holistic benefits and wellbeing framework; (c) leadership development; (d) learning and development; and (e) career advancement through vertical, lateral and diagonal moves within the Group.

### Engagement of External Consultants

The NRCs may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Among other things, this helps the Managers to stay competitive in their remuneration packages. During FY2023, Willis Towers Watson Consulting (Singapore) Pte Ltd and Mercer (Singapore) Ptd Ltd were appointed as the Managers' remuneration consultants. The remuneration consultants do not have any relationship with FHT, the REIT Manager, the Trustee-Manager, their controlling shareholders, its related entities and/or Directors which would affect their independence and objectivity.

### Remuneration Framework

The NRCs review and make recommendations to the Boards on the remuneration framework for the independent Directors and other non-executive Directors and the Key Management Personnel. The remuneration framework is endorsed by the Boards.

The remuneration framework:

- (a) covers all aspects of remuneration including salaries, allowances, performance bonuses, benefits in kind, termination terms and payments, grant of awards of Stapled Securities and incentives for the Key Management Personnel and fees for the independent Directors and other non-executive Directors. The NRCs consider all such aspects of remuneration to ensure they are fair and avoid rewarding poor performance; and
- (b) is tailored to the specific role and circumstances of each Director and Key Management Personnel, to ensure an appropriate remuneration level and mix that recognises the performance, potential and responsibilities of these individuals.

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### *Remuneration Policy in respect of Management and other employees*

The NRCs take into account all aspects of remuneration, including termination terms, to ensure that they are fair. The NRCs review the level, structure and mix of remuneration and benefits policies and practices (where appropriate) of the Managers and take into account the strategic objectives of FHT and the Managers to ensure that they are:

- (a) appropriate and proportionate to the sustained performance and value creation of FHT and the Managers; and
- (b) designed to attract, retain and motivate the Key Management Personnel to successfully manage FHT and the Managers for the long term.

The remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. When conducting their review of the remuneration framework, the NRCs take into account the performance of FHT and individual performance. The performance of FHT is measured based on pre-set financial and non-financial indicators. Individual performance is measured via the employee's annual performance review based on indicators such as core values, competencies and key performance indicators.

#### *Fixed Component*

The fixed component in the Managers' remuneration framework is structured to remunerate employees for the roles they perform, and is benchmarked against relevant industry market data. It comprises base salary, fixed allowances and any applicable statutory contribution. The base salary and fixed allowances for Key Management Personnel are reviewed annually by NRCs and approved by the Boards.

#### *Variable Component*

A significant and appropriate proportion of the remuneration of key executives of the Managers comprises a variable component which is structured to link rewards to corporate and individual performance and incentivise sustained performance in both the short and long-term. The variable incentives are based on quantitative and qualitative targets, and overall performance will be determined at the end of the year and approved by the NRCs. The performance targets are measurable, appropriate and meaningful so that they incentivise the right behaviour in a manner consistent with the Group's core values. For individuals in control functions, performance targets are principally based on the achievement of the objectives of their functions.

#### (1) Short-Term Incentive Plans

The short-term incentive plans ("**STI Plans**") aim to incentivise short term performance excellence. All Key Management Personnel are assessed through either a balanced scorecard or annual performance review with pre-agreed key performance indicators ("**KPIs**"). The KPIs consist of:

- (a) financial KPIs based on the performance of FHT; and
- (b) non-financial KPIs which may include measures on People, Board Engagement and Strategic Review, Corporate Governance and Compliance, Process and Framework, Sustainability or specified projects. The sustainability performance indicator includes areas such as net zero carbon roadmap and targets, alignment to TCFD recommendations and green building certification.

At the end of the financial year, the achievements are measured against the pre-agreed targets and the short-term incentives of each Key Management Personnel are determined. The NRCs recommend the final short-term incentives that are awarded to the Key Management Personnel for the Boards' approval, taking into consideration any other relevant circumstances.

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### (2) Long-Term Incentive Plans

The NRCs administer the Managers' long-term incentive plan, namely, the RSSP. The RSSP was approved by the Boards and adopted on 8 December 2017. Through the RSSP, the Managers seek to foster a greater ownership culture within the Managers by aligning more directly the interests of senior employees (including the CEO) with the interests of Stapled Securityholders and other stakeholders, and for such employees to participate and share in FHT's growth and success, thereby ensuring alignment with sustainable value creation for Stapled Securityholders over the long-term.

The RSSP is available to selected senior employees of the Managers. Its objectives are to increase the Managers' flexibility and effectiveness in attracting, motivating and retaining talented senior employees and in rewarding these employees for the future performance of FHT and the Managers.

Under the RSSP, the Managers grant Stapled Security-based awards ("**Initial Awards**") with pre-determined performance targets being set at the beginning of the performance period. The NRCs recommend the Initial Awards granted to Key Management Personnel to the Boards for approval, taking into consideration the Key Management Personnel's performance. The performance period for the RSSP is one year. The pre-set targets are net property income and distribution per Stapled Security. Such performance conditions are generally performance indicators that are key drivers of business performance, Stapled Securityholders' value creation and aligned to FHT's business objectives. The RSSP awards represent the right to receive fully paid Stapled Securities, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met. The final number of Stapled Securities to be released ("**Final Awards**") will depend on the achievement of the pre-determined targets at the end of the performance period. If such targets are exceeded, more Stapled Securities than the Initial Awards may be delivered, subject to a maximum multiplier of the Initial Awards. The Final Awards will vest to the participants in three tranches, after the one-year performance period, at or around the 1st, 2nd and 3rd anniversary of the grant date of the Initial Awards. The obligation to deliver the Stapled Securities is expected to be satisfied out of the Stapled Securities held by the Managers.

The NRCs have discretion to decide on the Final Awards, taking into consideration any other relevant circumstances.

### **Approach to Remuneration of Key Management Personnel**

The Managers advocate a performance-based remuneration system that is highly flexible and responsive to the market, and that is structured so as to link a significant and appropriate proportion of remuneration which also takes into account FHT's performance and that of the individual.

In designing the compensation structure, the NRCs seek to ensure that the level and mix of remuneration are competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation.

Executives who have a greater ability to influence outcomes within the Managers have a greater proportion of overall reward at risk. The NRCs exercise broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of Stapled Securityholders and other stakeholders and promote the long-term success of FHT.

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### *Performance Indicators for Key Management Personnel*

As set out above, the Managers' variable remuneration comprises short-term and long-term incentives, taking into account both FHT's and individual performance. This is to ensure employee remuneration is linked to performance. In determining short-term incentives, both FHT's financial and non-financial performance as per the balanced scorecard are taken into consideration. The performance targets align the interests of the Key Management Personnel with the long-term growth and performance of FHT and the Managers. The financial performance indicators on which the Key Management Personnel are evaluated comprise (a) FHT's net property income and (b) distribution per Stapled Security. These performance indicators are quantitative and are objective measures of FHT's performance. The non-financial performance indicators on which Key Management Personnel are evaluated include (i) People, (ii) Board Engagement and Strategic Review, (iii) Corporate Governance and Compliance, (iv) Process and Framework, and (v) Sustainability. These qualitative performance indicators will align the Key Management Personnel's performance with FHT's strategic objectives.

In relation to long-term incentives, the Managers have implemented the RSSP with effect from the financial year ended 30 September 2018 as set out above. The release of long-term incentive awards to Key Management Personnel are conditional upon the performance targets being met. The performance targets of the KPIs align the interests of Key Management Personnel with the long-term growth and performance of FHT. In FY2023, the pre-determined target performance levels for the RSSP grant were met.

Currently, the Managers do not have claw-back provisions which allow them to reclaim incentive components of remuneration from the Key Management Personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss. The Managers are reviewing the terms of the incentive plans, which includes a review of any claw-back provisions.

### *Remuneration Packages of Key Management Personnel*

The NRCs review and make recommendations on the specific remuneration packages and service terms for the Key Management Personnel for endorsement by the respective Board, which is ultimately accountable for all remuneration decisions relating to the Key Management Personnel. The NRCs will review the short-term and long-term incentives in the Key Management Personnel remuneration package to ensure its compliance with the substance and spirit of the directions and guidelines from the MAS.

No Director or Key Management Personnel is involved in deciding his or her remuneration.

The NRCs align the CEO's leadership, through appropriate remuneration and benefit policies, with FHT's and the Managers' strategic objectives and key challenges. Performance targets are also set for the CEO and his performance is evaluated yearly.

### *Remuneration Policy in respect of Non-Executive Directors*

The remuneration of non-executive Directors has been designed to be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities, on the Board and Board Committees, and to attract, retain and motivate the Directors to provide good stewardship of FHT to successfully manage FHT for the long term.

Non-executive Directors do not receive bonuses, options or Stapled Security-based incentives and awards. Directors' fees are paid in cash and not in the form of Stapled Securities.

The Managers engage consultants to review Directors' fees by benchmarking such fees against the amounts paid by listed industry peers. Each non-executive Director's remuneration comprises a basic fee and attendance fees for attending Board and Board Committee meetings. In addition, non-executive Directors who perform additional services in Board Committees are paid an additional fee for such services. The chairman of each Board Committee is also paid a higher fee compared with the members of the respective Board Committees in view of the greater responsibility carried by that office.

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Managers' Board fee structure during the year is as set out below.

	Basic Fee per annum (S\$)	Attendance Fee per meeting (for attendance in person in Singapore) (S\$)	Attendance Fee per trip (for attendance in person outside Singapore) (S\$)	Attendance Fee per meeting (for attendance via tele/video conference) (S\$)
<b>Board</b>				
- Chairman	90,000	3,000	4,500	1,000
- Member	45,000	1,500	4,500	1,000
<b>Audit, Risk and Compliance Committee</b>				
- Chairman	40,000	3,000	4,500	1,000
- Member	20,000	1,500	4,500	1,000
<b>Nominating and Remuneration Committee</b>				
- Chairman	12,000	3,000	4,500	1,000
- Member	6,000	1,500	4,500	1,000

### Disclosure of Remuneration of Directors and Key Executives

Information on the remuneration of Directors and Key Executives of the Managers for FY2023 is set out below.

Directors of the Managers	Remuneration <sup>(1)</sup> S\$
<b><u>Directors holding office as at 30 September 2023</u></b>	
Panote Sirivadhanabhakdi	77,863
Soong Hee Sang <sup>(2)</sup>	33,788
Quah Ban Huat <sup>(3)</sup>	28,681
Nagaraj Sivaram <sup>(4)</sup>	38,567
David Wong See Hong	106,172
<b><u>Directors who ceased to hold office during FY2023</u></b>	
Law Song Keng <sup>(5)</sup>	103,849
Chua Phuay Hee <sup>(6)</sup>	34,637
Liew Choon Wei <sup>(7)</sup>	59,819

**Note:**

<sup>(1)</sup> The remuneration of Directors is paid by the REIT Manager. No Directors' fees are paid by the Trustee-Manager. Directors' fees are paid to Fraser's Property Corporate Services Pte. Ltd. for Panote Sirivadhanabhakdi or such other relevant entity within the Fraser's Property Limited Group.

<sup>(2)</sup> Soong Hee Sang was appointed as a non-executive and lead independent Director, Chairman of the NRC and a member of the ARCC, with effect from 29 May 2023.

<sup>(3)</sup> Quah Ban Huat was appointed as a non-executive and independent Director, a member of the ARCC and the NRC, with effect from 6 June 2023.

<sup>(4)</sup> Nagaraj Sivaram was appointed as a non-executive and independent Director, Chairman of the ARCC and a member of the NRC, with effect from 29 May 2023.

<sup>(5)</sup> Law Song Keng retired as a Director and a member of the ARCC and the NRC, with effect from 29 May 2023.

<sup>(6)</sup> Chua Phuay Hee retired as a Director, with effect from 29 May 2023.

<sup>(7)</sup> Liew Choon Wei retired as a Director and a member of the ARCC and the NRC, with effect from 6 June 2023.

Remuneration of CEO for FY2023	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
<b>Between S\$250,001 to S\$500,000</b>					
Eu Chin Fen <sup>(3)</sup>	33	19	4	44	100
<b>Between S\$500,001 to S\$750,000</b>					
Eric Gan <sup>(4)</sup>	66	27	7	0	100



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Remuneration of Key Executives of the Managers <sup>(1)</sup> (excluding CEO) for FY2023	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
Eric Gan <sup>(5)</sup>	56 <sup>(2)</sup>	18 <sup>(2)</sup>	4 <sup>(2)</sup>	22 <sup>(2)</sup>	100
Caris Ang					
Wong Soon Yean					
Sandy Leng <sup>(6)</sup>					
Low Ru Yan <sup>(7)</sup>					
Liu Qingbin <sup>(8)</sup>					

### Aggregate Total Remuneration (excluding CEO)

**S\$1,741,639**

#### Notes:

<sup>(1)</sup> At present, the Managers have four Key Executives (excluding the CEO). They are the HOF and the division heads of the Managers and are listed in this table.

<sup>(2)</sup> Derived on the aggregation of the respective remuneration components of each Key Executive (excluding the CEO) and represented as percentages against total remuneration for these Key Executives.

<sup>(3)</sup> Eu Chin Fen ceased to be employed by the Managers as the CEO as at 1 February 2023 and the remuneration disclosed is for the period from 1 October 2022 to 31 January 2023. The "Long-Term Incentives" disclosed represent the full amount of long-term incentives granted to Eu Chin Fen prior to the cessation of her appointment as the CEO.

<sup>(4)</sup> Eric Gan was appointed as the CEO on 1 February 2023 and the remuneration disclosed is for the period from 1 February 2023 to 30 September 2023.

<sup>(5)</sup> Eric Gan ceased to be the Chief Financial Officer as at 1 February 2023 and the remuneration disclosed is for the period from 1 October 2022 to 31 January 2023. The "Long-Term Incentives" disclosed include the full amount of long-term incentives granted to Eric Gan prior to the cessation of his appointment as the Chief Financial Officer.

<sup>(6)</sup> Sandy Leng was appointed as the Head of Investor Relations on 22 May 2023 and the remuneration disclosed is for the period from 22 May 2023 to 30 September 2023.

<sup>(7)</sup> Low Ru Yan ceased to be employed by the Managers as the Head of Investor Relations on 22 May 2023 and the remuneration disclosed is for the period from 1 October 2022 to 21 May 2023.

<sup>(8)</sup> Liu Qingbin was appointed as the Head of Finance on 1 February 2023 and the remuneration disclosed is for the period from 1 February 2023 to 30 September 2023.

For FY2023, there were no termination, retirement and post-employment benefits granted to the Directors, the CEO and Key Management Personnel.

Pursuant to MAS Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Notice No: SFA04-N14), REIT managers are required to disclose the remuneration of the CEO and each individual Director on a named basis, and the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are Directors), on a named basis, in bands of S\$250,000. The REIT manager may provide an explanation if it does not wish to or is unable to comply with such requirement. The REIT Manager is (a) disclosing the CEO's remuneration in bands of S\$250,000 (instead of on a quantum basis), (b) not disclosing exact details of the remuneration of the Key Executives of the REIT Manager (excluding the CEO) in bands of S\$250,000 and (c) disclosing the aggregate remuneration of all Key Executives of the REIT Manager (excluding the CEO), for the following reasons:

- (i) given the competitive business environment which FHT operates in, the REIT Manager faces significant competition for talent in the REIT management sector and the REIT Manager had not disclosed the exact remuneration of the Key Executives (including the CEO) so as to minimise potential staff movement and undue disruption to its management team which would be prejudicial to the interests of Staped Securityholders;
- (ii) the composition of the current management team has been stable and to ensure the continuity of business and operations of FH-REIT, it is important that the REIT Manager continues to retain its team of competent and committed staff;
- (iii) it is important for the REIT Manager to ensure stability and continuity of its business by retaining a competent and experienced management team and being able to attract talented staff and disclosure of the remuneration of the Key Executives, including the CEO, could make it difficult to retain and attract talented staff on a long-term basis;

## Corporate Governance Reports

- (iv) due to the confidentiality and sensitivity of staff remuneration matters, the REIT Manager is of the view that such disclosure could be prejudicial to the interests of Stapled Securityholders; and
- (v) the remuneration of Key Executives of the Managers (including the CEO) are paid by the REIT Manager and there is full disclosure of the total amount of fees paid to the REIT Manager as set out at page 232 of this Annual Report.

While the disclosure of the exact quantum of the remuneration of the CEO and the requisite remuneration band for each of the other Key Executives (who are not also Directors or the CEO) would be in full compliance with Provision 8.1 of the CG Code, taking into account the reasons why such disclosure would be prejudicial to the interests of Stapled Securityholders and that the Managers have disclosed the remuneration policies, composition of remuneration, appraisal process and performance metrics which go towards determination of the performance bonus of the CEO and other Key Executives, the Boards have determined that despite the partial deviation from Provision 8.1 of the CG Code, there is sufficient transparency on the Managers' remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the CG Code.

As at 30 September 2023, there are no employees within the Managers who is a substantial Stapled Securityholder or who is an immediate family member of a Director, the CEO or a substantial Stapled Securityholder.

### FINANCIAL PERFORMANCE, REPORTING AND AUDIT

The Boards, with the support of Management, are responsible for providing a balanced and understandable assessment of FHT's performance, position and prospects. Financial reports are provided to the Boards on a quarterly basis and monthly accounts are made available to the Directors on request.

The REIT Manager prepares the financial statements of FH-REIT in accordance with the recommendations of the Statement of Recommended Accounting Practice ("**RAP**") *7 Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the CIS Code issued by the MAS, the SGX-ST Listing Manual and the provisions of the FH-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards in Singapore prescribed by the Accounting Standards Council.

The Trustee-Manager prepares the financial statements of FH-BT in accordance with Singapore Financial Reporting Standards (International), the applicable requirements of the BTA and the provisions of FH-BT Trust Deed.

The Boards release FHT's half-yearly and full year financial results. The Managers also provide business updates to Stapled Securityholders for the first and third quarter performance of FHT. The Boards also provide Stapled Securityholders with relevant business updates, other price or trade sensitive information and material corporate developments through announcements to the SGX-ST and FHT's website.

### External Audit

The ARCCs conduct an assessment of the external auditors of FHT, and recommends its appointment, re-appointment or removal to the Board. The assessment is based on factors such as the performance and quality of its audit, the cost effectiveness and the independence and objectivity of the external auditors. The ARCC also makes recommendations to the Boards on the remuneration and terms of engagement of the external auditors.

At the AGM held on 16 January 2023, KPMG LLP was re-appointed by Stapled Securityholders as the external auditors of FHT for FY2023 until the conclusion of the next AGM. Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current KPMG LLP audit partner is in charge of the audit of FHT since FY2023.

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During FY2023, the ARCCs conducted a review of the scope, quality, results and performance of audit by the external auditors of FHT and its cost effectiveness, as well as the independence and objectivity of the external auditors. They also reviewed all non-audit services provided by the external auditors during the financial year, and the aggregate amount of fees paid and payable to them for such services. Details of fees paid and payable to the external auditors in respect of audit and non-audit services as at 30 September 2023 are set out in the table below:

Fees relating to external auditors as at 30 September 2023	S\$ '000
For audit services	536
For non-audit services	264
Total	800

The ARCCs have conducted a review of all non-audit services provided by KPMG LLP during the financial year. The ARCCs are satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of KPMG LLP is put at risk. KPMG LLP has attended the ARCCs meeting held every quarter for FY2023, and where appropriate, has met with the ARCCs without the presence of Management to discuss their findings, if any.

Each of the REIT Manager and the Trustee-Manager confirms that FH-REIT and FH-BT respectively has complied with Rule 712 of the SGX-ST Listing Manual which requires, amongst others, that a suitable auditing firm should be appointed by the Group having regard to certain factors. Each of FH-REIT and FH-BT has also complied with Rule 715 of the SGX-ST Listing Manual which requires that the same auditing firm of the Group based in Singapore to audit its Singapore-incorporated subsidiaries and significant associated companies, and that a suitable auditing firm be engaged for its significant foreign-incorporated subsidiaries and associated companies.

In the review of the financial statements of FHT for FY2023, the ARCCs discussed the following key audit matters identified by the external auditors with Management:

Key audit matter	Review by the ARCCs
Valuation of investment properties and property, plant and equipment	The ARCCs considered the independence and competency of the external valuers, as well as the methodologies applied by them to the valuation of the properties. The ARCCs reviewed the outcome of the annual external valuation process and discussed the details of the valuations with the Management and the external auditors. The ARCCs noted that the valuation of properties is an area of focus for the external auditors as a key audit matter in its auditors' report and also noted their assessment of the appropriateness of the valuation methods, inputs and assumptions used. The ARCCs concur with the basis and findings included in the auditors' report with respect to the key audit matter.

### GOVERNANCE OF RISK AND INTERNAL CONTROLS

The Boards are responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls.

#### Enterprise Risk Management and Risk Tolerance

The Managers have established a sound system of risk management and internal controls comprising procedures and processes to safeguard FHT's assets and the interests of FHT and its Stapled Securityholders. The ARCCs review and report to the Boards on the adequacy and effectiveness of such controls, including financial, compliance, operational and information technology controls, and risk management procedures and systems, taking into consideration the recommendations of both internal and external auditors.

## Corporate Governance Reports

### Internal Controls

Each of the ARCCs, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the REIT Manager's and/ or the Trustee-Manager's (as the case may be) system of controls, including financial, compliance, operational and information technology controls. In assessing the effectiveness of internal controls, each of the ARCCs ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors (if any) in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

The ARCCs and the Boards have consistently been working closely with Management to ensure adequate cash flow and liquidity to sustain the Managers and FHT's operations on an ongoing basis. The ARCCs and the Boards are updated by Management regularly on the results of various scenario planning and stress testing conducted to assess and track the possible impact on FHT's liquidity and cashflow. Capital and liquidity management remain priorities for the Managers and FHT.

### Risk Management

The Boards, through the ARCCs review the adequacy and effectiveness of the Managers' risk management framework to ensure that robust risk management and mitigating controls are in place. The Managers have adopted an enterprise-wide risk management ("**ERM**") framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the Managers' ERM framework and progress report is set out on page 119.

Periodic updates are provided to the REIT Manager ARCC and the Trustee-Manager ARCC (as the case may be) on FH-REIT's, the REIT Manager's, FH-BT's and the Trustee-Manager's risk profiles. These updates would involve an assessment of FHT's, FH-REIT's, the REIT Manager's, FH-BT's and the Trustee-Manager's key risks by risk categories, current status, the effectiveness of any mitigating measures taken, and the action plans undertaken by Management to manage such risks.

In addition to the ERM framework, a comfort matrix of key risks, by which relevant material financial, compliance and operational (including information technology) risks of FHT, FH-REIT, the REIT Manager, FH-BT and the Trustee-Manager have been documented to assist the Boards to assess the adequacy and effectiveness of the existing internal controls. The comfort matrix is prepared with reference to the strategies, policies, processes, systems and reporting processes connected with the management of such key risks and presented to the Boards and the ARCCs. Risk tolerance statements setting out the nature and extent of significant risks which the REIT Manager and/ or Trustee-Manager is willing to take in achieving its strategic objectives have been formalised and adopted.

The Boards have received assurance from the CEO and the HOF of the Managers that as at 30 September 2023:

- (a) the financial records of FHT have been properly maintained and the financial statements for FY2023 give a true and fair view of FHT's operations and finances;
- (b) the system of internal controls in place for FHT is adequate and effective to address financial, operational, compliance and information technology risks which the Managers consider relevant and material to FHT's operations; and
- (c) the risk management system in place for FHT is adequate and effective to address risks which the Managers consider relevant and material to FHT's operations.

### Boards' Comment on Internal Controls and Risk Management Framework

Based on the internal controls established and maintained by the Managers, work performed by internal and external auditors, reviews performed by Management and the ARCCs, and assurance from the CEO and the HOF, the Boards are of the view that the internal controls in place for FHT were adequate and effective as at 30 September 2023 to address financial, operational, compliance and information technology risks, which the Managers consider relevant and material to FHT's operations.

## Corporate Governance Reports

Based on the risk management framework established and adopted by the Managers, review performed by Management and assurance from the CEO and the HOF, the Boards are of the view that the risk management system in place for FHT was adequate and effective as at 30 September 2023 to address risks which the Managers consider relevant and material to FHT's operations.

The Boards note that the system of internal controls and risk management provides reasonable, but not absolute, assurance that FHT will not be adversely affected by any event that could be reasonably foreseen as the Managers work to achieve their business objectives for FHT. In this regard, the Boards also note that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

The ARCCs concur with the Boards' view that as at 30 September 2023, the internal controls of FHT (including financial, operational, compliance and information technology controls) and the risk management system in place for FHT were adequate and effective to address risks which the Managers consider relevant and material to FHT's operations.

### Internal Audit

The internal audit function of each REIT Manager and the Trustee-Manager is performed by the Frasers Property Group's internal audit department ("**FPL Group IA**"). FPL Group IA is responsible for conducting objective and independent assessments of the adequacy and effectiveness of the REIT Manager's and the Trustee-Manager's system of internal controls, risk management and governance practices. The Head of FPL Group IA reports directly to the ARCCs, and administratively to FPL's Group Chief Corporate Officer. The appointment and removal of FPL Group IA as the service provider of the Managers' internal audit function requires the approval of the ARCCs.

The ARCCs ensure that FPL Group IA complies with the standards set by nationally or internationally recognised professional bodies. In this regard, in performing internal audit services, FPL Group IA has adopted and complies with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, Inc.

The ARCCs are also responsible for ensuring that the internal audit function is adequately resourced and staffed with persons with relevant qualifications and experience. As at 30 September 2023, FPL Group IA comprised 25 professional staff. The Head of FPL Group IA and the Singapore-based FPL Group IA staff are members of The Institute of Internal Auditors, Singapore. To ensure that the internal audit activities are effectively performed, FPL Group IA recruits suitably qualified audit professionals with the requisite skills and experience. FPL Group IA staff are given relevant training and development opportunities to update their technical knowledge and auditing skills. This includes attending relevant technical workshops and seminars organised by The Institute of Internal Auditors, Singapore, and other professional bodies.

FPL Group IA operates within the framework of a set of terms of reference as contained in the Internal Audit Charter approved by the ARCCs. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned with the key strategies of FHT. Risk assessments are carried out on all key business processes, which are used to determine the extent and frequencies of the reviews to be performed. Higher risk areas are subject to more extensive and frequent reviews. FPL Group IA conducts its reviews based on internal audit plans approved by the ARCCs. FPL Group IA has unfettered access to FHT's and the REIT Manager's and the Trustee-Manager's documents, records, properties and personnel, including the ARCCs' members, and has appropriate standing with FHT and the Managers. All audit reports detailing audit findings and recommendations are provided to Management, who would respond with the actions to be taken.

Each quarter, FPL Group IA submits reports to the ARCCs on the status of completion of the audit plans, audit findings noted from reviews performed, and status of Management's action plans to address such findings, including implementation of the audit recommendations. Each ARCC is satisfied that for the financial year ended 30 September 2023, the internal audit function is independent, effective, adequately resourced to perform its functions, and has appropriate standing within FH-REIT, FH-BT, the REIT Manager and the Trustee-Manager to perform its functions effectively. Quality assurance reviews on FPL Group's internal audit function are periodically carried out by qualified professionals from an external organisation. The last review was performed in FY2022. Where required, the ARCCs will make recommendations to the Boards to ensure that FPL Group IA remains an adequate, effective and independent internal audit function.

## Corporate Governance Reports

### Related/Interested Person Transactions

In general, in the case of FH-REIT and/or the REIT Manager, transactions between:

- an entity at risk (in this case, the REIT Trustee (acting in its capacity as the trustee of FH-REIT) or any of the subsidiaries or associated companies of FH-REIT); and
- any of the Interested Parties, namely, the REIT Manager, the REIT Trustee (acting in its personal capacity), an associate of the REIT Manager or REIT Trustee, a Director, CEO or controlling shareholder of the REIT Manager, a controlling Stapled Securityholder or an associate of any such Director, CEO or controlling shareholder or controlling Stapled Securityholder,

would constitute an interested party transaction.

In general, in the case of FH-BT and/or the Trustee-Manager, transactions between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of FH-BT) or any of the subsidiaries or associated companies of FH-BT); and
- any of the Interested Persons, namely, the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of FH-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of FH-BT) (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005), a Director, CEO or controlling shareholder of the Trustee-Manager, a controlling Stapled Securityholder or an associate of any such Director, CEO or controlling shareholder or controlling Stapled Securityholder,

would constitute an interested person transaction.

The Managers have established internal processes such that the Boards, with the assistance of the ARCCs, are required to be satisfied that all Related/Interested Person Transactions are undertaken on normal commercial terms, and are not prejudicial to the interests of FHT and Stapled Securityholders. This may entail obtaining (where practicable) quotations from parties unrelated to the Managers, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix). Directors who are interested in any proposed Related/Interested Person Transaction to be entered into by FHT are required to abstain from any deliberations or decisions in relation to that Related/Interested Person Transaction.

All Related/Interested Person Transactions are entered in a register maintained by the each of the REIT Manager and the Trustee-Manager. The Managers incorporate into their internal audit plan a review of the Related/Interested Person Transactions recorded in the register to ascertain that internal procedures and requirements of the SGX-ST Listing Manual and Property Funds Appendix have been complied with. The ARCCs review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related/Interested Person Transactions have been complied with. The review includes the examination of the nature of the Related/Interested Person Transactions and its supporting documents or such other data deemed necessary by the ARCCs. In addition, the REIT Trustee also has the right to review any such relevant internal audit reports to ascertain that the Property Funds Appendix has been complied with.

Any Related/Interested Person Transaction proposed to be entered into by (a) the REIT Trustee for and on behalf of FH- REIT with a Related Person, and/or (b) the Trustee-Manager for and on behalf of FH-BT with an Interested Person, would require the REIT Trustee and/or the Trustee-Manager (as the case may be) to satisfy itself that such Related/Interested Person Transaction is conducted on normal commercial terms, is not prejudicial to the interests of FHT, FH-REIT and/or FH-BT (as the case may be) and its Stapled Securityholders, and is in accordance with all applicable requirements of the SGX-ST Listing Manual, the BTA and/or CIS Code (where applicable) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts or property funds.

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Further, the following procedures will be undertaken by the ARCCs:

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Interested Parties or Interested Persons (collectively, the **"Related Parties"**) during the same financial year) equal to or exceeding S\$100,000 in value but less than 3.0% of the value of FH-REIT's or FH-BT's net tangible assets (based on the latest audited accounts) will be subject to review by the respective ARCCs at regular intervals;
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of FH-REIT's or FH-BT's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the ARCCs. Such approval shall only be given if such transaction is on normal commercial terms and not prejudicial to the interests of FH-REIT and/or FH-BT and the minority Stapled Securityholders; and
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of FH-REIT's and/or FH-BT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the ARCCs which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and/or the Property Funds Appendix (where applicable), such transaction would have to be approved by Stapled Securityholders at a meeting duly convened.

Save for the transactions described under the sections "Management and Corporate Governance - FH-REIT - Related Transactions - Related Party Transactions in connection with the Setting Up of FH-REIT" and "Management and Corporate Governance - FH-REIT - Related Party Transactions - Future Related Party Transactions" in FHT's Prospectus dated 30 June 2014, FH-REIT will comply with Rule 905 of the Listing Manual by announcing any IPTs in accordance with the Listing Manual if such transaction, by itself or when aggregated with other IPTs entered into with the same interested person during the same financial year, is 3.0% or more of the value of FH-REIT's latest audited net tangible assets.

Save for the transactions described under the sections "Management and Corporate Governance - FH-BT - Interested Person Transactions and Potential Conflicts of Interest - Interested Person Transactions in connection with the Setting Up of FH-BT" in FHT's Prospectus dated 30 June 2014, FH-BT will comply with Rule 905 of the Listing Manual by announcing any IPTs in accordance with the Listing Manual if such transaction, by itself or when aggregated with other IPTs entered into with the same interested person during the same financial year, is 3.0% or more of the value of FH-BT's latest audited net tangible assets.

Information on the measures and procedures put in place by the Trustee-Manager to manage potential IPTs can also be found in the Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust on pages 175 to 180.

### Whistle-Blowing Policy

The Managers have put in place a whistle-blowing policy (the **"Whistle-Blowing Policy"**). The Whistle-Blowing Policy provides an independent feedback channel through which matters of concern about possible improprieties misconduct or wrongdoing relating to FHT, the Managers and their officers in matters of financial reporting, suspected fraud and corruption or other matters may be raised by employees and any other persons in confidence and in good faith, without fear of reprisal. Whistle-blowers may report any matters of concern by email, by post or by calling a hotline, details of which are provided in the Whistle-Blowing Policy, which is available on FHT's website. Any report submitted through this channel would be received by the Head of the FPL Group IA and the Managers have designated FPL Group IA, an independent function, to investigate all whistle-blowing reports made in good faith. The Managers are committed to ensuring that whistle-blowers will be treated fairly, and protected from reprisals, or victimisation or any otherwise detrimental or unfair treatment for whistle-blowing in good faith. The Managers will treat all information received confidentially and protect the identity of all whistle-blowers.

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The improprieties, misconduct or wrongdoing that are reportable under the Whistle-Blowing Policy include: (a) financial or professional misconduct; (b) improper conduct, dishonest, fraudulent or unethical behaviour; (c) any irregularity or non-compliance with laws/ regulations or the Managers' policies and procedures, and/or internal controls; (d) violence at the workplace, or any conduct that may threaten health and safety; (e) corruption or bribery; (f) conflicts of interest; and (g) any other improprieties or matters that may adversely affect Stapled Securityholders'/ shareholders' interest in, and the assets of, FHT, the REIT Manager and/or the Trustee-Manager and the reputation of these entities. The Whistle-Blowing Policy is covered and explained in detail during staff training, including the procedures for raising concerns. All whistle-blowing complaints raised are independently investigated, and if appropriate, an independent investigation committee will be constituted. The outcome of each investigation and any action taken is reported to the ARCCs. The ARCCs, which are responsible for oversight and monitoring of whistle-blowing, review and ensure that independent investigations and any appropriate follow-up actions are carried out (including reporting to the Boards of any significant matters raised through the whistle-blowing channel).

### STAPLED SECURITYHOLDER MATTERS

The Managers treat all Stapled Securityholders fairly and equitably, and strive to establish and maintain regular interaction and dialogue with Stapled Securityholders to generate awareness and understanding of FHT's strategic business model, competitive strengths, growth strategy, and investment merits, as well as to garner feedback and views for consideration. Stapled Securityholders are also given accurate, objective and timely assessment of FHT's performance, financial position and prospects. The Managers provide regular updates via SGXNET announcements and on its websites and via participation in outreach retail investors events hosted by the Securities Investors Association (Singapore) or the SGX-ST. Stapled Securityholders and investors can also contact the investor relations contact person at FHT to provide their feedback or submit enquiries. The AGMs provide a platform for Stapled Securityholders to communicate their views to the Boards and management on various matters affecting FHT.

### Investor Relations

The Managers pride themselves on their high standards of disclosure and corporate transparency. To enable Stapled Securityholders and the investment community to make informed investment decisions, the Managers endeavour to provide them with fair, relevant, comprehensive and timely information regarding FHT's performance and progress and matters concerning FHT and its business which are likely to materially affect the price of the Stapled Securities and other securities of FHT, or are likely to influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell the Stapled Securities.

The Managers' dedicated Investor Relations ("**IR**") personnel is tasked with, and focuses on, facilitating communications between FHT and its Stapled Securityholders, as well as with the investment community and the media. Contact details of the IR manager ("**IR Contact**") are available on FHT's website at [www.frasersproperty.com/reits/fht](http://www.frasersproperty.com/reits/fht) for Stapled Securityholders, investors and other stakeholders to channel their comments and queries. The IR policy also sets out the mechanism through which Stapled Securityholders may contact the Managers with questions and through which the Managers may respond to such questions. Any comments and queries addressed to the Lead Independent Director are directly conveyed to him through such channels.

Continuous and informed dialogue between the Managers and Stapled Securityholders is a central tenet of good corporate governance. Regular engagement between these parties promotes greater transparency. Material and other pertinent information such as SGX announcements, media releases and presentation slides are issued via the SGXNET and uploaded on FHT's website on a timely basis. They are the principal media of communication between FHT and its Stapled Securityholders. While the Managers have adopted half-yearly reporting of financial results since FY2020, they continue to provide interim business updates for the first and third quarters of each financial year, which include a discussion of the significant factors that have affected FHT's interim performance as well as relevant market trends that may have a material impact on FHT's prospects. Such information provides Stapled Securityholders with a better understanding of FHT's performance in the context of the current business environment.

Analyst briefings, earnings calls and investor luncheons are conducted after the announcement of half-yearly results and business updates. The Head of IR, together with the CEO, also participates in conferences, roadshows, and investor meetings to keep the investment community informed of FHT's corporate developments, financial and operational performance and strategies, and in order to solicit and understand the views of Stapled Securityholders and investors.

Further details on the various activities organised by IR during the year can be found in the Investor Relations section of this Annual Report on pages 116 to 117.



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A copy of FHT's Annual Report 2023 has been sent to all Stapled Securityholders. The electronic version of FHT's Annual Report 2023 is available on FHT's website at [www.frasersproperty.com/reits/fht](http://www.frasersproperty.com/reits/fht).

### Conduct of General Meetings

The forthcoming 9th Annual General Meeting ("**2024 AGM**") will be held in a wholly physical format on 23 January 2024 and Stapled Securityholders (themselves or through duly appointed proxies) will be able to vote and ask questions in person at the 2024 AGM.

The Boards support and encourage active Stapled Securityholder participation at AGMs as they believe that general meetings serve as an opportune forum for Stapled Securityholders to meet the Boards and Management, and to interact with them. As and when an extraordinary general meeting is convened, a circular is sent to Stapled Securityholders, containing details of the matters for Stapled Securityholders' consideration and approval. To encourage participation, FHT's general meetings are held at convenient locations.

Stapled Securityholders are given the opportunity to participate effectively and vote at FHT's general meetings, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated prior to the start of the meeting. Stapled Securityholders such as nominee companies which provide custodial services for securities are not constrained by the two-proxy limitation, and are able to appoint more than two proxies to attend, speak and vote at general meetings of FHT. At FHT's general meetings, Stapled Securityholders are also given opportunities to ask questions or give feedback to the REIT Managers.

The Managers generally provide Stapled Securityholders with longer than the minimum notice period required for general meetings. The Managers try their best not to schedule AGMs during peak periods when these might coincide with the AGMs of other listed companies. The Managers give Stapled Securityholders the necessary information on each resolution so as to enable them to exercise their votes on an informed basis.

To safeguard the Stapled Securityholders' interests and rights, the Managers table separate resolutions at general meetings of Stapled Securityholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. In the event where resolutions are bundled, the Managers will explain the reasons and material implications in the relevant notice of meeting. Stapled Securityholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions sought to be passed.

For greater transparency, the Managers have implemented electronic poll voting at general meetings. This entails Stapled Securityholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Stapled Securityholders present or represented at the meeting to vote on a one Stapled Security, one vote basis. The voting results of all votes cast for, against, or abstaining from each resolution is then screened at the meeting and announced via SGXNET after the meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings. The Managers will continue to use the electronic poll voting system at the forthcoming AGM. Provision 11.4 of the CG Code provides for an issuer's constitution to allow for absentia voting at general meetings of unitholders. The Trust Deeds currently do not, however, permit Stapled Securityholders to vote at general meetings in absentia (such as via mail, email or fax). In line with Principle 11 of the CG Code, Stapled Securityholders nevertheless have the opportunity to appoint proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. As the authentication of Stapled Securityholder identity and other related security and integrity issues remain a concern, the Managers have decided for the time being, not to implement absentia voting methods such as voting via mail, e-mail or fax.

At every AGM, a presentation is made to Stapled Securityholders to update on FHT's financial and operational performance, and prospects. The links to the presentation materials are made available on SGXNET and FHT's website before the commencement of the AGM for the benefit of Stapled Securityholders.

Board members and Management are present at the AGMs to respond to any questions from Stapled Securityholders, unless they are unable to attend due to exigencies. Certain external consultants including FHT's external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

The Chairman of the meeting is tasked with facilitating constructive dialogue between Securityholders and the Boards, Management and the external auditors. Where appropriate, the Chairman allows specific Directors, such as the respective Board Committee chairmen, to answer queries on matters related to their roles. Stapled Securityholders will also have the opportunity to interact with the Directors before and/or after general meetings.

## Corporate Governance Reports

The minutes of Stapled Securityholders' meetings which capture the attendance of Board members at the meetings, matters approved by Stapled Securityholders, voting results and substantial and relevant comments or queries from Stapled Securityholders relating to the agenda of the general meeting together with responses from the Boards and Management, are prepared by the Managers. These minutes are published on FHT's website within one month from the date of the Stapled Securityholders' meetings.

### Distributions

Distributions of FHT comprise distributions from FH-REIT and FH-BT.

FH-REIT's distribution policy is to distribute at least 90.0% of its distributable income and such distributions are typically paid on a semi-annual basis.

FH-BT's distribution policy is to distribute as much of its income as practicable, and the declaration and payment of distributions by FH-BT will be at the sole discretion of the Trustee-Manager Board.

For FY2023, FHT made two distributions to Stapled Securityholders.

## STAKEHOLDER ENGAGEMENT

The Boards adopt an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of their overall responsibility to ensure that the best interests of FHT are served. Stakeholders are parties who may be affected by FHT's or the Managers' activities or whose actions can affect the ability of FHT or the Managers to conduct their activities.

### Sustainability

In order to review and assess the material factors relevant to FHT's business activities, the Managers from time to time proactively engage with various stakeholders (including employees, vendors and guests, and the investment community), to gather feedback on the sustainability matters which have significant impact to the business and operations of FHT and its stakeholders. Please refer to the ESG Report on pages 77 to 115 of this Annual Report, which sets out information on the Managers' arrangements to identify and engage with their material stakeholder groups and to manage their relationships with such groups, and the Managers' strategy and key areas of focus in relation to managing stakeholder relationships during FY2023.

### Responsible Sourcing

FHT has put in place a Responsible Sourcing Policy which sets out expectations of contractors and suppliers across four areas of sustainable procurement, namely environmental management; human rights and labour management; health, safety and well-being; and business ethics and integrity. The policy is informed by the UN Global Compact Principles and the UN Universal Declaration of Human Rights.

### Code of Business Conduct

The conduct of employees of the Managers is governed by the FPL Code of Business Conduct. The Fraser's Property Group's business practices are been governed by integrity, honesty, fair dealing and compliance with applicable laws. To guide the Fraser's Property Group's employees across its multi-national network to uphold these values, FPL has established the FPL Code of Business Conduct to provide clear guidelines on ethics and relationships to safeguard the interests and reputation of the Fraser's Property Group, including the Managers, as well as stakeholders of FPL and FHT.

The FPL Code of Business Conduct covers key aspects such as avoiding conflicts of interest, working with external stakeholders (including customers, suppliers, business partners, governments and regulatory officials), protecting company's assets, social media engagement, data privacy and upholding laws in countries where the Fraser's Property Group has geographical presence in. The FPL Code of Business Conduct also emphasises the importance of upholding the Fraser's Property Group's core values to build a respectful culture. Employees are encouraged to be respectful to the elements that make people similar or different from one another, including background, views, experiences, capabilities, values, beliefs, physical differences, ethnicity and culture, gender, age, thinking styles, preferences and behaviours.

## Corporate Governance Reports

The FPL Code of Business Conduct sets out the policies and procedures dealing with various issues such as conflicts of interests, the maintenance of records and reports, equal employment opportunities and sexual harassment. It includes requirements relating to the keeping of accurate and sufficiently detailed accounting records for financial transactions, internal financial reporting and financial reporting to stakeholders, sets out the standards to which employees must adhere in their business relationships with third parties and personal business undertakings and their obligations to the Frasers Property Group, and provides for the need to obtain approval in certain situations where a conflict of interest may arise. It also covers an employee's obligations in protecting the Frasers Property Group's confidential information and intellectual property and reiterates the Frasers Property Group's zero tolerance approach to bribery and corruption. Where applicable/appropriate, the FPL Code of Business Conduct is also made available to other stakeholders such as the Frasers Property Group's and FHT's agents, suppliers, business associates and customers.

### Anti-Bribery and Anti-Corruption

FHT has procedures in place to comply with applicable anti-bribery laws and regulations. Under the FPL Code of Business Conduct, employees are not to accept, offer, promise, or pay anything of value to another person with the intention to obtain or retain business, to improperly influence an official action or to secure an unfair business advantage, whether directly or through a third party. FHT also has an anti-bribery policy, which is applicable to entities of the Frasers Property Group incorporated or formed in the United Kingdom, and those carrying on business in the United Kingdom.

### Anti-Money Laundering and Countering the Financing of Terrorism Measures

FHT has a policy in place and implemented procedures to comply with applicable anti-money laundering, counter-terrorism financing laws and regulations, including the notice and guidelines issued by the MAS to capital intermediaries on the prevention of money laundering and countering the financing of terrorism. FHT's policy and procedures include, but are not limited to, risk assessment and mitigation, customer due diligence, reporting of suspicious transactions, and record keeping. Training on anti-money laundering, counter-terrorism financing laws and regulations are also conducted for employees, officers and representatives periodically and as and when needed.

### Business Continuity Management

The Managers adhere to the Group Business Continuity Management ("**BCM**") Policy which has been implemented by, and applies to, the entities within the Frasers Property Group. The BCM Policy references the requirements of ISO22301 management system, sets directives and guides the Managers in implementing and maintaining a BCM programme to protect against, reduce the likelihood of the occurrence of, prepare for, respond to and recover from disruptions when they arise. The Group Business Continuity Management Committee oversees the BCM programme and activities of the entities within the Frasers Property Group.

The Managers have in FY2023, enhanced its BCM programme which has boosted its resilience and capability in responding, managing and recovering from adverse business disruptions and unforeseen catastrophic events. Under the programme, critical business functions, key processes, resource requirements, service recovery time objectives and business recovery strategies are identified. The Managers have identified and mapped end-to-end dependencies covering people, processes, technology and other resources (including third parties and intragroup) that support each critical business service. The Managers have put in place a robust and effective incident management programme to manage incidents to recover the critical business services and functions to prepare themselves within the stipulated recovery time objectives. A Crisis Management Team has been established to oversee the Managers' crisis management activities. Group IA (as an independent and qualified party) has been engaged to establish a comprehensive BCM audit plan and conduct an audit of the BCM framework and the BCM of each critical business service at least once every three years.

Annual tests, exercises (tabletop or simulated) and drills, simulating different scenarios, will be carried out to assess the effectiveness of the abovementioned plans. The Managers' crisis management team and staff are trained periodically, and the plans under the BCM are updated regularly. The BCM programme ensures FHT stays resilient in the face of a crisis. It is a holistic approach to minimize adverse business impact and to safeguard FHT's reputation and business operations.

The FPL Code of Business Conduct, BCM Policy and the other policies mentioned above, are accessible to all employees on the Frasers Property Group intranet.

## Corporate Governance Reports

### POLICY ON DEALINGS IN SECURITIES

The REIT Manager and the Trustee-Manager have established a dealing policy on securities trading ("**Dealing Policy**") setting out the procedure for dealings in FHT's securities by its Directors, officers and employees. In compliance with Rule 1207(19) of the SGX-ST Listing Manual on best practices on dealing in securities, the Group issues reminders to the Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (a) two weeks prior to the announcement of the interim business updates of the first and third quarters of the financial year, and (b) one month before the announcement of the half-year and full-year results, and ending on the date of such announcements (the "**Prohibition Period**"). Directors, officers and employees are also reminded not to trade in listed securities of FHT at any time while in possession of unpublished price sensitive information and to refrain from dealing in FHT's securities on short-term considerations. Pursuant to the SFA, Directors and the CEO are also required to report their dealings in FHT's securities within two business days.

Every quarter, each Director, officer and employee is required to complete and submit a declaration form to the designated compliance officer to report any trades he or she made in Stapled Securities in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the ARCCs. Any non-compliance with the Dealing Policy will be reported to the ARCCs for their review and instructions.

Under the Dealing Policy, prior approval from each of the Boards is required before the Managers deals or trades in Stapled Securities. In addition, the Managers will not deal in Stapled Securities:

- (a) during the Prohibition Period; or
- (b) while in possession of unpublished price sensitive information/material in relation to those securities.

### ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE MANAGERS

Pursuant to the FH-REIT Trust Deed, the REIT Manager is entitled to receive the following fees:

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Base Fee	<p>Pursuant to Clause 15.1.1 of the FH-REIT Trust Deed, the REIT Manager is entitled to receive a Base Fee of 0.3% per annum (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of the value of the deposited property of FH-REIT ("<b>FH-REIT Deposited Property</b>").</p> <p>The Base Fee is payable quarterly in the form Stapled Securities and/or payable monthly in the form of cash, as the REIT Manager may elect. The Base Fee payable in Stapled Securities will be issued at the volume weighted average price for a Stapled Security for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the FH-REIT Trust Deed) immediately preceding the relevant Business Day.</p>	<p>The primary role of the REIT Manager includes managing and optimising the portfolio of properties held by FH-REIT. The REIT Manager is committed to delivering value to the stakeholders of FHT, in addition to its key responsibilities in managing and maintaining the long-term interests of all Stapled Securityholders.</p> <p>The Base Fee covers the operational and administrative overheads incurred by the REIT Manager for formulating strategies and business plans, monitoring the performance of the assets to optimise the portfolio of properties and implementing proactive measures to enhance the returns from these properties so as to achieve optimal distribution to Stapled Securityholders, ensuring that FH-REIT and its subsidiaries comply with the applicable reporting and regulatory requirements and legislation in each of the countries that FH-REIT operates in.</p>

## Corporate Governance Reports

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Performance Fee	<p>Pursuant to Clause 15.1.2 of the FH-REIT Trust Deed, the REIT Manager is entitled to receive a Performance Fee, being a fee not exceeding the rate of 5.5% per annum (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) in arrears of the aggregate of the Distributable Income of FH-REIT and the distributable income of FH-BT in the relevant financial year (calculated before accounting for the Performance Fee payable to the REIT Manager and the performance fee payable to the Trustee-Manager but after accounting for the Base Fee payable to the REIT Manager and the base fee payable to the Trustee-Manager.)</p> <p>The Performance Fee is payable in the form of cash and/or Stapled Securities as the REIT Manager may elect. The Performance Fee payable in Stapled Securities will be issued at the volume weighted average price for a Stapled Security for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the FH-REIT Trust Deed) immediately preceding the relevant Business Day.</p> <p>In accordance with the CIS Code, crystallisation of the Performance Fee should be no more frequent than once a year. Therefore, with effect from the financial year ended 30 September 2017, the Performance Fee payable to the REIT Manager in the form of cash and/ or Stapled Securities will be paid on an annual basis in arrears, subsequent to the end of the applicable financial year.</p>	<p>The Base Fee represents the compensation to the REIT Manager for executing its core responsibilities and is based on a percentage of the value of the FH-REIT Deposited Property, which is an appropriate metric that commensurates with the complexity of FH-REIT's operations and the efforts required of the REIT Manager in managing FH-REIT. As the portfolio grows in size and/or geographical diversity, it is expected that the degree and complexity of the REIT Manager's responsibilities will correspondingly increase.</p> <p>The Performance Fee methodology, based on Distributable Income, is an objective benchmark and incentivises the REIT Manager to achieve higher income yields for Stapled Securityholders over the long-term through proactive management, which may include but are not limited to asset enhancement initiatives, repositioning or rebranding of a property, re-segmentation of a property's customer base and driving cost efficiencies to improve profit margin.</p> <p>Such fee methodology aligns the interests between the REIT Manager and Stapled Securityholders and also takes into account the Stapled Securityholders' long-term interests as the REIT Manager receives an amount that is commensurate with the value it delivers to the Stapled Securityholders.</p>

## Corporate Governance Reports

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Acquisition Fee	<p>Pursuant to Clause 15.2.1(i) of the FH-REIT Trust Deed, the REIT Manager is entitled to receive an Acquisition Fee (as defined under Clause 15.1.2(i) of the FH-REIT Trust Deed) at the rate of 0.5% for acquisitions from Related Parties as defined in the FH-REIT Trust Deed and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to no double-counting):</p> <ul style="list-style-type: none"> <li>(a) the acquisition price of any real estate purchased by FH-REIT, whether directly or indirectly through one or more special purpose vehicles ("SPVs"), plus any other payments<sup>(2)</sup> in addition to the acquisition price made by FH-REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);</li> <li>(b) the underlying value<sup>(3)</sup> of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-REIT whether directly or indirectly through one or more SPVs plus any other payments made by FH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of FH-REIT's interest); or</li> <li>(c) the acquisition price of any investment purchased by FH-REIT whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate</li> </ul>	<p>To continue delivering long-term sustainable distributable income to Stapled Securityholders, the REIT Manager regularly reviews its portfolio of properties and considers the recycling of capital, where appropriate, to optimise its portfolio. This involves a thorough review of the exposures, risks and returns as well as the overall value-add of the acquisition or divestment to FH-REIT's existing portfolio and future growth expectations. When the transaction is completed, the REIT Manager receives the Acquisition Fee or, as the case may be, the Divestment Fee, based on the acquisition price or sale price respectively.</p> <p>The Acquisition Fee is higher than the Divestment Fee because the time and efforts undertaken in terms of sourcing, evaluating and conducting due diligence, and fund raising for an acquisition, are higher as compared to a divestment.</p> <p>The Acquisition Fee and Divestment Fee payable to the REIT Manager serve as a form of compensation of the time, effort and resources spent by the REIT Manager's team of skilled and experienced executives in sourcing, evaluating and executing of potential opportunities to acquire new properties or in unlocking the underlying value of existing properties within its asset portfolio to optimise Stapled Securityholders' returns. The REIT Manager provides these services over and above the provision of ongoing management services with the aim of ensuring income sustainability, achieving the investment objectives of FH-REIT and generating long term benefits for Stapled Securityholders.</p>

## Corporate Governance Reports

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Divestment Fee	<p>Pursuant to Clause 15.2.1(ii) of the FH-REIT Trust Deed, the REIT Manager is entitled to receive a Divestment Fee (as defined under Clause 15.1.2(ii) of the FH-REIT Trust Deed) at the rate of 0.5% (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of each of the following as is applicable (subject to no double-counting):</p> <ul style="list-style-type: none"> <li>(a) the sale price of any real estate sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>(2)</sup> in addition to the sale price received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);</li> <li>(b) the underlying value<sup>(3)</sup> of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-REIT whether directly or indirectly through one or more SPVs, plus any other payments received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-REIT's interest); or</li> <li>(c) the sale price of any investment sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate</li> </ul>	

### Notes:

<sup>(1)</sup> Capitalised terms used in this section shall have the same meanings ascribed to them in the FH-REIT Trust Deed.

<sup>(2)</sup> "other payments" refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

<sup>(3)</sup> For example, if FH-REIT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by FH-REIT as purchase price and any debt of the special purpose company.

## Corporate Governance Reports

### SUMMARY OF COMPLIANCE WITH EXPRESS DISCLOSURES REQUIREMENTS IN PRINCIPLES AND PROVISIONS OF 2018 CG CODE

PRINCIPLES AND PROVISIONS OF THE 2018 CG CODE GOVERNANCE		PAGE REFERENCE OF FY2023 ANNUAL REPORT
<b>BOARD'S CONDUCT OF AFFAIRS</b>		
Provision 1.2	Induction, training and development provided to new and existing Directors	132 to 133
Provision 1.3	Matters requiring Board approval	129 to 130
Provision 1.4	Names of Board Committee members, terms of reference of Board Committees, any delegation of Board's authority to make decisions and a summary of each Board Committee's activities	125 to 130
Provision 1.5	Number of Board and Board Committee meetings and each individual Directors' attendances at such meeting	130
<b>BOARD COMPOSITION AND GUIDANCE</b>		
Provision 2.2	The Boards' diversity policy and progress made towards implementation of the policy, including objectives	135 to 137
<b>BOARD MEMBERSHIP</b>		
Provision 4.3	Process for the selection, appointment and re-appointment of Directors to each of the REIT Manager Board and Trustee-Manager Board, including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate Candidates	134 to 135
Provision 4.4	Relationships that independent Directors have with FHT, its related corporations, its substantial Stapled Securityholders or its officers, if any, which may affect their independence, and the reasons why the Boards, having taken into account the views of the respective NRCs, has determined that such Directors are still independent	138 to 143
Provision 4.5	Listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, the NRCs' and Boards' reasoned assessment of the ability of the Director to diligently discharge his or her duties	61 to 65 and 138 to 143
<b>BOARD PERFORMANCE</b>		
Provision 5.2	How the assessments of the Boards, its respective Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with each of the Managers or any of its Directors	144 to 145
<b>PROCEDURES FOR DEVELOPING REMUNERATION POLICIES</b>		
Provision 6.4	Engagement of any remuneration consultants and their independence	146
<b>DISCLOSURE ON REMUNERATION</b>		
Provision 8.1	Policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: <ul style="list-style-type: none"> <li>(a) each individual Director and the CEO; and</li> <li>(b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel</li> </ul>	145 to 152



## Corporate Governance Reports

PRINCIPLES AND PROVISIONS OF THE 2018 CG CODE GOVERNANCE		PAGE REFERENCE OF FY2023 ANNUAL REPORT
Provision 8.2	Names and remuneration of employees who are substantial shareholders of the REIT Manager, substantial shareholders of the Trustee-Manager or substantial Stapled Securityholders, or are immediate family members of a Director, the CEO or such a substantial shareholder or substantial Stapled Securityholder, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000. The employee's relationship with the relevant director or the CEO or substantial shareholder or substantial Stapled Securityholder should also be stated.	152
Provision 8.3	All forms of remuneration and other payments and benefits, paid by each of the Managers and its respective subsidiaries to directors and key management personnel of each of the Managers	145 to 152
<b>RISK MANAGEMENT AND INTERNAL CONTROLS</b>		
Provision 9.2	Boards' assurance from: <ul style="list-style-type: none"> <li>(a) the CEO and the HOF that the financial records have been properly maintained and the financial statements give a true and fair view of the stapled group's operations and finances; and</li> <li>(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the stapled group's risk management and internal control systems.</li> </ul>	154
<b>STAPLED SECURITYHOLDER RIGHTS AND ENGAGEMENT</b>		
<b>STAPLED SECURITYHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS</b>		
Provision 11.3	Directors' attendance at general meetings of Stapled Securityholders held during the financial year	130 and 159 to 160
<b>ENGAGEMENT WITH STAPLED SECURITYHOLDERS</b>		
Provision 12.1	Steps taken by the Managers to solicit and understand the views of Stapled Securityholders	158 to 160
<b>ENGAGEMENT WITH STAKEHOLDERS</b>		
Provision 13.2	Each of the Managers' strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period	158 to 161

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## Report of the Trustee of Frasers Hospitality Real Estate Investment Trust

For the year ended 30 September 2023

Perpetual (Asia) Limited (the “REIT Trustee”) is under a duty to take into custody and hold the assets of Frasers Hospitality Real Estate Investment Trust (“FH-REIT”) held by it or through its subsidiaries (collectively the “FH-REIT Group”) in trust for the holders (“Stapled Securityholders”) of units in FH-REIT. In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the “Regulations”), the REIT Trustee shall monitor the activities of Frasers Hospitality Asset Management Pte. Ltd. (the “REIT Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the Amended and Restated Trust Deed (“Trust Deed”) dated 20 June 2014 as amended or supplemented from time to time between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to Stapled Securityholders in an annual report.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed FH-REIT during the financial year covered by these financial statements set out on pages 188 to 284, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the REIT Trustee,  
Perpetual (Asia) Limited

Sin Li Choo  
Director

Singapore  
17 November 2023

## Statement by the Manager of Frasers Hospitality Real Estate Investment Trust

For the year ended 30 September 2023

In the opinion of the directors of Frasers Hospitality Asset Management Pte. Ltd., the financial statements of FH-REIT and its subsidiaries (collectively "FH-REIT Group"), and Frasers Hospitality Trust ("FHT"), comprising the FH-REIT Group and Frasers Hospitality Business Trust ("FH-BT") and its subsidiaries (collectively, the "FH-BT Group") set out on pages 188 to 284, comprising the Statements of Financial Position and Portfolio Statements as at 30 September 2023, the Statements of Total Return, Distribution Statements, Statements of Changes in Stapled Securityholders' Funds and Statements of Cash Flows for the financial year then ended, and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio position of FH-REIT Group and FHT as at 30 September 2023, the total return, changes in Stapled Securityholders' funds, distributable income and cash flows of the FH-REIT Group and FHT for the financial year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed dated 12 June 2014 (as amended, restated and supplemented from time to time) between the REIT Manager and the REIT Trustee, and the stapling deed of Frasers Hospitality Trust between the REIT Trustee, the REIT Manager and Frasers Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager") dated 20 June 2014 (as supplemented from time to time). At the date of this statement, there are reasonable grounds to believe that the FH-REIT Group and FHT will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Board of Directors of the REIT Manager,  
Frasers Hospitality Asset Management Pte. Ltd.

Panote Sirivadhanabhakdi  
Director

Nagaraj Sivaram  
Director

Singapore  
17 November 2023

# Report of the Trustee-Manager of Frasers Hospitality Business Trust

For the year ended 30 September 2023

The directors of Frasers Hospitality Trust Management Pte. Ltd., the trustee-manager of Frasers Hospitality Business Trust ("FH-BT") and its subsidiaries (collectively, the "FH-BT Group"), (the "Trustee-Manager"), are pleased to present their report to the Stapled Securityholders of Frasers Hospitality Trust (the "Trust" or "FHT") for the financial year ended 30 September 2023, together with the audited financial statements of FH-BT Group for the financial year ended on that date.

## DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are:

Mr Panote Sirivadhanabhakdi	(Chairman)
Dr David Wong See Hong	
Mr Soong Hee Sang	(Appointed on 29 May 2023)
Mr Nagaraj Sivaram	(Appointed on 29 May 2023)
Mr Quah Ban Huat	(Appointed on 6 June 2023)

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE STAPLED SECURITIES AND DEBENTURES

Neither at the end of nor at any time during the financial year ended 30 September 2023 was the Trustee-Manager a party to any arrangement whose objective is to enable any or all directors of the Trustee-Manager to acquire benefits by means of the acquisition of Stapled Securities, or debentures, of FH-BT.

## DIRECTORS' INTEREST IN STAPLED SECURITIES OR DEBENTURES OF FHT

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Business Trusts Act 2004 of Singapore (the "BTA"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in Stapled Securities of FHT are as follows:

Name of Director	Number of Stapled Securityholdings					
	1 October 2022		30 September 2023		21 October 2023	
	Direct	Deemed	Direct	Deemed	Direct	Deemed
Mr Panote Sirivadhanabhakdi	Nil	707,310,200	Nil	707,310,200	Nil	707,310,200

Except as disclosed in this statement, there were no changes in any of the above mentioned interests in FHT between the end of the financial year and 21 October 2023.

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year, no director of the Trustee-Manager has received or become entitled to receive a benefit in FH-BT by reason of a contract made by the Trustee-Manager, on behalf of FH-BT or a related corporation with the director, or with a firm of which such director is a member or with a company in which such director has a substantial financial interest, except that the directors served as directors or employees of related corporations and received remuneration in that capacity from related corporations.

## Report of the Trustee-Manager of Fraser's Hospitality Business Trust

For the year ended 30 September 2023

### STAPLED SECURITY OPTIONS

During the financial year, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued Stapled Securities in FHT; and
- (ii) no Stapled Securities issued by virtue of any exercise of option to take up unissued Stapled Securities in FHT.

There were no unissued Stapled Securities in FHT under options as at the end of the financial year.

### AUDIT, RISK AND COMPLIANCE COMMITTEE

The Trustee-Manager had established an Audit, Risk and Compliance Committee for the Trustee-Manager (the "Trustee-Manager Audit, Risk and Compliance Committee") on 17 October 2016.

The composition of the Trustee-Manager Audit, Risk and Compliance Committee comprise the following directors from the Board of Directors of the Trustee-Manager:

- (i) Mr Nagaraj Sivaram (Chairman);
- (ii) Dr David Wong See Hong (Member);
- (iii) Mr Soong Hee Sang (Member); and
- (iv) Mr Quah Ban Huat (Member)

The composition of the Trustee-Manager Audit, Risk and Compliance Committee is identical to the composition of the Audit, Risk and Compliance Committee of the REIT Manager.

### AUDITOR

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

For and on behalf of the Board of Directors of the Trustee-Manager,  
Fraser's Hospitality Trust Management Pte. Ltd.

Panote Sirivadhanabhakdi  
Director

Nagaraj Sivaram  
Director

Singapore  
17 November 2023

## Statement by the Trustee-Manager of Frasers Hospitality Business Trust

For the year ended 30 September 2023

In the opinion of the directors,

- (a) The financial statements of FH-BT Group as set out on pages 188 to 284 are drawn up so as to give a true and fair view of the financial position of FH-BT Group as at 30 September 2023, and of the financial performance, changes in Stapled Securityholders' funds and cash flows of FH-BT Group, for the financial year then ended in accordance with the provisions of the BTA and Singapore Financial Reporting Standards (International); and
- (b) At the date of this statement, there are reasonable grounds to believe that FH-BT Group will be able to pay its debts as and when they fall due.

In accordance with Section 86(2) of the BTA, the directors of the Trustee-Manager further certify that:

- fees or charges paid or payable out of the trust property of FH-BT Group to the Trustee-Manager are in accordance with the FH-BT Trust Deed dated 20 June 2014 (as supplemented);
- the interested person transactions are not detrimental to the interests of all the Stapled Securityholders as a whole based on the circumstances at the time of the transactions; and
- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of FH-BT or the interests of the Stapled Securityholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,  
Frasers Hospitality Trust Management Pte. Ltd.

Panote Sirivadhanabhakdi  
Director

Nagaraj Sivaram  
Director

Singapore  
17 November 2023

## Statement by the Chief Executive Officer of the Trustee-Manager

For the year ended 30 September 2023

In accordance with Section 86 of the BTA, I, the Chief Executive Officer of Frasers Hospitality Trust Management Pte. Ltd., as Trustee-Manager of Frasers Hospitality Business Trust ("FH-BT") (the "Trustee-Manager"), in my personal capacity, certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of FH-BT or on the interests of all the Stapled Securityholders of the FH-BT as a whole.

Gan Chee Teik  
Chief Executive Officer

Singapore  
17 November 2023



## Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

For the year ended 30 September 2023

Frasers Hospitality Business Trust ("FH-BT") was dormant from the listing of Frasers Hospitality Trust ("FHT") on 14 July 2014 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") until it was activated on 19 October 2016.

The key roles of the Trustee-Manager Board are as follows:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the Trustee-Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of FH-BT units (the "FH-BT Unitholders"), and managing the business conducted by FH-BT. The Trustee-Manager has general powers of management over the business and assets of FH-BT and its main responsibility is to manage FH-BT's assets and liabilities for the benefit of the FH-BT Unitholders as a whole.

The Trustee-Manager, in exercising its powers and carrying out its duties as FH-BT's trustee-manager, is required to:

- treat the FH-BT Unitholders in the same class fairly and equally and FH-BT Unitholders who hold FH-BT units in different classes (if any) fairly;
- ensure that all payments out of the FH-BT Trust Property are made in accordance with the BTA, the FH-BT Trust Deed and the Stapling Deed;
- report to the MAS any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 by any other person that:
  - relates to FH-BT; and
  - has had, has or is likely to have, a material adverse effect on the interests of all the FH-BT Unitholders, or any class of FH-BT Unitholders;

as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention; and

- ensure that the FH-BT Trust Property is properly accounted for and ensure that the FH-BT Trust Property is kept distinct from the property held in its own capacity.

The Trustee-Manager has the following duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as FH-BT's trustee-manager in accordance with the BTA, the FH-BT Trust Deed;
- act in the best interests of all FH-BT Unitholders as a whole and give priority to the interests of all FH-BT Unitholders as a whole over its own interests in the event of a conflict between the interests of all FH-BT Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as FH-BT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the FH-BT Unitholders;
- hold the FH-BT Trust Property on trust for all FH-BT Unitholders as a whole in accordance with the terms of the FH-BT Trust Deed;
- adhere with the business scope of FH-BT as set out in the FH-BT Trust Deed;

## Statement on the Policies and Practices in Relation to the Management and Governance of Fraser's Hospitality Business Trust

For the year ended 30 September 2023

- review interested person transactions in relation to FH-BT;
- review expense and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of FH-BT out of the Trust Property of FH-BT, and ensure that fees and expenses charged to FH-BT are appropriate and in accordance with the FH-BT Trust Deed; and
- comply with the BTA and the Listing Manual.

The MAS has granted the Trustee-Manager waivers from compliance with Sections 10(2)(a) and 11(1)(a) of the BTA to the extent that Sections 10(2)(a) and 11(1)(a) of the BTA require the Trustee-Manager and the Trustee-Manager Directors to act in the best interests of the FH-BT Unitholders as a whole only, subject to the conditions that:

- (i) the FH-BT Units remain stapled to the FH-REIT Units; and
- (ii) the Trustee-Manager and the Trustee-Manager Directors shall act in the best interests of all the Stapled Securityholders as a whole.

### ***Trust Property is Properly Accounted For***

The Trustee-Manager ensures that the Trust Property of FH-BT shall be properly accounted for and kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts shall be maintained for the Trustee-Manager in its personal capacity and its capacity as trustee-manager of FH-BT.

### ***Adherence to the Business Scope of FH-BT***

The Trustee-Manager Board shall review and approve all authorised businesses undertaken by FH-BT so as to ensure its adherence to the business scope as set out in the FH-BT Trust Deed.

Such authorised businesses include:

- (i) the acquisition, disposition and ownership of Authorised Investments (as defined in the FH-BT Trust Deed) and all activities, concerns, functions and matters reasonably incidental thereto;
- (ii) ownership of subsidiaries which are engaged in the acquisition, disposition and ownership of Authorised Investments of FH-BT and all activities, concerns, functions and matters reasonably incidental thereto; and
- (iii) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (i) and (ii), including the management and leasing of the Authorised Investments of FH-BT.

### ***Management of Business Risk***

The following procedures have been put in place by the Trustee-Manager to manage business risk:

- The Trustee-Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of FH-BT against a previously approved budget or other applicable performance benchmark and indicators. The Trustee-Manager Board will also review the business risks of FH-BT, examine liability management and will act upon any comments from both the internal and external auditors of FH-BT.
- In assessing business risk, the Trustee-Manager Board will consider the economic environment and risks relevant to the property industry. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the Trustee-Manager and FH-BT and discuss any disclosure issues.

## Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

For the year ended 30 September 2023

### *Interested Person Transactions and Potential Conflicts of Interest*

In general, transactions between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of FH-BT) or any of the subsidiaries or associated companies of FH-BT); and
- any of the Interested Persons (namely the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of FH-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of FH-BT) (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005), a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, a controlling Stapled Securityholder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Stapled Securityholder);

would constitute an Interested Person Transaction.

### *The Trustee-Manager's Internal Control System*

The Trustee-Manager has established an internal control system to ensure that all Interested Person Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of FH-BT and Stapled Securityholders.

The Trustee-Manager maintains a register to record all Interested Person Transactions which are entered into by FH-BT and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager also incorporates into its internal audit plan a review of all Interested Person Transactions entered into by FH-BT.

Where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of FH-BT and Stapled Securityholders; and
- in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the Interested Person Transactions as disclosed in the IPO prospectus of FHT under "Management and Corporate Governance - FH-BT - Interested Person Transactions and Potential Conflicts of Interest - Interested Person Transactions in Connection with the Setting up of FH-BT", FH-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of FH-BT's latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in FHT's annual report for the relevant financial year.

## Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

For the year ended 30 September 2023

### *Potential Conflicts of Interest*

The Trustee-Manager has instituted the following procedures to deal with conflict of interest issues:

- all resolutions in writing of the Trustee-Manager Directors in relation to matters concerning FH-BT must be approved by a majority of the Trustee-Manager Directors, including at least one Independent Trustee-Manager Director;
- save for the corresponding executive positions held in the REIT Manager, all key executive officers will be employed by the Trustee-Manager and will not hold executive positions in other entities;
- in respect of matters in which a Trustee-Manager Director or his associate (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Trustee-Manager Directors and must exclude such interested director;
- in respect of matters in which the Sponsor has an interest, direct or indirect, any nominees appointed by the Sponsor to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Trustee-Manager Directors and must exclude any nominee directors of the Sponsor; and
- where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of FH-BT and Stapled Securityholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and SGX-ST that apply to business trusts.

It should be noted that under Section 6(3) of the BTA, the Trustee-Manager is prohibited from carrying on any business other than the management and operation of FH-BT as its trustee-manager.

### *Expenses Charged to FH-BT*

The Trustee-Manager Board will carry out quarterly reviews to ensure that the expenses payable to the Trustee-Manager out of the FH-BT Trust Property are appropriate and in accordance with the FH-BT Trust Deed.

### *Fees Payable to the Trustee-Manager*

#### **Management Fee**

The Trustee-Manager shall be entitled under the FH-BT Trust Deed to the following management fees:

- (i) a Base Fee of 0.3% per annum of the value of the FH-BT Trust Property; and
- (ii) a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee).

There should be no double-counting of fees. In the event that both the Trustee-Manager and the REIT Manager are entitled to the Performance Fee, such fees payable to both the Trustee-Manager and the REIT Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee. For the avoidance of doubt, the maximum Performance Fee payable to both the Trustee-Manager and the REIT Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

## Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

For the year ended 30 September 2023

For the purpose of calculating the management fee, if FH-BT holds only a partial interest in an investment from which such profit is derived, such profit shall be pro-rated in proportion to the partial interest held.

The management fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-BT Units as the Trustee-Manager may elect.

In the current financial year, approximately SGD 51,000 of management fees were paid and payable to the Trustee-Manager.

### Trustee Fee

Under the FH-BT Trust Deed, 0.1% per annum of the value of the FH-BT Trust Property and subject to a minimum fee of SGD 10,000 per month, if any, shall be paid to the Trustee-Manager as trustee fees, provided that the value of the FH-BT Trust Property is at least SGD 50.0 million and FH-BT is active.

In the current financial year, no trustee fee was paid to the Trustee-Manager as the value of the FH-BT Trust Property was below SGD 50.0 million.

### Acquisition Fee and Divestment Fee

The Trustee-Manager is entitled to:

- an acquisition fee of 0.5% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double counting):
  - (i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by FH-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-BT's interest);
  - (ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments made by FH-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of FH-BT's interest); or
  - (iii) the acquisition price of any investment purchased by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):
  - (i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by FH-BT, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-BT's interest);
  - (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments received by the FH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-BT's interest); or
  - (iii) the sale price of the investment sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

## Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

For the year ended 30 September 2023

The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Stapled Securities at prevailing market price(s) instead of cash. The Stapled Securities issued to the Trustee-Manager as its acquisition or divestment fee should not be sold within one year from the date of their issuance.

### *Compliance with the BTA and the Listing Manual*

The Trustee-Manager has an internal compliance manual which sets out the rules and regulations applicable to FH-BT.

The Trustee-Manager will engage the services of and obtain advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the BTA and the Listing Manual.

## Statement on Composition of the Board of Directors of Frasers Hospitality Business Trust

For the year ended 30 September 2023

Under Regulation 12(1) of the Business Trusts Regulations 2005 (the "BTR"), the Trustee-Manager Board is required to comprise:

- at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Trustee-Manager Directors who are independent from any single substantial shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of five members, three of whom are Independent Directors for the purposes of the BTA, being independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager.

They are:

Mr Panote Sirivadhanabhakdi	(Chairman)
Dr David Wong See Hong	(Non-Executive Director)
Mr Soong Hee Sang	(Independent Director)
Mr Nagaraj Sivaram	(Independent Director)
Mr Quah Ban Huat	(Independent Director)

In addition to compliance with requirements under the BTA, the composition of the Trustee-Manager Board is determined using the following principles:

- the Chairman of the Trustee-Manager Board should be a Non-Executive Director; and
- the Trustee-Manager Board should consist of Directors with a broad range of commercial experience.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a substantial shareholder as the Managers are wholly-owned subsidiaries of Frasers Property Limited (the "Sponsor").

However, due to the structure of FHT, appointing a Trustee-Manager Board which is the same as the REIT Manager Board would avoid any differences or deadlock in the operation of FHT. Operationally, the structure of FHT would require a high degree of co-operation between the REIT Manager and the Trustee-Manager (collectively, the "Managers").

The MAS has granted an exemption from the requirement under Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that Regulations 12(1)(a) and 12(1)(b) require the Trustee-Manager Directors to (a) be independent from management and business relationships with the Trustee-Manager and (b) be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager, namely, the Sponsor, subject to the following conditions:

- (a) the Trustee-Manager shall ensure that the FH-BT Units remain stapled to the FH-REIT Units;
- (b) the Trustee-Manager shall ensure that, in relation to the composition of the Trustee-Manager Board:
  - (i) the Trustee-Manager Directors are also the REIT Manager Directors;
  - (ii) at least a majority of the Trustee-Manager Directors shall be independent from management and business relationships with the Managers; and
  - (iii) at least one-third of the Trustee-Manager Directors shall be independent from management and business relationships with the Managers and from every substantial shareholder of the Managers; and
- (c) the Stapling Deed shall contain covenants binding the Managers to exercise all due diligence and vigilance to safeguard the rights and interests of the Stapled Securityholders in the event of a conflict between the interests of the Managers and their respective shareholders, and that of the Stapled Securityholders.

## Statement on Composition of the Board of Directors of Fraser's Hospitality Business Trust

For the year ended 30 September 2023

The composition of the Trustee-Manager Board will be reviewed regularly to ensure that the Trustee-Manager Board has the appropriate mix of expertise and experience.

### ***Grant of Exemption in respect of the establishment of the Trustee-Manager Audit, Risk and Compliance Committee***

In connection with the establishment of the Trustee-Manager Audit, Risk and Compliance Committee, the Managers had applied to the MAS for, and the MAS had, pursuant to a letter dated 14 October 2016, granted an exemption to the Trustee-Manager from the requirement to comply with Regulations 13(1)(b)(i) and (ii) of the BTR (the "ARCC Exemption"). The MAS has granted the ARCC Exemption subject to the following conditions:

- (a) the Trustee-Manager shall ensure that the units of FH-BT remain stapled to the units of FH-REIT;
- (b) the Trustee-Manager shall ensure that, in relation to the composition of the Trustee-Manager Audit, Risk and Compliance Committee, it shall be composed of 3 or more members:
  - (i) all of whom are independent of management and business relationships with the Managers; and
  - (ii) at least a majority of whom, including the Chairman of the Trustee-Manager Audit, Risk and Compliance Committee, are independent of management and business relationships with the Managers and independent from every substantial shareholder of the Managers; and
- (c) the Trustee-Manager shall ensure that the Trustee-Manager Audit, Risk and Compliance Committee and REIT Manager Audit, Risk and Compliance Committee comprise identical directors.



## Independent Auditors' Report

To the Stapled Securityholders of Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust Constituted in the Republic of Singapore pursuant to the Trust Deeds dated 12 June 2014 and 20 June 2014, respectively (as amended, restated and supplemented)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited:

- (i) the consolidated financial statements of Frasers Hospitality Real Estate Investment Trust ("FH-REIT") and its subsidiaries ("FH-REIT Group"), which comprise the Statement of Financial Position and Portfolio Statement as at 30 September 2023, the Statement of Total Return, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies;
- (ii) the consolidated financial statements of Frasers Hospitality Business Trust ("FH-BT") and its subsidiaries ("FH-BT Group"), which comprise the Statement of Financial Position as at 30 September 2023, the Statement of Profit or Loss, Statement of Comprehensive Income, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- (iii) the consolidated financial statements of Frasers Hospitality Trust ("FHT"), which comprise the Statement of Financial Position and Portfolio Statement as at 30 September 2023, the Statement of Total Return, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 188 to 284. Frasers Hospitality Trust, which comprises the FH-REIT Group and the FH-BT Group, is hereinafter referred to as "FHT".

In our opinion:

- (a) the accompanying consolidated financial statements of the FH-REIT Group and FHT present fairly, in all material respects, the financial position and the portfolio holdings of the FH-REIT Group and FHT as at 30 September 2023 and the financial performance, distributable income, changes in stapled securityholders' funds, and cash flows of the FH-REIT Group and FHT for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants ("ISCA"); and
- (b) the accompanying consolidated financial statements of the FH-BT Group are properly drawn up in accordance with the provisions of the Business Trusts Act 2004 of Singapore (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the state of affairs of the FH-BT Group as at 30 September 2023 and of the financial performance, distributable income, changes in stapled securityholders' funds and cash flows of the FH-BT Group for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the FH-REIT Group, the FH-BT Group and FHT in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent Auditors' Report

To the Stapled Securityholders of Fraser's Hospitality Real Estate Investment Trust and Fraser's Hospitality Business Trust Constituted in the Republic of Singapore pursuant to the Trust Deeds dated 12 June 2014 and 20 June 2014, respectively (as amended, restated and supplemented)

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of properties

(Refer to Note 10 and Note 11 to the financial statements)

### Risk

FHT hold properties comprising serviced residences and hotel properties located in Singapore, Australia, United Kingdom, Japan, Malaysia and Germany. Properties that are leased under a master lease are classified as investment properties whereas a property that is operated under a hotel management contract is classified as property, plant and equipment. Investment properties and the property that is operated under a hotel management contract are significant asset items on the statements of financial position, amounting to SGD 1.7 billion and SGD 0.2 billion respectively, at 30 September 2023.

FHT's accounting policy is to state investment properties at fair value and the property classified as property, plant and equipment at revalued amount. Fair value is based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the assumptions to be applied. A change to the underlying assumptions could have significant impact to the valuations.

### Our response

We evaluated the qualifications and objectivity of the external valuers.

We held discussions with the valuers to understand the valuation methodologies, inputs and assumptions used. We considered the valuation methodologies used against those applied by other valuers for similar property types. We challenged the reasonableness of the projected cash flows used in the valuations. We evaluated the appropriateness of the discount rate, terminal capitalisation rate and capitalisation rate used in the valuations by comparing these against historical rates and available industry data, taking into consideration market factors. Where the rates are outside the expected range, we undertook further procedures to understand the bases.

### Our findings

The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies and key assumptions used by the valuers are in line with generally accepted market practices and available market data.

### Other information

Fraser's Hospitality Asset Management Pte. Ltd., the Manager of the FH-REIT (the "REIT Manager"), and Fraser Hospitality Trust Management Pte. Ltd., the Trustee-Manager of the FH-BT (the "Trustee-Manager") are responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Sustainability and Statistics of Stapled Securityholders (the "Reports"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## Independent Auditors' Report

To the Stapled Securityholders of Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust Constituted in the Republic of Singapore pursuant to the Trust Deeds dated 12 June 2014 and 20 June 2014, respectively (as amended, restated and supplemented)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the REIT Manager and the Trustee-Manager and take appropriate actions in accordance with SSAs.

### ***Responsibilities of the REIT Manager for the financial statements***

The REIT Manager is responsible for the preparation and fair presentation of the consolidated financial statements of the FH-REIT Group and FHT in accordance with the recommendations of RAP 7 issued by ISCA, and for such internal controls as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the REIT Manager is responsible for assessing the ability of the FH-REIT Group and FHT to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to terminate the FH-REIT Group or FHT or to cease operations of the FH-REIT Group or FHT, or has no realistic alternative but to do so.

The responsibilities of the REIT Manager include overseeing the financial reporting process of the FH-REIT Group and FHT.

### ***Responsibilities of the Trustee-Manager for the financial statements***

The Trustee-Manager is responsible for the preparation of the consolidated financial statements of the FH-BT Group that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the ability of the FH-BT Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to terminate FH-BT Group or to cease operations of FH-BT Group, or has no realistic alternative but to do so.

The responsibilities of the Trustee-Manager include overseeing the financial reporting process of the FH-BT Group.

### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditors' Report

To the Stapled Securityholders of Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust Constituted in the Republic of Singapore pursuant to the Trust Deeds dated 12 June 2014 and 20 June 2014, respectively (as amended, restated and supplemented)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the FH-REIT Group, the FH-BT Group and FHT.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT Manager and the Trustee-Manager.
- Conclude on the appropriateness of the REIT Manager's and the Trustee-Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the FH-REIT Group, the FH-BT Group and FHT to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the FH-REIT Group, the FH-BT Group and FHT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the FH-REIT Group, the FH-BT Group and FHT to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the REIT Manager and the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the REIT Manager and the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the REIT Manager and the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Independent Auditors' Report

To the Stapled Securityholders of Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust Constituted in the Republic of Singapore pursuant to the Trust Deeds dated 12 June 2014 and 20 June 2014, respectively (as amended, restated and supplemented)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion,

- (a) the accounting and other records required by the Act to be kept by Trustee-Manager on behalf of FH-BT have been properly kept in accordance with the provisions of the Act; and
- (b) the accounting and other records required by the Companies Act 1967 to be kept by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Companies Act 1967.

The engagement partner on the audit resulting in this independent auditors' report is Tan Chun Wei (Chen Junwei).

#### **KPMG LLP**

*Public Accountants and  
Chartered Accountants*

#### **Singapore**

17 November 2023

## Statements of Total Return of FHT and the FH-REIT Group and Statement of Profit or Loss of the FH-BT Group

For the year ended 30 September 2023

	Note	FHT		FH-REIT Group		FH-BT Group	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Master lease rental	10	92,744	75,319	104,398	83,037	-	-
Room revenue		23,385	12,293	-	-	23,385	12,293
Food and beverage revenue		5,028	2,765	-	-	5,028	2,765
Other income		2,041	5,479	-	-	2,041	5,479
<b>Revenue</b>		<b>123,198</b>	<b>95,856</b>	<b>104,398</b>	<b>83,037</b>	<b>30,454</b>	<b>20,537</b>
Property tax		(7,390)	(7,384)	(7,390)	(7,384)	-	-
Property insurance		(1,278)	(1,431)	(1,174)	(1,326)	(104)	(105)
Property management fees		(5,255)	(4,448)	(5,255)	(4,448)	-	-
Other property expenses		(2,157)	(2,118)	(2,157)	(2,118)	-	-
Reversal of impairment loss on trade receivables		1,264	1,297	1,264	1,297	-	-
Operations and maintenance expenses		(6,979)	(4,406)	(230)	(115)	(7,621)	(4,748)
Energy and utilities expenses		(656)	(633)	-	-	(656)	(633)
Hotel management fee		(725)	(531)	-	-	(725)	(531)
Rental expense		-	-	-	-	(6,371)	(1,996)
Staff costs	3	(6,122)	(4,584)	-	-	(6,122)	(4,584)
Marketing expenses		(2,589)	(1,516)	-	-	(2,589)	(1,516)
Administrative expenses		(762)	(519)	-	-	(762)	(519)
<b>Property operating expenses</b>		<b>(32,649)</b>	<b>(26,273)</b>	<b>(14,942)</b>	<b>(14,094)</b>	<b>(24,950)</b>	<b>(14,632)</b>
<b>Net property income</b>		<b>90,549</b>	<b>69,583</b>	<b>89,456</b>	<b>68,943</b>	<b>5,504</b>	<b>5,905</b>
Depreciation	11	(3,831)	(4,224)	-	-	(3,994)	(4,386)
REIT Manager's management fees	4(a)	(6,161)	(5,340)	(6,161)	(5,340)	-	-
Trustee-Manager's management fees	4(b)	(51)	(46)	-	-	(51)	(46)
Other management fees	4(c)	(2,782)	(3,295)	(2,782)	(3,295)	-	-
Trustees' fees	5	(434)	(474)	(434)	(474)	-	-
Other trust expenses	6	(3,833)	(5,299)	(3,750)	(5,216)	(83)	(83)
Finance income		1,614	450	1,443	441	255	96
Amortisation of debt upfront costs	7(a)	(878)	(1,156)	(878)	(1,156)	-	-
Finance costs	7(b)	(20,885)	(21,597)	(20,969)	(21,684)	(1,985)	(2,272)
<b>Total return/(Loss) before foreign exchange differences, fair value changes and tax</b>		<b>53,308</b>	<b>28,602</b>	<b>55,925</b>	<b>32,219</b>	<b>(354)</b>	<b>(786)</b>
Foreign exchange loss, net		(1,245)	(4,042)	(1,202)	(3,980)	(43)	(62)
Net change in fair value of investment properties	10	50,725	24,199	54,560	28,340	-	-
Loss on disposal of property, plant and equipment		(49)	-	-	-	(49)	-
Revaluation of property, plant and equipment	11	-	1,347	-	-	-	-
Gain on divestment of investment property and deemed disposal of business of foreign operations		-	17,585	-	17,585	-	-
Net change in fair value of derivative financial instruments		116	-	116	-	-	-
Realised (loss)/gain on derivative financial instruments, net		(244)	1,090	(244)	1,090	-	-
<b>Total return/(Loss) for the year before tax</b>		<b>102,611</b>	<b>68,781</b>	<b>109,155</b>	<b>75,254</b>	<b>(446)</b>	<b>(848)</b>
Taxation	8	(10,708)	(10,464)	(11,715)	(11,410)	78	94
<b>Total return/(Loss) for the year after tax</b>		<b>91,903</b>	<b>58,317</b>	<b>97,440</b>	<b>63,844</b>	<b>(368)</b>	<b>(754)</b>
<b>Total return/(Loss) for the year after tax attributable to:</b>							
- Stapled Securityholders		<b>91,903</b>	<b>58,317</b>	<b>97,440</b>	<b>63,844</b>	<b>(368)</b>	<b>(754)</b>
<b>Earnings per Stapled Security (cents)</b>							
Basic	9	4.77	3.03				
Diluted	9	4.77	3.03				

The accompanying notes form an integral part of these financial statements.

## Statement of Comprehensive Income of the FH-BT Group

For the year ended 30 September 2023

	FH-BT Group	
	2023	2022
	\$'000	\$'000
<b>Loss for the year after tax</b>	<b>(368)</b>	<b>(754)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to statement of profit or loss:</b>		
Foreign currency translation differences	(53)	(100)
<b>Total comprehensive income for the year, net of tax</b>	<b>(421)</b>	<b>(854)</b>
<b>Total comprehensive income for the year attributable to</b>		
- Stapled Securityholders	<b>(421)</b>	<b>(854)</b>

## Distribution Statements

For the year ended 30 September 2023

	Note	FHT		FH-REIT Group		FH-BT Group	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Reconciliation of total return/(loss) to income available for distribution</b>							
<b>Total return/(Loss) for the year after tax, attributable to Stapled Securityholders</b>		<b>91,903</b>	<b>58,317</b>	<b>97,440</b>	<b>63,844</b>	<b>(368)</b>	<b>(754)</b>
<b>(Non-taxable)/non-tax deductible items and other adjustments:</b>							
Amortisation of debt upfront costs		878	1,156	878	1,156	-	-
Depreciation		3,831	4,224	-	-	3,994	4,386
Foreign exchange loss, net		1,246	4,042	1,203	3,980	43	62
Net change in fair value of investment properties		(50,725)	(24,199)	(54,560)	(28,340)	-	-
Loss on disposal of property, plant and equipment		49	-	-	-	49	-
Revaluation of property, plant and equipment		-	(1,347)	-	-	-	-
Net change in fair value of derivative financial instruments		(116)	-	(116)	-	-	-
Realised loss/(gain) on derivative financial instruments		244	(1,086)	244	(1,086)	-	-
Trustee's fee in relation to FH-REIT		254	274	254	274	-	-
Interest expense on lease liabilities		120	125	120	125	1,985	2,272
Lease payments		-	-	-	-	(5,283)	(5,723)
Deferred tax expense/(credit)	<b>8</b>	4,783	(6,988)	5,899	(6,102)	(187)	(34)
Gain on divestment of investment property and deemed disposal of business of foreign operations		-	(17,585)	-	(17,585)	-	-
Withholding tax on capital gain on divestment of investment property		-	15,011	-	15,011	-	-
Other adjustments		(192)	3,035	663	3,472	17	21
<b>Net effect of (non-taxable)/non-tax deductible items and other adjustments</b>		<b>(39,628)</b>	<b>(23,338)</b>	<b>(45,415)</b>	<b>(29,095)</b>	<b>618</b>	<b>984</b>
<b>Income available for distribution</b>		<b>52,275</b>	<b>34,979</b>	<b>52,025</b>	<b>34,749</b>	<b>250</b>	<b>230</b>
<b>Income available for distribution attributable to:</b>							
- Stapled Securityholders		<b>52,275</b>	<b>34,979</b>	<b>52,025</b>	<b>34,749</b>	<b>250</b>	<b>230</b>



## Distribution Statements

For the year ended 30 September 2023

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Amount available for distribution to Stapled Securityholders at the beginning of the year</b>	<b>17,949</b>	<b>15,490</b>	<b>17,948</b>	<b>15,074</b>	<b>1</b>	<b>416</b>
Income available for distribution attributable to Stapled Securityholders	52,275	34,979	52,025	34,749	250	230
<b>Distribution to Stapled Securityholders during the year</b>						
Distribution of 0.8041 cents per Stapled Security for the period from 1 April 2021 to 30 September 2021	-	(15,488)	-	(15,072)	-	(416)
Distribution of 0.7039 cents per Stapled Security for the period from 1 October 2021 to 31 March 2022	-	(13,557)	-	(13,328)	-	(229)
Distribution of 0.9316 cents per Stapled Security for the period from 1 April 2022 to 30 September 2022	(17,949)	-	(17,949)	-	-	-
Distribution of 1.2649 cents per Stapled Security for the period from 1 October 2022 to 31 March 2023	(24,363)	-	(24,363)	-	-	-
	(42,312)	(29,045)	(42,312)	(28,400)	-	(645)
Amount retained for working capital purposes	(5,227)	(3,475)	(4,976)	(3,475)	(251)	-
<b>Amount available for distribution to Stapled Securityholders at the end of the year</b>	<b>22,685</b>	<b>17,949</b>	<b>22,685</b>	<b>17,948</b>	<b>-</b>	<b>1</b>
<b>Distribution per Stapled Security (cents)</b>	<b>2.4426</b>	<b>1.6355</b>	<b>2.4426</b>	<b>1.6236</b>	<b>-</b>	<b>0.0119</b>

## Statements of Financial Position

As at 30 September 2023

	Note	FHT		FH-REIT Group		FH-BT Group	
		2023	2022	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>							
Investment properties	10	1,720,676	1,683,220	1,929,908	1,898,078	-	-
Property, plant and equipment	11	210,009	215,918	-	-	49,100	55,476
Derivative financial instruments	18	35,605	32,422	35,605	32,422	-	-
Rental deposits		-	-	-	-	1,976	1,980
Deferred expense	15(a)	-	-	-	-	1,288	1,450
Deferred tax assets	8	620	586	-	-	2,028	1,929
		<u>1,966,910</u>	<u>1,932,146</u>	<u>1,965,513</u>	<u>1,930,500</u>	<u>54,392</u>	<u>60,835</u>
<b>Current assets</b>							
Inventories		26	25	-	-	26	25
Prepayments		1,728	1,491	1,544	1,302	184	189
Trade and other receivables	12	12,925	9,284	15,031	11,471	1,837	420
Derivative financial instruments	18	3,263	18,816	3,263	18,816	-	-
Cash and cash equivalents	13	88,134	123,883	81,395	118,775	6,739	5,108
		<u>106,076</u>	<u>153,499</u>	<u>101,233</u>	<u>150,364</u>	<u>8,786</u>	<u>5,742</u>
<b>Total assets</b>		<b><u>2,072,986</u></b>	<b><u>2,085,645</u></b>	<b><u>2,066,746</u></b>	<b><u>2,080,864</u></b>	<b><u>63,178</u></b>	<b><u>66,577</u></b>
<b>Current liabilities</b>							
Trade and other payables	14	20,345	19,330	16,144	16,112	9,338	6,630
Rental deposits		6,080	-	6,080	-	-	-
Lease liabilities	16	-	-	-	-	3,340	3,373
Deferred income	15(b)	83	-	83	-	-	-
Derivative financial instruments	18	494	-	494	-	-	-
Borrowings	17	149,050	173,832	149,050	173,832	-	-
Income tax payables		3,666	980	3,513	953	153	27
		<u>179,718</u>	<u>194,142</u>	<u>175,364</u>	<u>190,897</u>	<u>12,831</u>	<u>10,030</u>
<b>Net current liabilities</b>		<b><u>(73,642)</u></b>	<b><u>(40,643)</u></b>	<b><u>(74,131)</u></b>	<b><u>(40,533)</u></b>	<b><u>(4,045)</u></b>	<b><u>(4,288)</u></b>
<b>Non-current liabilities</b>							
Rental deposits		14,570	20,451	16,546	22,431	-	-
Other payables	14	227	204	-	-	227	204
Lease liabilities	16	2,992	3,006	2,992	3,006	50,613	56,415
Deferred income	15(b)	3,817	4,383	5,105	5,833	-	-
Derivative financial instruments	18	1,392	-	1,392	-	-	-
Borrowings	17	552,407	582,900	552,407	582,900	-	-
Deferred tax liabilities	8	39,406	34,625	39,406	34,625	-	-
		<u>614,811</u>	<u>645,569</u>	<u>617,848</u>	<u>648,795</u>	<u>50,840</u>	<u>56,619</u>
<b>Total liabilities</b>		<b><u>794,529</u></b>	<b><u>839,711</u></b>	<b><u>793,212</u></b>	<b><u>839,692</u></b>	<b><u>63,671</u></b>	<b><u>66,649</u></b>
<b>Net assets/(liabilities)</b>		<b><u>1,278,457</u></b>	<b><u>1,245,934</u></b>	<b><u>1,273,534</u></b>	<b><u>1,241,172</u></b>	<b><u>(493)</u></b>	<b><u>(72)</u></b>
<b>Represented by:</b>							
<b>Stapled Securityholders' funds</b>							
Stapled Securities in issue	19	1,539,879	1,539,879	1,530,288	1,530,288	9,591	9,591
Issue costs		(25,764)	(25,764)	(25,759)	(25,759)	(5)	(5)
Revenue reserves		(45,387)	(94,978)	(29,623)	(84,751)	(9,394)	(9,026)
Hedging reserve	20(a)	10,195	18,404	10,195	18,404	-	-
Foreign currency translation reserve	20(b)	(211,798)	(197,091)	(211,567)	(197,010)	(685)	(632)
Revaluation reserve	20(c)	11,332	5,484	-	-	-	-
		<u>1,278,457</u>	<u>1,245,934</u>	<u>1,273,534</u>	<u>1,241,172</u>	<u>(493)</u>	<u>(72)</u>
<b>Number of Stapled Securities in issue ('000)</b>	19	<b><u>1,926,074</u></b>	<b><u>1,926,074</u></b>	<b><u>1,926,074</u></b>	<b><u>1,926,074</u></b>	<b><u>1,926,074</u></b>	<b><u>1,926,074</u></b>
<b>Net asset value per Stapled Security (cents)</b>	30	<b><u>66.38</u></b>	<b><u>64.69</u></b>	<b><u>66.12</u></b>	<b><u>64.44</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

The accompanying notes form an integral part of these financial statements.

## Statements of Changes in Stapled Securityholders' Funds

For the year ended 30 September 2023

FHT	Note	Attributable to Stapled Securityholders						Total \$'000
		Stapled Securities in issue \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	
<b>At 1 October 2022</b>		<b>1,539,879</b>	<b>(25,764)</b>	<b>(94,978)</b>	<b>18,404</b>	<b>(197,091)</b>	<b>5,484</b>	<b>1,245,934</b>
<u>Operations</u>								
Total return for the year		-	-	91,903	-	-	-	<b>91,903</b>
<u>Other reserves</u>								
Effective portion of changes in fair value of cash flow hedges	<b>20(a)</b>	-	-	-	1,297	-	-	<b>1,297</b>
Net change in fair value of cash flow hedges reclassified to total return	<b>20(a)</b>	-	-	-	(9,506)	-	-	<b>(9,506)</b>
Foreign currency translation differences	<b>20(b)</b>	-	-	-	-	(14,707)	-	<b>(14,707)</b>
Revaluation of property, plant and equipment	<b>20(c)</b>	-	-	-	-	-	5,848	<b>5,848</b>
Movements in other reserves		-	-	-	(8,209)	(14,707)	5,848	<b>(17,068)</b>
<u>Transactions with Stapled Securityholders</u>								
Distributions to Stapled Securityholders		-	-	(42,312)	-	-	-	<b>(42,312)</b>
<b>At 30 September 2023</b>		<b>1,539,879</b>	<b>(25,764)</b>	<b>(45,387)</b>	<b>10,195</b>	<b>(211,798)</b>	<b>11,332</b>	<b>1,278,457</b>

The accompanying notes form an integral part of these financial statements.

## Statements of Changes in Stapled Securityholders' Funds

For the year ended 30 September 2023

FHT	Note	Attributable to Stapled Securityholders						Total \$'000
		Stapled Securities in issue \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	
<b>At 1 October 2021</b>		<b>1,539,879</b>	<b>(25,764)</b>	<b>(124,250)</b>	<b>(9,509)</b>	<b>(131,862)</b>	<b>-</b>	<b>1,248,494</b>
<u>Operations</u>								
Total return for the year		-	-	58,317	-	-	-	<b>58,317</b>
<u>Other reserves</u>								
Effective portion of changes in fair value of cash flow hedges	<b>20(a)</b>	-	-	-	30,552	-	-	<b>30,552</b>
Net change in fair value of cash flow hedges reclassified to total return	<b>20(a)</b>	-	-	-	(2,639)	-	-	<b>(2,639)</b>
Exchange differences transferred to statement of total return upon divestment of investment property and related deemed disposal of business of foreign operations	<b>20(b)</b>	-	-	-	-	10,626	-	<b>10,626</b>
Foreign currency translation differences	<b>20(b)</b>	-	-	-	-	(75,855)	-	<b>(75,855)</b>
Revaluation of property, plant and equipment	<b>20(c)</b>	-	-	-	-	-	5,484	<b>5,484</b>
Movements in other reserves		-	-	-	27,913	(65,229)	5,484	<b>(31,832)</b>
<u>Transactions with Stapled Securityholders</u>								
Distributions to Stapled Securityholders		-	-	(29,045)	-	-	-	<b>(29,045)</b>
<b>At 30 September 2022</b>		<b>1,539,879</b>	<b>(25,764)</b>	<b>(94,978)</b>	<b>18,404</b>	<b>(197,091)</b>	<b>5,484</b>	<b>1,245,934</b>

## Statements of Changes in Stapled Securityholders' Funds

For the year ended 30 September 2023

FH-REIT Group	Note	Attributable to Stapled Securityholders					Total \$'000
		Stapled Securities in issue \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	
<b>At 1 October 2022</b>		<b>1,530,288</b>	<b>(25,759)</b>	<b>(84,751)</b>	<b>18,404</b>	<b>(197,010)</b>	<b>1,241,172</b>
<u>Operations</u>							
Total return for the year		-	-	97,440	-	-	<b>97,440</b>
<u>Other reserves</u>							
Effective portion of changes in fair value of cash flow hedges	<b>20(a)</b>	-	-	-	1,297	-	<b>1,297</b>
Net change in fair value of cash flow hedges reclassified to total return	<b>20(a)</b>	-	-	-	(9,506)	-	<b>(9,506)</b>
Foreign currency translation differences	<b>20(b)</b>	-	-	-	-	(14,557)	<b>(14,557)</b>
Movements in other reserves		-	-	-	(8,209)	(14,557)	<b>(22,766)</b>
<u>Transactions with Stapled Securityholders</u>							
Distributions to Stapled Securityholders		-	-	(42,312)	-	-	<b>(42,312)</b>
<b>At 30 September 2023</b>		<b>1,530,288</b>	<b>(25,759)</b>	<b>(29,623)</b>	<b>10,195</b>	<b>(211,567)</b>	<b>1,273,534</b>
<b>At 1 October 2021</b>		<b>1,530,288</b>	<b>(25,759)</b>	<b>(120,195)</b>	<b>(9,509)</b>	<b>(132,205)</b>	<b>1,242,620</b>
<u>Operations</u>							
Total return for the year		-	-	63,844	-	-	<b>63,844</b>
<u>Other reserves</u>							
Effective portion of changes in fair value of cash flow hedges	<b>20(a)</b>	-	-	-	30,552	-	<b>30,552</b>
Net change in fair value of cash flow hedges reclassified to total return	<b>20(a)</b>	-	-	-	(2,639)	-	<b>(2,639)</b>
Exchange differences transferred to statement of total return upon divestment of investment property and related deemed disposal of business of foreign operations	<b>20(b)</b>	-	-	-	-	10,626	<b>10,626</b>
Foreign currency translation differences	<b>20(b)</b>	-	-	-	-	(75,431)	<b>(75,431)</b>
Movements in other reserves		-	-	-	27,913	(64,805)	<b>(36,892)</b>
<u>Transactions with Stapled Securityholders</u>							
Distributions to Stapled Securityholders		-	-	(28,400)	-	-	<b>(28,400)</b>
<b>At 30 September 2022</b>		<b>1,530,288</b>	<b>(25,759)</b>	<b>(84,751)</b>	<b>18,404</b>	<b>(197,010)</b>	<b>1,241,172</b>

The accompanying notes form an integral part of these financial statements.

## Statements of Changes in Stapled Securityholders' Funds

For the year ended 30 September 2023

FH-BT Group	Note	Attributable to Stapled Securityholders					Total \$'000
		Stapled Securities in issue \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	
<b>At 1 October 2022</b>		<b>9,591</b>	<b>(5)</b>	<b>(9,026)</b>	-	<b>(632)</b>	<b>(72)</b>
Loss for the year		-	-	(368)	-	-	<b>(368)</b>
<u>Other comprehensive income</u>							
Foreign currency translation differences	20(b)	-	-	-	-	(53)	<b>(53)</b>
Movements in other reserves		-	-	-	-	(53)	<b>(53)</b>
<u>Transactions with Stapled Securityholders</u>							
Distributions to Stapled Securityholders		-	-	-	-	-	-
<b>At 30 September 2023</b>		<b>9,591</b>	<b>(5)</b>	<b>(9,394)</b>	-	<b>(685)</b>	<b>(493)</b>
<b>At 1 October 2021</b>		<b>9,591</b>	<b>(5)</b>	<b>(7,627)</b>	-	<b>(532)</b>	<b>1,427</b>
Loss for the year		-	-	(754)	-	-	<b>(754)</b>
<u>Other comprehensive income</u>							
Foreign currency translation differences	20(b)	-	-	-	-	(100)	<b>(100)</b>
Movements in other reserves		-	-	-	-	(100)	<b>(100)</b>
<u>Transactions with Stapled Securityholders</u>							
Distributions to Stapled Securityholders		-	-	(645)	-	-	<b>(645)</b>
<b>At 30 September 2022</b>		<b>9,591</b>	<b>(5)</b>	<b>(9,026)</b>	-	<b>(632)</b>	<b>(72)</b>

## Statements of Cash Flows

For the year ended 30 September 2023

	Note	FHT		FH-REIT Group		FH-BT Group	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Total return/(Loss) for the year before tax</b>		<b>102,611</b>	<b>68,781</b>	<b>109,155</b>	<b>75,254</b>	<b>(446)</b>	<b>(848)</b>
<b>Adjustments for:</b>							
Amortisation of debt upfront costs	<b>7(a)</b>	878	1,156	878	1,156	-	-
Depreciation	<b>11</b>	3,831	4,224	-	-	3,994	4,386
Effect of recognising rental income on a straight-line basis over the lease term	<b>15(b)</b>	(464)	(2,233)	(565)	(2,343)	-	-
Effect of recognising rental expense on a straight-line basis over the lease term	<b>15(a)</b>	-	-	-	-	101	110
Finance costs	<b>7(b)</b>	20,885	21,597	20,969	21,684	1,985	2,272
Finance income		(1,614)	(450)	(1,443)	(441)	(255)	(96)
Reversal of impairment loss on trade receivables		(1,264)	(1,297)	(1,264)	(1,297)	-	-
Net change in fair value of derivative financial instruments		(116)	-	(116)	-	-	-
Net change in fair value of investment properties	<b>10</b>	(50,725)	(24,199)	(54,560)	(28,340)	-	-
Loss on disposal of property, plant and equipment		49	-	-	-	49	-
Revaluation of property, plant and equipment		-	(1,347)	-	-	-	-
Gain on divestment of investment properties and deemed disposal of business of foreign operations		-	(17,585)	-	(17,585)	-	-
Unrealised loss on foreign exchange, net		277	3,606	234	3,544	43	62
<b>Cash generated from operations before working capital changes</b>		<b>74,348</b>	<b>52,253</b>	<b>73,288</b>	<b>51,632</b>	<b>5,471</b>	<b>5,886</b>
<b>Changes in working capital:</b>							
Inventories		(1)	(13)	-	-	(1)	(13)
Prepayments		(237)	509	(242)	508	5	1
Trade and other receivables		(2,412)	(2,849)	(2,331)	(3,666)	(1,417)	1,755
Trade and other payables		1,564	(763)	446	(1,116)	2,887	(423)
Rental deposits		-	(3,893)	-	(3,893)	-	-
<b>Cash generated from operations</b>		<b>73,262</b>	<b>45,244</b>	<b>71,161</b>	<b>43,465</b>	<b>6,945</b>	<b>7,206</b>
Tax (paid)/refund		(3,470)	(17,402)	(3,491)	(17,475)	21	73
Interest income received		1,614	450	1,443	441	171	9
<b>Net cash generated from operating activities</b>		<b>71,406</b>	<b>28,292</b>	<b>69,113</b>	<b>26,431</b>	<b>7,137</b>	<b>7,288</b>

The accompanying notes form an integral part of these financial statements.

## Statements of Cash Flows

For the year ended 30 September 2023

	Note	FHT		FH-REIT Group		FH-BT Group	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Additions to investment properties		(3,890)	(6,067)	(3,890)	(6,089)	-	-
Purchase of reversionary interest		-	(10,693)	-	(10,693)	-	-
Additions to property, plant and equipment	<b>11</b>	(439)	(318)	-	-	-	-
Settlement of hedging instruments		13,900	13,926	13,900	13,926	-	-
Net proceeds from divestment of investment property, net of transaction costs	<b>10</b>	-	304,609	-	304,609	-	-
<b>Net cash generated from investing activities</b>		<b>9,571</b>	<b>301,457</b>	<b>10,010</b>	<b>301,753</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Distributions paid to Stapled Securityholders		(42,312)	(29,045)	(42,312)	(28,400)	-	(645)
Finance costs paid		(19,375)	(20,411)	(19,375)	(20,411)	-	-
Payment of lease liabilities	<b>28</b>	-	-	-	-	(5,283)	(5,723)
Proceeds from borrowings, net of debt upfront costs		291,588	104,372	291,588	104,372	-	-
Repayment of borrowings		(343,000)	(331,128)	(343,000)	(331,128)	-	-
<b>Net cash used in financing activities</b>		<b>(113,099)</b>	<b>(276,212)</b>	<b>(113,099)</b>	<b>(275,567)</b>	<b>(5,283)</b>	<b>(6,368)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(32,122)</b>	<b>53,537</b>	<b>(33,976)</b>	<b>52,617</b>	<b>1,854</b>	<b>920</b>
Cash and cash equivalents at the beginning of the financial year		123,883	78,187	118,775	73,715	5,108	4,472
Effect of exchange rate changes on cash and cash equivalents		(3,627)	(7,841)	(3,404)	(7,557)	(223)	(284)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13</b>	<b>88,134</b>	<b>123,883</b>	<b>81,395</b>	<b>118,775</b>	<b>6,739</b>	<b>5,108</b>

The accompanying notes form an integral part of these financial statements.



## Portfolio Statements

As at 30 September 2023

Property	Acquisition date	Tenure	Location	Existing use	FHT			
					30 September 2023		30 September 2022	
					At carrying amount \$'000	Percentage of net assets %	At carrying amount \$'000	Percentage of net assets %
<b>Investment properties</b>								
InterContinental Singapore	14 July 2014	75 period leasehold expiring in 2089	80 Middle Road, Singapore 188966	Hotel	515,000	40.28	509,000	40.85
Fraser Suites Singapore	14 July 2014	75 period leasehold expiring in 2089	491A River Valley Road, Singapore 248372	Serviced Residences	300,000	23.47	294,000	23.60
The Westin Kuala Lumpur	14 July 2014	Freehold	199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia	Hotel	128,216	10.03	117,686	9.45
ANA Crowne Plaza Kobe	14 July 2014	Freehold	1-Chome, Kitano-Cho Chuo-Ku, Kobe, 650-0002, Japan	Hotel	156,927	12.27	161,627	12.97
Novotel Sydney Darling Square	14 July 2014	84 period leasehold expiring in 2098	17 Little Pier Street, Darling Harbour, NSW 2000, Australia	Hotel	104,042 <sup>(1)</sup>	8.14	103,155 <sup>(1)</sup>	8.28
Fraser Suites Sydney	14 July 2014	75 period leasehold expiring in 2089	488 Kent Street, Sydney, NSW 2000, Australia	Serviced Residences	123,018	9.62	122,200	9.81
Park International London	14 July 2014	75 period leasehold expiring in 2089	117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom	Hotel	71,018	5.55	65,912	5.29
ibis Styles London Gloucester Road	14 July 2014	75 period leasehold expiring in 2089	108, 110 and 112 Cromwell Road, London, SW7 4ES, United Kingdom	Hotel	36,676	2.87	31,753	2.55
Fraser Place Canary Wharf London	14 July 2014	75 period leasehold expiring in 2089	80 Boardwalk Place, London E14 5SF, United Kingdom	Serviced Residences	62,183	4.86	60,620	4.87

The accompanying notes form an integral part of these financial statements.

## Portfolio Statements

As at 30 September 2023

Property	Acquisition date	Tenure	Location	Existing use	FHT			
					30 September 2023		30 September 2022	
					At carrying amount \$'000	Percentage of net assets %	At carrying amount \$'000	Percentage of net assets %
<b>Investment properties</b>								
Fraser Suites Queens Gate London	14 July 2014	75 period leasehold expiring in 2089	39B Queens Gate Gardens, London SW7 5RR, United Kingdom	Serviced Residences	96,525	7.55	92,694	7.44
Fraser Suites Glasgow	14 July 2014	75 period leasehold expiring in 2089	1-19 Albion Street Glasgow G1 1LH, Scotland, United Kingdom	Serviced Residences	17,004	1.33	15,396	1.24
Fraser Suites Edinburgh	14 July 2014	75 period leasehold expiring in 2089	12-26 St Giles Street, Edinburgh EH1 1 PT, Scotland, United Kingdom	Serviced Residences	29,341	2.30	26,140	2.10
Maritim Hotel Dresden	15 June 2016	Freehold	Devrientstrasse 10-12, 01067 Dresden, Germany	Hotel	80,726	6.31	83,037	6.66
<b>Investment properties</b>					<b>1,720,676</b>	<b>134.58</b>	<b>1,683,220</b>	<b>135.11</b>
<b>Property, plant and equipment</b>								
Novotel Melbourne on Collins	19 October 2016	Freehold	270 Collins Street and 233-239 Collins Street, Melbourne Victoria, Australia	Hotel	210,009 <sup>(2)</sup>	16.43	215,918 <sup>(2)</sup>	17.33
<b>Property, plant and equipment</b>					<b>210,009</b>	<b>16.43</b>	<b>215,918</b>	<b>17.33</b>
<b>Other net liabilities</b>					<b>(652,228)</b>	<b>(51.01)</b>	<b>(653,204)</b>	<b>(52.44)</b>
<b>Net assets of FHT</b>					<b>1,278,457</b>	<b>100.00</b>	<b>1,245,934</b>	<b>100.00</b>

<sup>(1)</sup> Includes the right-of-use ("ROU") asset recognised on leases of land.

<sup>(2)</sup> Includes the net book value of capitalised furniture, fittings and equipment.

## Portfolio Statements

As at 30 September 2023

Property	Acquisition date	Tenure	Location	Existing use	FH-REIT Group			
					30 September 2023		30 September 2022	
					At carrying amount \$'000	Percentage of net assets %	At carrying amount \$'000	Percentage of net assets %
<b>Investment properties</b>								
InterContinental Singapore	14 July 2014	75 period leasehold expiring in 2089	80 Middle Road, Singapore 188966	Hotel	515,000	40.44	509,000	41.01
Fraser Suites Singapore	14 July 2014	75 period leasehold expiring in 2089	491A River Valley Road, Singapore 248372	Serviced Residences	300,000	23.56	294,000	23.69
The Westin Kuala Lumpur	14 July 2014	Freehold	199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia	Hotel	128,216	10.07	117,686	9.48
ANA Crowne Plaza Kobe	14 July 2014	Freehold	1-Chome, Kitano-Cho Chuo-Ku, Kobe, 650-0002, Japan	Hotel	156,927	12.32	161,627	13.02
Novotel Sydney Darling Square	14 July 2014	84 period leasehold expiring in 2098	17 Little Pier Street, Darling Harbour, NSW 2000, Australia	Hotel	104,042 <sup>(1)</sup>	8.17	103,155 <sup>(1)</sup>	8.31
Fraser Suites Sydney	14 July 2014	75 period leasehold expiring in 2089	488 Kent Street, Sydney, NSW 2000, Australia	Serviced Residences	123,018	9.66	122,200	9.85
Park International London	14 July 2014	75 period leasehold expiring in 2089	117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom	Hotel	71,018	5.58	65,912	5.31
ibis Styles London Gloucester Road	14 July 2014	75 period leasehold expiring in 2089	108, 110 and 112 Cromwell Road, London, SW7 4ES, United Kingdom	Hotel	36,676	2.88	31,753	2.56
Fraser Place Canary Wharf London	14 July 2014	75 period leasehold expiring in 2089	80 Boardwalk Place, London E14 5SF, United Kingdom	Serviced Residences	62,183	4.88	60,620	4.88

The accompanying notes form an integral part of these financial statements.

## Portfolio Statements

As at 30 September 2023

Property	Acquisition date	Tenure	Location	Existing use	FH-REIT Group			
					30 September 2023		30 September 2022	
					At carrying amount \$'000	Percentage of net assets %	At carrying amount \$'000	Percentage of net assets %
<b>Investment properties</b>								
Fraser Suites Queens Gate London	14 July 2014	75 period leasehold expiring in 2089	39B Queens Gate Gardens, London SW7 5RR, United Kingdom	Serviced Residences	96,525	7.58	92,694	7.47
Fraser Suites Glasgow	14 July 2014	75 period leasehold expiring in 2089	1-19 Albion Street Glasgow G1 1LH, Scotland, United Kingdom	Serviced Residences	17,004	1.34	15,396	1.24
Fraser Suites Edinburgh	14 July 2014	75 period leasehold expiring in 2089	12-26 St Giles Street, Edinburgh EH1 1 PT, Scotland, United Kingdom	Serviced Residences	29,341	2.30	26,140	2.11
Maritim Hotel Dresden	15 June 2016	Freehold	Devrientstrasse 10-12, 01067 Dresden, Germany	Hotel	80,726	6.34	83,037	6.69
Novotel Melbourne on Collins	19 October 2016	Freehold	270 Collins Street and 233-239 Collins Street, Melbourne Victoria, Australia	Hotel	209,232	16.43	214,858	17.31
<b>Investment properties</b>					<b>1,929,908</b>	<b>151.55</b>	<b>1,898,078</b>	<b>152.93</b>
<b>Other net liabilities</b>					<b>(656,374)</b>	<b>(51.55)</b>	<b>(656,906)</b>	<b>(52.93)</b>
<b>Net assets of FH-REIT Group</b>					<b>1,273,534</b>	<b>100.00</b>	<b>1,241,172</b>	<b>100.00</b>

<sup>(4)</sup> Includes the ROU asset recognised on leases of land.

## Notes to the Financial Statements

For the year ended 30 September 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Trustee-Manager, the REIT Manager and the REIT Trustee on 17 November 2023.

### 1. GENERAL

Frasers Hospitality Trust ("FHT") is a stapled trust comprising Frasers Hospitality Real Estate Investment Trust ("FH-REIT") and its subsidiaries (collectively, "FH-REIT Group") and Frasers Hospitality Business Trust ("FH-BT") and its subsidiaries (collectively, "FH-BT Group").

FH-REIT is a Singapore-domiciled real estate investment trust constituted in Singapore pursuant to the Trust Deed dated 12 June 2014 (as amended, restated and supplemented) (the "FH-REIT Trust Deed"). The FH-REIT Trust Deed was entered between Frasers Hospitality Asset Management Pte. Ltd. (the "REIT Manager") and Perpetual (Asia) Limited as trustee of FH-REIT (the "REIT Trustee"). The REIT Trustee is under a duty to take into custody and hold the assets of FH-REIT in trust for the Stapled Securityholders of FH-REIT.

FH-BT is a Singapore-domiciled business trust constituted in Singapore by a Trust Deed dated 20 June 2014 (as supplemented) (the "FH-BT Trust Deed") and is managed by Frasers Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager").

The units in each of FH-REIT and FH-BT are stapled together under the terms of a stapling deed dated 20 June 2014 (as supplemented) entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the "Stapling Deed") and cannot be traded separately. Each stapled security in FHT (the "Stapled Security") comprises a unit of FH-REIT (the "FH-REIT unit") and a unit of FH-BT (the "FH-BT unit").

FHT was formally admitted to the Official List of the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 14 July 2014 (the "Listing Date").

The registered office of the REIT Manager and the Trustee-Manager (collectively, the "Managers") is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

The principal activity of the FH-REIT Group is to invest in income-producing real estate which are used for hospitality purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

FH-BT functions as master lessee and may also undertake certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for FH-REIT.

The consolidated financial statements of the FH-REIT Group relates to FH-REIT and its subsidiaries. The consolidated financial statements of the FH-BT Group relates to FH-BT and its subsidiaries. The consolidated financial statements of FHT relates to the FH-REIT Group and the FH-BT Group.

For financial reporting purposes, the intermediate and ultimate holding entities of FHT are Frasers Property Limited and TCC Assets Limited. The intermediate holding entity is incorporated in the Republic of Singapore whereas the ultimate holding entity is incorporated in the British Virgin Islands.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 1. GENERAL (continued)

Several service agreements are in place in relation to the management of FH-REIT and FH-BT and its properties operations. The fee structures of these services are as follows:

#### (a) REIT Manager's fees

##### (i) Management fees

Pursuant to the FH-REIT Trust Deed, the REIT Manager is entitled to management fees comprising a Base Fee of 0.3% per annum of the value of the FH-REIT's Deposited Property (as defined in the FH-REIT Trust Deed) and Performance Fee of 5.5% per annum of the Distributable Income of FHT in the relevant financial year (calculated before accounting for the FH-REIT Performance Fee and the FH-BT Performance Fee but after accounting for the FH-REIT Base Fee and the FH-BT Base Fee).

For the purpose of calculating the Base Fee, if FH-REIT holds only a partial interest in any FH-REIT Deposited Property, such FH-REIT Deposited Property shall be pro-rated in proportion to the partial interest held.

The REIT manager may elect to receive the Base Fee and Performance Fee in cash or Stapled Securities, or a combination of cash and Stapled Securities. Any portion of management fees payable in the form of Stapled Securities shall be payable quarterly in arrears (in relation to the Base Fee) or annually (in relation to the Performance Fee) in arrears and any portion of management fees payable in cash shall be payable monthly in arrears (in relation to the Base Fee) or annually in arrears (in relation to the Performance Fee).

As provided for in the FH-REIT Trust Deed, the price of a Stapled Security issued shall be computed based on the volume weighted average price of a Stapled Security for the last 10 business days immediately preceding the relevant period in which the fees accrue.

Any increase in the rate or any change in the structure of the REIT Manager's management fees must be approved by an Extraordinary Resolution at a meeting of the holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

The REIT Manager's change in its election to receive cash or Stapled Securities or a combination of cash and Stapled Securities is not considered as a change in the structure of the REIT Manager's management fees.

##### (ii) Acquisition fee and divestment fee

The REIT Manager is entitled to:

- an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):
  - (i) the acquisition price of any real estate (excluding stamp duty) purchased by FH-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more Special Purpose Vehicles ("SPVs"), plus any other payments in addition to the acquisition price made by FH-REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);

# Notes to the Financial Statements

For the year ended 30 September 2023

## 1. GENERAL (continued)

### (a) REIT Manager's fees (continued)

#### (ii) Acquisition fee and divestment fee (continued)

- (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-REIT, whether directly or indirectly through a holding of shares, units or any other interest in one or more SPVs, plus any other payments made by FH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of FH-REIT's interest); or
  - (iii) the acquisition price of any investment purchased by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):
    - (i) the sale price of any real estate sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);
    - (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-REIT's interest); or
    - (iii) the sale price of any investment sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

The REIT Manager may elect to receive the acquisition fee and divestment fee in the form of cash and/or Stapled Securities provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee should be in the form of Stapled Securities.

#### (iii) Development management fee

The REIT Manager is entitled to receive development management fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of FH-REIT.

Total Project Costs means the sum of the following (where applicable):

- (i) construction cost based on the project final account prepared by the project quantity surveyor;
- (ii) principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iii) the cost of obtaining all approvals for the project;

## Notes to the Financial Statements

For the year ended 30 September 2023

### 1. GENERAL (continued)

#### (a) REIT Manager's fees (continued)

##### (iii) Development management fee (continued)

- (iv) site staff costs;
- (v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and
- (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.

Development Project means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FH-REIT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix of the Code of Collective Investment Schemes ("CIS Code") issued by Monetary Authority of Singapore (the "MAS"), shall be complied with for the purposes of such development.

FH-REIT will only undertake development activities within the limits of the Property Funds Appendix.

When the estimated Total Project Costs are greater than SGD 200.0 million, the REIT Trustee and the REIT Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the REIT Manager may be directed by its independent directors to reduce development management fee. Further, in cases where the market pricing for comparable services is, in the REIT Manager's view, materially lower than the development management fee, the REIT Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of FH-REIT.

No acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project. For the avoidance of doubt, the REIT Manager shall be entitled to receive an acquisition fee on the land costs.

#### (b) Managed Investment Trust ("MIT") Manager's fees

##### (i) Management fees

Pursuant to the Investment Management Agreements for MIT Australia and each underlying MIT Sub-Trust, the MIT Manager is entitled to a management fee comprising a Base Fee of 0.3% per annum of the total value of MIT Australia's trust property and a Performance Fee of 5.5% of MIT Australia's aggregate earnings before interest, taxes, depreciation and amortisation in the relevant financial year.

There is no double-counting of management fees under the Investment Management Agreements.



# Notes to the Financial Statements

For the year ended 30 September 2023

## 1. GENERAL (continued)

### (b) *Managed Investment Trust ("MIT") Manager's fees (continued)*

#### (ii) *Acquisition fee and divestment fee*

In consideration for MIT Manager providing services under each of the Investment Management Agreements in connection with MIT Australia and the underlying sub-trusts, the MIT Manager will be entitled to:

- an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases of:
  - (i) the acquisition price of any real estate purchased by MIT Australia whether directly or indirectly through one or more special purpose vehicles, plus any other payments in addition to the acquisition price made by MIT Australia or a special purpose vehicle to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of MIT Australia's interest);
  - (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by MIT Australia whether directly or indirectly through one or more special purpose vehicles, plus any other payments made by MIT Australia or a special purpose vehicle to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of MIT Australia's interest); or
  - (iii) the acquisition price of any investment purchased by MIT Australia, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of:
  - (i) the sale price of any real estate sold or divested by MIT Australia whether directly or indirectly through one or more special purpose vehicles, plus any other payments in addition to the sale price received by MIT Australia or a special purpose vehicle from the purchaser in connection with the sale or divestment of the property (pro-rated, if applicable, to the proportion of MIT Australia's interest);
  - (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by MIT Australia, whether directly or indirectly through one or more special purpose vehicles, plus any other payments received by MIT Australia or its special purpose vehicles from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the MIT Australia's interest); or

## Notes to the Financial Statements

For the year ended 30 September 2023

### 1. GENERAL (continued)

#### (b) **Managed Investment Trust ("MIT") Manager's fees** (continued)

##### (ii) **Acquisition fee and divestment fee** (continued)

- (iii) the sale price of any investment sold or divested by MIT Australia, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

The MIT Manager will also be entitled to be reimbursed for certain expenses properly incurred in relation to performance of its role under the Investment Management Agreements. Except for the development management fee (which may only be paid in cash), the MIT Manager's fees may be paid out of the trust's income or capital, or by an issue of Stapled Securities, or by a combination of these sources as elected by the MIT Trustee subject to and in accordance with the direction of the REIT Manager and the Trustee-Manager.

For the avoidance of doubt, the base fee, performance fee, acquisition fee, divestment fee and development management fee payable to the REIT Manager shall be reduced by the amount of the relevant fee payable to the MIT Manager.

##### (iii) **Development management fee**

The MIT Manager is entitled to receive a development management fee of 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of MIT Australia or a MIT Sub-Trust.

#### (c) **Kobe Asset Manager's management fees**

Pursuant to the Asset Management Agreements for Kobe Excellence TMK and Excellence Prosperity (Japan) K.K., the Kobe Asset Manager is entitled to an annual management fee of Japanese Yen ("JPY") 12.0 million and JPY 1.5 million to JPY 3.0 million (2022: JPY 3.0 million) respectively (exclusive of consumption tax), payable quarterly in arrears.

#### (d) **Asset-Based Securities ("ABS") Servicer fees**

Pursuant to the ABS Servicing Agreement for Notable Vision Sdn. Bhd., a Servicer Fee (exclusive of applicable Sales and Service Tax), of Malaysian Ringgit ("MYR") 360,000 per annum, is payable in arrears on a semi-annual basis to the REIT Manager for the provision of its services as Servicer.

#### (e) **FH-REIT Trustee's fees**

Pursuant to the FH-REIT Trust Deed, the FH-REIT Trustee's fee is charged to a scaled basis of up to 0.015% per annum of the value of the FH-REIT Deposited Property, subject to a minimum of SGD 15,000 per month, excluding out-of-pocket expenses and GST.

The FH-REIT Trustee's fees are payable monthly in arrears.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 1. GENERAL (continued)

#### (f) MIT's and MIT Sub-Trustee's fees

Pursuant to the Investment Management Agreements,

- (i) MIT Trustee's fees are Australian Dollars ("AUD") 52,250 per annum; and
- (ii) MIT Sub-trustee's fees for FHT Sydney Trusts (i.e. FHT Sydney Trust 1, FHT Sydney Trust 2 and FHT Sydney Trust 3) and FHT Melbourne Trust 1, ranges from AUD 7,500 to AUD 14,250 per annum (per sub-trust) and AUD 13,500 per annum respectively, excluding out-of-pocket expenses and GST.

The Trustee's fees and the MIT Sub-trustee's fees are payable quarterly in arrears. The fees are adjustable yearly by reference to the Australian Consumer Price Index.

#### (g) Tokutei Mokuteki Kaisha ("TMK") Trustee's fees

Pursuant to the Japan Trust Agreement, the TMK Trustee's fee is JPY 5.4 million per annum (exclusive of consumption tax) and payable quarterly in arrears.

#### (h) Malaysian Bond Trustee's fees

Pursuant to the ABS Trust Deed, the Malaysian Bond Trustee's fee is MYR 60,000 per annum (exclusive of Sales and Service Tax) and payable in advance on an annual basis.

#### (i) Property management fees

Property management fees payable to Serviced Residence operators, which are companies controlled by a substantial Stapled Securityholder, comprise:

- (i) Management Services Fees

Pursuant to the Serviced Residences Management Agreements, the management services fees are as follows:

- a base management fee of 1.0% per annum of the gross operating revenue of the Serviced Residences;
- a marketing fee of 1.0% per annum of the gross operating revenue of the Serviced Residences; and
- an incentive fee of 8.0% per annum of gross operating profit of the Serviced Residences.

- (ii) Trademark License Fees

Pursuant to the Serviced Residences Licence Agreement, trademark license fee is 1.0% per annum of the gross operating revenue of the Serviced Residences.

The Serviced Residences operators may receive the management services and trademark license fees in cash or Stapled Securities or a combination of both (as the REIT Manager or Trustee-Manager may elect).

- (iii) Technical Services Fees

Pursuant to the Master Technical Services Agreement and the Individual Technical Services Agreement, the technical services fees will be an amount mutually agreed upon subject to a cap of United States Dollar ("USD") 1,500 per Serviced Residence unit which is exclusive of reimbursable expenses. The technical services fees shall be payable when technical services relating to conceptualising, planning, designing, decorating, furnishing and equipping Serviced Residences are provided in connection with any development, re-development, refurbishment, retrofitting, addition and alteration and renovation works.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 1. GENERAL (continued)

#### (j) *Trustee-Manager's fees*

Pursuant to the FH-BT Trust Deed, the Trustee-Manager is entitled to the following fees:

- (i) a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-BT's Trust Property and Performance Fee of 5.5% per annum of the Distributable Income of FHT in the relevant financial period, payable in the event that FH-BT becomes active; and

There should be no double-counting of fees. In the event that both the Trustee-Manager and the REIT Manager are entitled to the Performance Fee, such fees payable to both the Trustee-Manager and the REIT Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee. For the avoidance of doubt, the maximum Performance Fee payable to both the Trustee-Manager and the REIT Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting the Base Fee).

- (ii) a trustee fee of a maximum of 0.1% per annum of the value of the FH-BT Trust Property, subject to a minimum fee of SGD 10,000 per month provided that the value of the FH-BT Trust Property is at least SGD 50.0 million, payable in the event that FH-BT becomes active.

- (iii) an acquisition fee of 0.5% for acquisitions from Related Parties and 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of all other cases of any of the following (subject to there being no double-counting):

- the acquisition price of any real estate purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by FH-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-BT's interest);
- the equity interest of any vehicle holding directly or indirectly the real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-BT whether directly or indirectly through one or more SPVs, plus any other payments made by FH-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of FH-BT's interest); or
- the acquisition price of any investment purchased by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

- (iv) a divestment fee of 0.5% for all other cases of any of the following (subject to there be no double-counting):

- the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by FH-BT, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-BT's interest);
- the underlying value of any real estate which is taken into account when computing the sale price for the equity interest in any vehicle holding, directly or indirectly the real estate, sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments received by the FH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interest (pro-rated if applicable to the proportion of FH-BT's interest);

# Notes to the Financial Statements

For the year ended 30 September 2023

## 1. GENERAL (continued)

### (j) *Trustee-Manager's fees (continued)*

- the sale price of any investment sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of property corporation or other SPVs owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities, provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee should be in the form of Stapled Securities.

- (v) a development management fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of FH-BT. Development Project means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or lease by FH-BT, including major development, re-development, retrofitting, addition and alteration and renovations works.

When the estimated Total Project Costs are greater than SGD 200.0 million, the Trustee-Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the Trustee-Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Trustee-Manager's view, materially lower than the development management fee, the Trustee-Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of FH-BT.

No acquisition fee shall be paid when the Trustee-Manager receives the development management fee for a Development Project. For the avoidance of doubt, the Trustee-Manager shall be entitled to receive an acquisition fee on the land costs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the FH-REIT Group, the FH-BT Group and FHT consistently to all periods presented in these financial statements, unless otherwise indicated in Note 2.2.

### 2.1 Basis of preparation

The consolidated financial statements of the FH-REIT Group and FHT have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code of Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the FH-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards ("FRSs").

The consolidated financial statements of the FH-BT Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), the applicable requirements of the Business Trusts Act 2004 of Singapore and the provisions of FH-BT Trust Deed.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

##### *Going concern*

The consolidated financial statements of FHT, the FH-REIT Group and the FH-BT Group have been prepared on a going concern basis. FH-REIT Group has net current liabilities of SGD 74.1 million as at 30 September 2023, primarily due to borrowings maturing within the next 12 months. The REIT Manager has assessed that FH-REIT Group will be able to discharge its obligations as and when they fall due in the next 12 months, having regard to its ongoing operational cash flows, cash reserves of SGD 81.4 million as at 30 September 2023, unutilised SGD 172.0 million committed revolving credit facilities (Note 17) and are in advanced discussions with lenders to refinance maturing borrowings and additional credit facilities to further strengthen financial flexibility. FH-BT Group has net current liabilities of SGD 4.0 million and net liabilities of SGD 0.5 million as at 30 September 2023. The Trustee-Manager has assessed that FH-BT Group will be able to discharge its obligations as and when they fall due in the next 12 months, as it has access to an unutilised SGD 10.0 million committed revolving credit facility from FH-REIT to FH-BT (Note 17). With both FH-REIT Group and FH-BT Group being able to meet their obligations as and when they fall due, the REIT Manager and the Trustee-Manager (collectively, the "Managers") are of the view that FHT, being the stapled trust comprising FH-REIT Group and FH-BT Group, is able to meet its obligations as and when they fall due.

##### *Significant accounting judgements and estimates*

The preparation of financial statements requires the Managers to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

##### *(a) Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### Valuation of properties

FHT's properties are stated at their fair values, which are determined annually. The fair values are based on independent professional valuations conducted annually. The fair value of properties is determined using discounted cash flow, capitalisation, direct comparison and core and top-slice methods. Certain valuers have highlighted the risk that valuations may be subject to greater volatility than would usually be expected in light of market conditions, such as the ongoing war in Ukraine and the uncertainty of its resolution, the general economic downturn caused by COVID-19, challenging hotel operational outlook, limited hotel transactions and difficulties to prospective purchasers in securing debt financing, and recommended that the value of the properties are to be kept under regular review.

These fair values may differ from the prices at which FHT's properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the Managers' control, such as overall market conditions. As a result, actual results of operations and realisation of these properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amounts of properties is disclosed in the Statements of Financial Position.

# Notes to the Financial Statements

For the year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.1 Basis of preparation (continued)

#### *Significant accounting judgements and estimates (continued)*

##### **(b) Judgements made in applying accounting policies**

In the process of applying FHT's accounting policies, the Managers have made the following judgements, apart from those involving estimations, which have significant effects on the amounts recognised in the consolidated financial statements.

##### Income taxes

FHT has exposure to income taxes in numerous jurisdictions. Assumptions are required in determining the group-wide provision for income taxes. The ultimate determination of taxability of income and deductibility of expenses from certain transactions are uncertain during the ordinary course of business. The tax computations arising from business combinations would also be subjected to uncertainty and formal assessment by tax authorities. FHT recognises the liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of provision for taxation, deferred tax assets and liabilities are as disclosed in the Statements of Financial Position.

### 2.2 Changes in accounting policies

#### **New standards and amendments**

Various amendments to FRSs or SFRS(I)s have been applied in the financial statements for the first time for the annual period beginning on 1 October 2022. The application of these amendments to standards does not have a material effect on the financial statements.

### 2.3 Basis of consolidation and business combinations

##### **(a) Stapling**

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

##### **(b) Subsidiaries**

Subsidiaries are entities controlled by the FH-REIT Group or the FH-BT Group. The FH-REIT Group or the FH-BT Group control an entity when they are exposed to or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through its power over the entity.

##### **(c) Consolidation**

The financial year of the FH-REIT Group, the FH-BT Group and FHT ends on 30 September unless otherwise stated. The consolidated financial statements incorporate the financial statements of the FH-REIT Group, the FH-BT Group and FHT made up to 30 September. The financial statements of subsidiaries are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to conform to the FH-REIT Group, the FH-BT Group and FHT's significant accounting policies. A list of significant subsidiaries is shown in Note 21.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the FH-REIT Group or the FH-BT Group and FHT obtain control, and continue to be consolidated until the date that such control ceases.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.3 Basis of consolidation and business combinations (continued)

##### (d) Business combinations

The FH-REIT Group, the FH-BT Group and FHT account for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred (see Note 2.3(b)). In determining whether a particular set of activities and assets is a business, the FH-REIT Group, the FH-BT Group and FHT assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The FH-REIT Group, the FH-BT Group and FHT have an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable assets or group of similar identifiable assets.

The FH-REIT Group, the FH-BT Group and FHT measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is recognised as equity, it is not remeasured and settlement is accounted for within the Stapled Securityholders' Funds. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

NCI are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected for each business combination. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by another FRS/SFRS(I).

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that FHT incurs in connection with a business combination are expenses as incurred.



## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.3 Basis of consolidation and business combinations (continued)

##### (d) *Business combinations (continued)*

NCI represent the equity in subsidiaries not attributable, directly or indirectly, to Stapled Securityholders of FHT and are presented separately in the Statement of Total Return or Statement of Profit or Loss (as the case may be), and within the Stapled Securityholders' Funds in the Statement of Financial Position, separately from the Stapled Securityholders' Funds attributable to Stapled Securityholders. Changes in FHT's ownership interest in a subsidiary that does not result in a loss of control are accounted for as transactions within Stapled Securityholders' Funds. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognised directly in Stapled Securityholders' Funds and attributable to Stapled Securityholders of FHT.

##### (e) *Property acquisitions*

Where property is acquired, via corporate acquisitions or otherwise, the Managers considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of the judgement is set out in Note 2.3(d). Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. In such cases, the acquirer shall identify and recognise the individual identifiable assets acquired and liabilities assumed. The cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Such a transaction or event does not give rise to goodwill.

#### 2.4 Foreign currencies

##### (a) *Functional and presentation currency*

Items included in the financial statements of each entity in the FH-REIT Group, the FH-BT Group and FHT are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "functional currency"). The financial statements of the FH-REIT Group, the FH-BT Group and FHT are presented in Singapore dollars ("SGD"), which is the functional currency of FH-REIT and FH-BT and rounded to the nearest thousand (\$'000), unless otherwise stated.

##### (b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of each entity at rates of exchange approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are revalued to the functional currency at the rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items measured at historical cost in a foreign currency are recorded using the exchange rates ruling at the date of the initial transaction dates. Non-monetary assets and liabilities measured at fair value in a foreign currency are revalued using the exchange rates at the date that the fair value was measured. Foreign currency differences arising on the settlement of monetary items or revaluing monetary items are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be), except for differences arising on the translation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income ("OCI") or Stapled Securityholders' Funds (as the case may be) directly.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.4 Foreign currencies (continued)

##### (c) Foreign operations

The results and financial positions of foreign operations are translated into Singapore dollars using the following procedures:

- Assets and liabilities are translated to Singapore dollars at exchange rates at the end of the reporting period; and
- Income and expenses are translated to Singapore dollars at the average exchange rates for the period, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in OCI or Stapled Securityholders' Funds (as the case may be) and accumulated in the foreign currency translation reserve in Stapled Securityholders' Funds.

On the disposal of a foreign operation, the cumulative amount in the foreign currency translation reserve relating to the foreign operation is recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be) as a component of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in OCI or Stapled Securityholders' Funds (as the case may be).

#### 2.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Subsequent to initial recognition, investment properties are measured at fair value. Any gains or losses arising from changes in fair values of the investment properties are recognised in the Statement of Total Return in the period in which they arise.

Fair value is determined at each reporting date in accordance with the FH-REIT Trust Deed. In addition, the investment properties are to be valued by independent professional valuers at least once a year, in accordance with the CIS Code issued by MAS.

Investment properties are de-recognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Total Return in the year of retirement or disposal.

Subsequent expenditure relating to the investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the FH-REIT Group and FHT. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.6 Property, plant and equipment

All items of property, plant and equipment are measured at cost on initial recognition. Subsequent to the initial recognition, freehold land and buildings are measured at revalued amount (based on fair value) less accumulated depreciation and accumulated impairment losses while right-of-use building, furniture, fittings and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Fair value of the land and buildings is determined at each reporting date. Any increase on revaluation shall be credited directly to the Stapled Securityholders' Funds. However, the increase shall be recognised in the Statement of Total Return to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Total Return. A revaluation deficit is recognised in the Statement of Total Return, except to the extent that it offsets an existing surplus on the same asset carried in the Stapled Securityholders' Funds.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use and estimate of the costs of dismantling and removing the items and restoring the site on which they are located when the FH-BT Group and FHT has an obligation to remove the asset or restore the site. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repair are charged to the Statement of Total Return or Statement of Profit or Loss (as the case may be). When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the Statement of Total Return or Statement of Profit or Loss (as the case may be) and any related revaluation surplus included in the Stapled Securityholders' Funds is transferred to revenue reserves in the Stapled Securityholders' Funds.

Property, plant and equipment except freehold land, are depreciated on the straight line method so as to write-off the cost of the assets over their estimated useful lives. No depreciation is provided on freehold land. The estimated useful lives for the current and comparative years are as follows:

- Building 17 to 50 years
- Furniture, fittings and equipment 3 to 10 years

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, depreciation method and residual values are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.7 Leases

At inception of a contract, FHT assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### (a) As a lessee

At commencement or on modification of a contract that contains a lease component, FHT allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, FHT has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

FHT recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to FHT by the end of the lease term or the cost of the ROU asset reflects that FHT will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

FHT determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if FHT is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in Statement of Total Return or Statement of Profit or Loss (as the case may be) if the carrying amount of the ROU asset has been reduced to zero.

FHT presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' and 'lease liabilities' separately in the statement of financial position.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.7 Leases (continued)

##### (a) As a lessee (continued)

###### *Short-term leases and leases of low-value assets*

FHT has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. FHT recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (b) As a lessor

At inception or on modification of a contract that contains a lease component, FHT allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When FHT acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, FHT makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, FHT considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then FHT applies FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

FHT recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

#### 2.8 Financial assets

##### (a) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when FHT becomes a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### (b) Classification and subsequent measurement

On initial recognition, a financial asset is classified at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless FHT changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

###### *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.8 Financial assets (continued)

##### (b) Classification and subsequent measurement (continued)

###### **Business model assessment**

FHT makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with FHT's continuing recognition of the assets.

###### **Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, FHT considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, FHT considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit FHT's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.8 Financial assets (continued)

##### (b) *Classification and subsequent measurement (continued)*

##### ***Assessment whether contractual cash flows are solely payments of principal and interest (continued)***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be). Any gain or loss on derecognition is recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

##### (c) *Derecognition*

Financial assets are derecognised when FHT's contractual rights to receive the cash flows from the financial assets expire or if FHT transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. Transferred assets are not derecognised when FHT enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

##### (d) *Offsetting*

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, FHT has a legal right to offset and there is intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 2.9 Other assets

Other assets comprise operating supplies and equipment. These are stated at cost less accumulated amortisation.

#### 2.10 Inventories

Inventories comprise mainly beverage stocks for the hotel operations.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in and first-out principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

#### 2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks and fixed deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value.

#### 2.12 Financial liabilities

##### (a) *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, FHT becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

##### (b) *Classification and subsequent measurement*

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method. Interest expense is recognised in Statement of Total Return or Statement of Profit or Loss (as the case may be).

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.12 Financial liabilities (continued)

##### (c) Derecognition

FHT derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. FHT also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

##### *Interest rate benchmark reform*

When the basis for determining the contractual cash flows of a financial liability measured at amortised cost changed as a result of interest rate benchmark reform, FHT updated the effective interest rate of the financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, FHT first updated the effective interest rate of the financial liability to reflect the change that is required by interest rate benchmark reform. After that, FHT applied the policies on accounting for modifications to the additional changes.

##### (d) Offsetting

Financial liabilities and assets are offset and the net amount reported in the Statement of Financial Position when, and only when, FHT has a legal right to offset and there is intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 2.13 Rental deposits and deferred income and expense

Rental deposits are received from lessees or paid to the lessors of the properties (as the case may be). Deferred income (expense) relates to the difference between the consideration received (paid) for rental deposits and its fair value on initial recognition and it is credited (charged) to the Statement of Total Return or Statement of Profit or Loss (as the case may be) as rental income (expense) on a straight-line basis over the individual lease term.

#### 2.14 Derivative financial instruments and hedge accounting

FHT uses derivative financial instruments to hedge against risks associated with foreign currency and interest rate fluctuations. It is FHT's policy not to trade in derivative financial instruments. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially recognised at fair value; any attributable transaction costs are recognised in the Statement of Total Return on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instruments that is not designated in a hedge relationship are recognised immediately in the Statement of Total Return.



## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.14 Derivative financial instruments and hedge accounting (continued)

FHT designates certain derivative financial instruments as hedging instruments in qualifying hedging relationships. At the inception of a hedge relationship, FHT formally designates and documents the hedge relationship to which FHT wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. FHT also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

##### (a) Cash flow hedges

FHT designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve within the Stapled Securityholders' Funds. The effective portion of changes in fair value of the derivative that is recognised in the Stapled Securityholders' Funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Total Return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Stapled Securityholders' Funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the Statement of Total Return in the same period or periods as the hedged item's expected future cash flows affect the Statement of Total Return.

##### (b) Net investment hedges

FHT designates certain derivatives as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognised in the foreign currency translation reserve within the Stapled Securityholders' Funds. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in the Statement of Total Return. The amount recognised in foreign currency translation reserve is reclassified to the Statement of Total Return as a reclassification adjustment on disposal of the foreign operation. When the hedged net investment is disposed of, the cumulative amount in foreign currency translation reserve within the Stapled Securityholders' Funds is transferred to the Statement of Total Return.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.14 Derivative financial instruments and hedge accounting (continued)

##### *Hedges directly affected by interest rate benchmark reform*

Phase II amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, FHT amended the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation was amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

FHT amended the description of the hedging instrument only if the following conditions were met:

- it makes a change required by interest rate benchmark reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

FHT also amended the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes were made in addition to those changes required by IBOR reform described above, then FHT first considered whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes did not result in the discontinuation of the hedge accounting relationship, then FHT amended the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, FHT deemed that the hedging reserve recognised in Stapled Securityholders' Funds for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.15 Impairment

##### (a) Non-financial assets

The carrying amounts of FHT's non-financial assets, other than investment properties and property, plant and equipment – freehold land and building, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be). Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed in the Statement of Total Return or Statement of Profit or Loss (as the case may be) only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### (b) Non-derivative financial assets

FHT recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

Loss allowances of FHT are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

##### *Simplified approach*

FHT applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

##### *General approach*

FHT applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, FHT assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.15 Impairment (continued)

##### (b) *Non-derivative financial assets (continued)*

###### *General approach (continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, FHT considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on FHT's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

FHT considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to FHT in full, without recourse by FHT to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which FHT is exposed to credit risk.

###### Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that FHT expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

###### Credit-impaired financial assets

At each reporting date, FHT assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by FHT on terms that FHT would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

###### Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.15 Impairment (continued)

##### (b) *Non-derivative financial assets (continued)*

###### *General approach (continued)*

###### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when FHT determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with FHT's procedures for recovery of amounts due.

#### 2.16 Stapled Securityholders' Funds

Stapled Securityholders' Funds represent the Stapled Securityholders' residual interest in the net assets of the FH-REIT Group and the FH-BT Group upon termination.

Expenses incurred in connection with the issuance and placement of Stapled Securities are deducted directly against Stapled Securityholders' Funds.

#### 2.17 Distribution policy

Distributions of FHT comprise distributions from FH-REIT and FH-BT.

FH-REIT's distribution policy is to distribute 100% of the Distributable Income ("DI") to the Stapled Securityholders for the period from the Listing Date (14 July 2014) to 30 September 2015, and at least 90% of the DI thereafter.

FH-BT's distribution policy is to distribute as much of its income as practicable, and the declaration and payment of distributions by FH-BT will be at the sole discretion of the Board of Directors of the Trustee-Manager.

Distributions are made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the six-month period ending on each of the said dates. In accordance with the Trust Deeds, the Managers are required to pay distributions within 90 days of the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

#### 2.18 Revenue

##### (a) *Master lease rental income from operating leases*

Fixed rental income receivable under operating leases is recognised in the Statement of Total Return on a straight-line basis. The aggregate costs of incentives provided to leases are recognised as a reduction of rental income over the lease term on a straight-line basis. Variable rent, which is based on gross turnover or gross operating profit is recognised as income in the accounting period on an accrual basis in the period in which it is earned and the amount can be measured reliably.

##### (b) *Room revenue and food and beverage revenue*

Revenue from hotel operations comprising mainly room revenue and food and beverage revenue. Room revenue is recognised when performance obligations are satisfied over the period of stay. Food and beverage revenue is recognised at a point in time when performance obligations are satisfied by rendering the relevant goods and services to the customers.

##### (c) *Dividend and distribution income*

Dividend and distribution income is recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be) on the date when the right to receive the payment is established.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.19 Expenses

**(a) Property operating expenses**

Property operating expenses are recognised on an accrual basis in the period that expenses are incurred.

**(b) REIT Manager's fees**

Fees paid or payable to the REIT Manager are recognised on an accrual basis based on the applicable formula as set out in Note 1(a).

**(c) Trustees' fees**

Fees paid or payable to the Trustees are recognised on an accrual basis. Included in trust expenses are the REIT Trustee's fees, MIT's and MIT Sub-Trustee's fees, TMK Trustee's fees, Malaysian Bond Trustee's fees and Trustee-Manager's trustee fees which are based on the applicable formulae as set out in Notes 1(e), (f), (g), (h) and (j)(ii).

**(d) Trustee-Manager's fees**

Fees paid or payable to the Trustee-Manager are recognised on an accrual basis based on the applicable formula as set out in Note 1(j)(i).

**(e) Employee benefits**

*Defined contribution plans*

As required by law, the FH-BT Group and FHT make contributions to state pensions schemes in accordance with local regulatory requirements. The pension contributions are recognised as compensation expense in the same period as the employment that give rises to the contribution.

*Employee leave entitlement*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

#### 2.20 Finance income and finance costs

Finance income comprises interest income on funds invested and unwinding of the discount on non-current rental deposit receivable that are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

Finance costs comprises interest expense on borrowings and lease liabilities, amortisation of debt-related transaction costs, and unwinding of the discount on non-current rental deposits payable that are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

Interest income and all borrowing costs are recognised as it accrues, in the Statement of Total Return or Statement of Profit or Loss (as the case may be), using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

# Notes to the Financial Statements

For the year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.21 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and FHT will comply with the conditions associated with the grants.

Grants that compensate FHT for expenses incurred are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be), net of its related expense, on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

### 2.22 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be) except to the extent that it relates to items recognised directly in OCI or Stapled Securityholders' Funds (as the case may be).

FHT has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37/SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that FHT is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which FHT expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.22 Taxes (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in FHT. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

#### 2.23 Earnings per Stapled Security

FHT presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Securityholders of FHT by the weighted-average number of Stapled Securities outstanding, during the financial period adjusted for own Stapled Securities held. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Securityholders and the weighted-average number of Stapled Securities outstanding adjusted for own Stapled Securities held, for the effects of all dilutive potential Stapled Securities.

#### 2.24 Segment reporting

An operating segment is a component of FHT, the FH-REIT Group and the FH-BT Group that engage in business activities from which they may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of FHT's, the FH-REIT Group's and the FH-BT Group's other components.

Management determines the operating segments based on the reports reviewed by Chief Operating Decision Makers ("CODMs") that are used to make strategic decisions.

CODMs include the Chief Executive Officer, the Head of Finance, the Asset Managers and the Investment Managers. CODMs review FHT's, the FH-REIT Group's and the FH-BT Group's internal reporting in order to assess performance and operations of respective group. Management has determined the operating segments based on these assessments. The CODMs consider the segments from a geographic and business perspective as it is based on the management and internal reporting structure.

Segment results and assets include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Unallocated items comprise mainly finance income, finance costs, trust expenses, non-capitalisable expenses in relation to asset acquisition, and net change in fair value of derivative financial instruments.

Segment capital expenditure is the total costs incurred on investment properties and property, plant and equipment during the financial year.



## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.25 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of FHT; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the Statement of Financial Position of FHT, except for contingent liabilities assumed in a business combination (as the case may be) that are present obligations and which the fair values can be reliably determined.

#### 2.26 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that when the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

#### 2.27 New standards and amendments to standards not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 October 2022 and earlier application is permitted. However, FHT has not early adopted the new or amended standards in preparing these financial statements.

##### Effective for annual periods beginning after 1 October 2022

- FRS 117 / SFRS(I) 17 *Insurance Contracts* and Amendments to FRS 117 / SFRS(I)s *Insurance Contracts*
- Amendments to FRS 12 / SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to FRS 1 / SFRS(I) 1-1 and FRS / SFRS(I)s *Practice Statement 2: Disclosure of Accounting Policies*
- Amendments to FRS 8 / SFRS(I) 1-8: *Definition of Accounting Estimates*

Other than the amendments to FRS 12 / SFRS(I) 1-12 disclosed below, the adoption of these new standards and amendments to standards are not expected to have a significant impact on these financial statements.

##### Amendments to FRS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 October 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.27 New standards and amendments to standards not adopted (continued)

FH-BT Group accounts for deferred tax on leases applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability is recognised on a net basis. As at 30 September 2023, FH-BT Group has taxable temporary difference in relation to the right-of-use asset of SGD 48.3 million and deductible temporary difference in relation to the lease liability of SGD 53.9 million, resulting in a net deferred tax asset of SGD 1.4 million. Under the amendments, FH-BT Group will recognise a separate deferred tax asset and a deferred tax liability. The standard is not expected to have material impact to the FH-BT Group other than grossing up the related deferred tax asset and deferred tax liability. There will be no impact on retained earnings on adoption of the amendments.

#### Effective for annual periods beginning after 1 October 2023

- Amendments to FRS 1 / SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to FRS 116 / SFRS(I) 16: *Lease Liability in a Sale and Leaseback*
- Amendments to FRS 7, FRS 107 / SFRS(I)1-7, SFRS(I) 7: *Supplier Finance Arrangements*
- Amendments to FRS 21, SFRS(I) 1-21: *Lack of Exchangeability*

FHT is in the process of assessing the impact of the amendments to standards on its financial statements.

### 3. STAFF COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Salaries, bonuses and other costs	5,603	4,204	-	-	5,603	4,204
Contributions to defined contribution plans	519	380	-	-	519	380
	<b>6,122</b>	<b>4,584</b>	<b>-</b>	<b>-</b>	<b>6,122</b>	<b>4,584</b>

### 4. MANAGEMENT FEES

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>(a) REIT Manager's management fees</b>						
- Base fee	4,453	4,453	4,453	4,453	-	-
- Performance fee	1,708	887	1,708	887	-	-
	<b>6,161</b>	<b>5,340</b>	<b>6,161</b>	<b>5,340</b>	<b>-</b>	<b>-</b>
<b>(b) Trustee-Manager's management fees</b>						
- Base fee	37	33	-	-	37	33
- Performance fee	14	13	-	-	14	13
	<b>51</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>46</b>
<b>(c) Other management fees</b>						
- MIT Manager's base fee	1,379	1,991	1,379	1,991	-	-
- MIT Manager's performance fee	1,153	1,024	1,153	1,024	-	-
- Kobe Asset Manager's management fee	143	166	143	166	-	-
- ABS Servicer fee	107	114	107	114	-	-
	<b>2,782</b>	<b>3,295</b>	<b>2,782</b>	<b>3,295</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 5. TRUSTEES' FEES

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trustees' fees						
- FH-REIT Trustee's fees	254	274	254	274	-	-
- Other trustee fees	180	200	180	200	-	-
	<b>434</b>	<b>474</b>	<b>434</b>	<b>474</b>	-	-

### 6. OTHER TRUST EXPENSES

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Audit fees paid and payable to auditor of the Trusts	536	504	468	436	68	68
Non-audit fees paid and payable to:						
- Auditor of the Trusts	264	225	260	213	4	12
- Other auditors (non-KPMG)	130	82	130	74	-	8
Valuation fee	168	283	168	283	-	-
Other expenses	2,735	4,205	2,724	4,210	11	(5)
	<b>3,833</b>	<b>5,299</b>	<b>3,750</b>	<b>5,216</b>	<b>83</b>	<b>83</b>

### 7. FINANCE COSTS AND AMORTISATION OF DEBT UPFRONT COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial liabilities measured at amortised cost:						
(a) Amortisation of debt upfront costs	878	1,156	878	1,156	-	-
(b) Finance costs						
- interest expense on borrowings and derivatives	19,897	19,004	19,897	19,004	-	-
- interest expense on lease liabilities	120	125	120	125	1,985	2,272
- others	868	2,468	952	2,555	-	-
	<b>20,885</b>	<b>21,597</b>	<b>20,969</b>	<b>21,684</b>	<b>1,985</b>	<b>2,272</b>

### 8. TAXATION

For Singapore income tax purposes, FHT is not a taxable entity. Instead, FH-REIT and FH-BT are subject to tax separately based on their own characteristics as a real estate investment trust and a registered business trust respectively.

FH-REIT has been granted tax transparency treatment in respect of certain income derived from the Singapore properties, as well as tax exemption under Section 13(12) of the Singapore Income Tax Act in respect of certain foreign-sourced income derived from their respective overseas subsidiaries, subject to meeting certain conditions.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 8. TAXATION (continued)

FH-BT which is registered as a business trust in Singapore under the Business Trusts Act will be treated like a company under the one-tier corporate tax system for Singapore income tax purposes. Consequently, FH-BT will be assessed to Singapore income tax on its taxable income, if any, at the prevailing corporate tax rate in accordance with the Singapore Income Tax Act.

The income tax expense is in respect of taxes paid by FHT's operations in Singapore, Australia, UK, Japan, Malaysia and Germany.

Subject to full compliance with the terms and conditions of the following Tax Rulings, the taxation of FH-REIT is as follows:

#### (i) Tax Ruling 1

FH-REIT has obtained the Tax Transparency Ruling from the Inland Revenue Authority of Singapore ("IRAS") in respect of the "Specified Taxable Income" (as defined herein) derived from the InterContinental Singapore and Fraser Suites Singapore (collectively the "Singapore investment properties"). Such income includes rent and income from or ancillary to the management or holding of the Singapore investment properties, as well as interest income from the placement of cash surpluses in bank deposits, but not gains from the disposal of the Singapore investment properties.

Subject to the terms and conditions of the Tax Transparency Ruling, FH-REIT will not be taxed on Specified Taxable Income distributed to the Stapled Securityholders in the year in which the income was derived. Instead, the REIT Trustee and the REIT Manager would undertake to deduct income tax at source at the prevailing corporate tax rate from distributions made to certain Stapled Securityholders out of such Specified Taxable Income.

The application of the Tax Transparency Ruling is conditional upon the REIT Trustee and the REIT Manager fulfilling certain terms and conditions, including distribution of at least 90.0% (2022: 90.0%) of Specified Taxable Income by the REIT Trustee to the Stapled Securityholders in the year in which the income is derived by the REIT Trustee.

#### (ii) Tax Ruling 2

FH-REIT and/or its Singapore subsidiaries has obtained Foreign-Sourced Income Tax Exemption Rulings from the IRAS on the Singapore taxation of certain foreign-sourced income in respect of the properties located in Australia, UK, Malaysia, Japan and Germany. Such income will be regarded as Tax Exempt Income of FH-REIT and/or its Singapore subsidiaries under Section 13(12) of the Income Tax Act. The Foreign-Sourced Income Tax Exemption Rulings are granted subject to certain conditions.

#### (iii) Singapore sourced dividends

Dividend income received by FH-REIT from the Singapore subsidiaries will not be subject to Singapore income tax in the hands of the REIT Trustee. They will be regarded as Tax Exempt Income of FH-REIT.

#### (iv) Return of capital to FH-REIT

Any return of capital received by FH-REIT from its Singapore subsidiaries and/or MIT Australia is capital in nature and hence, is not taxable in the hands of the REIT Trustee.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 8. TAXATION (continued)

#### Tax expense/(credit)

The major components of tax expense/(credit) are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current tax expense/(credit)</b>						
- Current year income tax	5,243	1,635	5,114	1,716	129	(81)
- Over provision in respect of prior years	(223)	(110)	(190)	(110)	(33)	-
	5,020	1,525	4,924	1,606	96	(81)
<b>Deferred tax expense/(credit)</b>						
- Origination and reversal of deductible temporary differences	(61)	988	-	906	(187)	(34)
- Origination and reversal of taxable temporary differences	4,844	(7,976)	5,899	(7,008)	-	-
	4,783	(6,988)	5,899	(6,102)	(187)	(34)
<b>Withholding tax expense</b>	905	15,927	892	15,906	13	21
	<b>10,708</b>	<b>10,464</b>	<b>11,715</b>	<b>11,410</b>	<b>(78)</b>	<b>(94)</b>

A reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the prevailing corporate tax rate are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Total return/(Loss) for the year before tax</b>	102,611	68,781	109,155	75,254	(446)	(848)
Tax at the domestic rates applicable to profits in the countries where FHT operates	21,095	17,262	22,729	18,895	(109)	(218)
<b>Adjustments:</b>						
Expenses not deductible for tax purposes	2,886	7,755	3,305	7,623	77	126
Income not subject to tax	(13,040)	(16,477)	(14,106)	(17,011)	(26)	(23)
Tax transparency	(2,896)	(1,173)	(2,896)	(1,173)	-	-
Deferred tax assets not recognised	-	123	-	123	-	-
Utilisation of unrecognised tax losses	(771)	(2,445)	(771)	(2,445)	-	-
Effect of change in tax rate on temporary differences recognised	-	692	-	692	-	-
Over provision of prior year tax	(223)	(110)	(190)	(110)	(33)	-
Withholding tax	905	15,927	892	15,906	13	21
Others	2,752	(11,090)	2,752	(11,090)	-	-
	<b>10,708</b>	<b>10,464</b>	<b>11,715</b>	<b>11,410</b>	<b>(78)</b>	<b>(94)</b>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 8. TAXATION (continued)

#### Deferred tax assets and liabilities

##### Deferred tax assets

Deferred tax assets as at 30 September 2023 shown on the Statements of Financial Position are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets:</b>						
Provision and accruals	60	(30)	-	-	60	(30)
Lease liabilities	-	-	-	-	1,408	1,343
Unabsorbed capital allowances	560	616	-	-	560	616
	<b>620</b>	<b>586</b>	<b>-</b>	<b>-</b>	<b>2,028</b>	<b>1,929</b>

The movements in the deferred tax assets are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	(586)	(1,621)	-	(911)	(1,929)	(2,027)
Recognised in Statement of Total Return/Profit or Loss	(61)	988	-	906	(187)	(34)
Translation differences	27	47	-	5	88	132
At 30 September	<b>(620)</b>	<b>(586)</b>	<b>-</b>	<b>-</b>	<b>(2,028)</b>	<b>(1,929)</b>

##### Deferred tax liabilities

Deferred tax liabilities as at 30 September 2023 shown on the Statements of Financial Position are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax liabilities:</b>						
Arising from acquisition of subsidiaries	3,389	3,685	3,389	3,685	-	-
Fair value adjustments on properties	27,910	24,097	27,910	24,097	-	-
Others	8,107	6,843	8,107	6,843	-	-
	<b>39,406</b>	<b>34,625</b>	<b>39,406</b>	<b>34,625</b>	<b>-</b>	<b>-</b>

The movements in the deferred tax liabilities are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	34,625	46,506	34,625	46,506	-	-
Recognised in Statement of Total Return/Profit or Loss	4,844	(7,976)	5,899	(7,008)	-	-
Recognised in Stapled Securityholders' Funds	1,032	968	-	-	-	-
Translation differences	(1,095)	(4,873)	(1,118)	(4,873)	-	-
At 30 September	<b>39,406</b>	<b>34,625</b>	<b>39,406</b>	<b>34,625</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 8. TAXATION (continued)

#### Uncertain tax position

Since 2018, FHT has relied on a private ruling granted by the Inland Revenue Board of Malaysia ("IRBM") which allows FHT Malaysia Pte Ltd ("FHTM"), a subsidiary of FH-REIT, to receive interest from its investment in medium term notes issued by Notable Vision Sdn. Bhd. ("NVSB") to be exempted from Malaysia withholding tax. In an IRBM letter dated 29 June 2021, the IRBM revoked the private ruling. Consequently, the IRBM may require withholding tax on these interest payments from NVSB to FHTM. If the private ruling applied in the past is retrospectively revoked, the potential additional withholding tax to be paid from 1 October 2017 to 30 September 2023 approximates Malaysian Ringgit ("MYR") 6.0 million (approximately SGD 1.7 million).

In addition, the IRBM completed its tax audit of NVSB for the period 2014 to 2019 and had issued a notice of assessment for income tax and penalties amounting to an aggregate of MYR 2.6 million (approximately SGD 0.8 million) which comprise (i) disallowed income tax deductions previously claimed on the interest payments made by NVSB to FHTM and (ii) penalties for claiming such income tax deductions when NVSB had not originally withheld tax on such payments.

On 8 September 2021, NVSB filed an appeal to Special Commissioner of Income Tax in Malaysia, and further applied for judicial review with Courts of Malaysia on 23 September 2021. The High Court of Malaysia had on 24 May 2022 delivered its decision to allow NVSB's application for leave to commence judicial review proceedings. On 17 July 2023, the High Court heard the application for judicial review. On 7 November 2023, the High Court delivered its decision in the judicial review proceedings in favour of NVSB. On 14 November 2023, NVSB received notice from IRBM that it had filed an appeal with the Malaysia Court of Appeal.

The Managers believes that the private ruling granted in the past was in compliance with the applicable tax laws, and if revoked, the management believes that NVSB has valid legal grounds to appeal against the decision and defend its position in Court.

### 9. EARNINGS PER STAPLED SECURITY

The calculation of basic earnings per Stapled Security is based on:

	FHT	
	2023	2022
Total return for the year attributable to Stapled Securityholders (\$'000)	91,903	58,317
Weighted average number of Stapled Securities used in arriving at basic earnings per Stapled Security ('000):		
Issued Stapled Securities at beginning of the year ('000)	1,926,074	1,926,074
Basic Earnings per Stapled Security (cents)	4.77	3.03

The calculation of diluted earnings per Stapled Security is based on:

	FHT	
	2023	2022
Total return for the year attributable to Stapled Securityholders (\$'000)	91,903	58,317
Weighted average number of Stapled Securities used in arriving at diluted earnings per Stapled Security ('000):		
Weighted average number of Stapled Securities (diluted) ('000)	1,926,074	1,926,074
Diluted Earnings per Stapled Security (cents)	4.77	3.03

## Notes to the Financial Statements

For the year ended 30 September 2023

### 10. INVESTMENT PROPERTIES

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Statement of Financial Position:</b>						
At 1 October	1,683,220	2,024,826	1,898,078	2,250,126	-	-
Capital expenditure	3,890	6,067	3,890	6,089	-	-
Purchase of reversionary interest	-	10,693	-	10,693	-	-
Net change in fair value	50,725	24,199	54,560	28,340	-	-
Divestment of investment property	-	(276,398)	-	(276,398)	-	-
Translation differences	(17,159)	(106,167)	(26,620)	(120,772)	-	-
At 30 September	1,720,676	1,683,220	1,929,908	1,898,078	-	-
<b>Statement of Total Return:</b>						
Rental revenue from investment properties:						
- Minimum lease payments	47,701	53,303	52,984	59,026	-	-
- Variable rent based on lessees' gross operating revenue and/or gross operating profit	44,579	19,783	50,849	21,668	-	-
- Effect of recognising rental income on a straight-line basis over lease term (Note 15(b))	464	2,233	565	2,343	-	-
	92,744	75,319	104,398	83,037	-	-

The carrying value of the investment properties as at the reporting date are as follows:

	FHT		FH-REIT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
InterContinental Singapore	515,000	509,000	515,000	509,000
Fraser Suites Singapore	300,000	294,000	300,000	294,000
The Westin Kuala Lumpur	128,216	117,686	128,216	117,686
ANA Crowne Plaza Kobe	156,927	161,627	156,927	161,627
Novotel Sydney Darling Square <sup>(1)</sup>	104,042	103,155	104,042	103,155
Fraser Suites Sydney	123,018	122,200	123,018	122,200
Park International London	71,018	65,912	71,018	65,912
ibis Styles London Gloucester Road	36,676	31,753	36,676	31,753
Fraser Place Canary Wharf London	62,183	60,620	62,183	60,620
Fraser Suites Queens Gate London	96,525	92,694	96,525	92,694
Fraser Suites Glasgow	17,004	15,396	17,004	15,396
Fraser Suites Edinburgh	29,341	26,140	29,341	26,140
Maritim Hotel Dresden	80,726	83,037	80,726	83,037
Novotel Melbourne on Collins	-	-	209,232	214,858
	1,720,676	1,683,220	1,929,908	1,898,078

<sup>(1)</sup> The carrying value includes the ROU asset of approximately SGD 3.0 million (2022: SGD 3.0 million).



## Notes to the Financial Statements

For the year ended 30 September 2023

### 10. INVESTMENT PROPERTIES (continued)

#### Measurement of fair value

	FHT		FH-REIT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Fair value of investment properties (based on independent valuation)	1,717,684	1,680,214	1,926,916	1,895,072
Add: Carrying amount of lease liabilities	2,992	3,006	2,992	3,006
Carrying value of investment properties	<b>1,720,676</b>	<b>1,683,220</b>	<b>1,929,908</b>	<b>1,898,078</b>

The fair values of the investment properties were based on independent valuations undertaken by the following independent valuers:

Country	2023	2022
Singapore	Jones Lang LaSelle Property Consultants Pte Ltd	Savills Valuation and Professional Services (S) Pte Ltd
Malaysia	Knight Frank Malaysia Sdn Bhd	Savills (Malaysia) Sdn Bhd
Japan	Daiwa Real Estate Appraisal Co. Ltd.	Savills Japan Co., Ltd.
Australia	Jones Lang LaSelle Advisory Services Pty Limited	Savills Valuations Pty Ltd
UK	Knight Frank LLP	Savills (UK) Limited
Germany	Jones Lang LaSelle SE	Savills (UK) Limited

In relying on the valuation reports, the REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the financial year. Details of valuation techniques and inputs used are disclosed in Note 25(c).

#### Purchase of reversionary interest and divestment of investment property

##### Year ended 30 September 2022

On 28 March 2022, FH-REIT acquired the freehold reversionary interest (the "Reversionary Interest") of Sofitel Sydney Wentworth ("SSW") for a purchase consideration of AUD 10.55 million (SGD 10.7 million) and subsequently amalgamated the leasehold interest and the Reversionary Interest.

On 29 April 2022, FH-REIT completed the divestment of the amalgamated freehold interest of SSW for cash consideration of AUD 315.0 million (SGD 310.3 million), resulting in a net gain on divestment of SGD 17.6 million recognised in the statement of total return for the year ended 30 September 2022.

Net proceeds from divestment of investment property (after deducted transaction costs of SGD 5.7 million) of SGD 304.6 million was recognised in the statement of cash flows for the year ended 30 September 2022.

#### Investment property pledged as security

As at 30 September 2023 and 30 September 2022, The Westin Kuala Lumpur is mortgaged to secure the Medium Term Notes (Note 17).

## Notes to the Financial Statements

For the year ended 30 September 2023

### 11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building \$'000	Furniture, fittings and equipment \$'000	Total \$'000
<b>FHT</b>			
<b>Cost</b>			
At 1 October 2021	223,598	8,649	232,247
Additions	22	296	318
Written off	-	(15)	(15)
Net change in revaluation recognised in Stapled Securityholders' funds	6,452	-	6,452
Net change in revaluation recognised in Statement of Total Return	1,347	-	1,347
Elimination of accumulated depreciation on revaluation	(3,626)	-	(3,626)
Translation differences	(14,498)	(564)	(15,062)
At 30 September 2022	213,295	8,366	221,661
At 1 October 2022	213,295	8,366	221,661
Additions	-	439	439
Written off	-	(114)	(114)
Net change in revaluation recognised in Stapled Securityholders' funds	6,880	-	6,880
Net change in revaluation recognised in Statement of Total Return	-	-	-
Elimination of accumulated depreciation on revaluation	(3,307)	-	(3,307)
Translation differences	(9,236)	(372)	(9,608)
At 30 September 2023	207,632	8,319	215,951
<b>Accumulated depreciation</b>			
At 1 October 2021	-	(5,544)	(5,544)
Depreciation	(3,626)	(598)	(4,224)
Written off	-	15	15
Elimination of accumulated depreciation on revaluation	3,626	-	3,626
Translation differences	-	384	384
At 30 September 2022	-	(5,743)	(5,743)
At 1 October 2022	-	(5,743)	(5,743)
Depreciation	(3,307)	(524)	(3,831)
Written off	-	65	65
Elimination of accumulated depreciation on revaluation	3,307	-	3,307
Translation differences	-	260	260
At 30 September 2023	-	(5,942)	(5,942)
<b>Carrying amounts</b>			
At 1 October 2021	223,598	3,105	226,703
At 30 September 2022	213,295	2,623	215,918
At 30 September 2023	207,632	2,377	210,009

## Notes to the Financial Statements

For the year ended 30 September 2023

### 11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Building \$'000	Furniture, fittings and equipment \$'000	Total \$'000
<b>FH-BT Group</b>			
<b>Cost</b>			
At 1 October 2021	73,948	5,960	79,908
Written off	-	(15)	(15)
Translation differences	(4,716)	(381)	(5,097)
At 30 September 2022	69,232	5,564	74,796
At 1 October 2022	69,232	5,564	74,796
Written off	-	(114)	(114)
Translation differences	(3,022)	(240)	(3,262)
At 30 September 2023	66,210	5,210	71,420
<b>Accumulated depreciation</b>			
At 1 October 2021	(11,673)	(4,556)	(16,229)
Depreciation	(4,117)	(269)	(4,386)
Written off	-	15	15
Translation differences	974	306	1,280
At 30 September 2022	(14,816)	(4,504)	(19,320)
At 1 October 2022	(14,816)	(4,504)	(19,320)
Depreciation	(3,801)	(193)	(3,994)
Written off	-	65	65
Translation differences	730	199	929
At 30 September 2023	(17,887)	(4,433)	(22,320)
<b>Carrying amounts</b>			
At 1 October 2021	62,275	1,404	63,679
At 30 September 2022	54,416	1,060	55,476
At 30 September 2023	48,323	777	49,100

Independent valuation of the freehold land and building was undertaken by Jones Lang LaSelle Advisory Services Pty Limited (2022: Savills Valuations Pty Ltd). In relying on the valuation report, the Managers have exercised its judgement and are satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the financial year. Details of the valuation techniques and inputs used are disclosed in Note 25(c).

The carrying amount of FHT's freehold land and buildings as at 30 September 2023 would be SGD 186.3 million (2022: SGD 198.1 million) if the property had been measured using the cost model.

The carrying amount of the FH-BT Group's building as at 30 September 2023 and 30 September 2022 pertains to right-of-use assets.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 12. TRADE AND OTHER RECEIVABLES

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Trade receivables:</b>						
- related companies of the REIT Manager	5,693	4,131	5,693	4,131	-	-
- FH-BT Group	-	-	1,520	268	-	-
- third parties	508	2,380	-	1,960	508	420
	6,201	6,511	7,213	6,359	508	420
Allowance for impairment loss	-	(1,403)	-	(1,403)	-	-
Net trade receivables	6,201	5,108	7,213	4,956	508	420
<b>Other receivables:</b>						
- related companies of the REIT Manager	136	144	136	144	-	-
- FH-BT Group	-	-	2,423	2,339	-	-
- net VAT*/ GST receivable	453	576	453	576	-	-
- third parties	6,114	3,437	4,785	3,437	1,329	-
	6,703	4,157	7,797	6,496	1,329	-
<b>Accrued interest income</b>	11	8	11	8	-	-
<b>Deposits</b>	10	11	10	11	-	-
	<b>12,925</b>	<b>9,284</b>	<b>15,031</b>	<b>11,471</b>	<b>1,837</b>	<b>420</b>

\* VAT: value added tax

Trade receivables from related companies of the REIT Manager and FH-BT Group are mainly relating to the master lessees of FH-REIT Group's properties. The exposure of FHT, the FH-REIT Group and the FH-BT Group to credit risk and impairment losses for trade receivables is disclosed in Note 24(b).

Other receivables from related companies of the REIT Manager and from the FH-BT Group are unsecured, interest-free and repayable on demand. There is no impairment loss arising from these outstanding balances as the ECL is negligible.

### 13. CASH AND CASH EQUIVALENTS

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash in hand and at bank	76,604	120,487	69,865	115,379	6,739	5,108
Fixed deposits	11,530	3,396	11,530	3,396	-	-
	<b>88,134</b>	<b>123,883</b>	<b>81,395</b>	<b>118,775</b>	<b>6,739</b>	<b>5,108</b>

Fixed deposits earn interest at 2.70% to 3.86% (2022: 1.45% to 2.30%) per annum with tenures of 1 to 3 months (2022: 1 to 3 months).

## Notes to the Financial Statements

For the year ended 30 September 2023

### 14. TRADE AND OTHER PAYABLES

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Trade payables</b>						
- related companies of the REIT Manager	1,472	279	1,472	279	-	-
- FH-REIT Group	-	-	-	-	1,520	268
- third parties	1,498	821	953	196	545	625
	<u>2,970</u>	<u>1,100</u>	<u>2,425</u>	<u>475</u>	<u>2,065</u>	<u>893</u>
<b>Other payables</b>						
- related companies of the REIT Manager	4,829	4,443	4,812	4,427	17	16
- FH-REIT Group	-	-	-	-	2,423	2,339
- advance deposits	1,687	809	-	-	1,687	809
- net VAT/GST payable	1,506	1,966	1,386	1,821	120	145
- third parties	101	361	101	361	-	-
	<u>8,123</u>	<u>7,579</u>	<u>6,299</u>	<u>6,609</u>	<u>4,247</u>	<u>3,309</u>
<b>Accruals</b>						
- interest	3,494	3,334	3,494	3,334	-	-
- others	5,758	7,317	3,926	5,694	3,026	2,428
	<u>9,252</u>	<u>10,651</u>	<u>7,420</u>	<u>9,028</u>	<u>3,026</u>	<u>2,428</u>
<b>Provision for employee benefits</b>	227	204	-	-	227	204
	<u><b>20,572</b></u>	<u><b>19,534</b></u>	<u><b>16,144</b></u>	<u><b>16,112</b></u>	<u><b>9,565</b></u>	<u><b>6,834</b></u>
Represented by:						
- Current	20,345	19,330	16,144	16,112	9,338	6,630
- Non-current	227	204	-	-	227	204
	<u><b>20,572</b></u>	<u><b>19,534</b></u>	<u><b>16,144</b></u>	<u><b>16,112</b></u>	<u><b>9,565</b></u>	<u><b>6,834</b></u>

Amounts due to related companies of the REIT Manager and amount due to FH-REIT Group are unsecured, interest-free and repayable on demand.

Advance deposits are contract liabilities under SFRS(I) 15 and they relate primarily to advance consideration received from hotel customers. Advance deposits are recognised as revenue when the FH-BT Group fulfils its performance obligation under the contract with the customer. Significant changes in the advance deposits during the year are as follows:

	FH-BT Group	
	2023	2022
	\$'000	\$'000
Revenue recognised that was included in advance deposits at the beginning of the year	(809)	(387)
Increase due to cash received, excluding amounts recognised as revenue during the year	<u>1,687</u>	<u>809</u>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 15. DEFERRED EXPENSE AND INCOME

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(a) Deferred expense</b>						
<b>Cost</b>						
At 1 October	-	-	-	-	2,064	2,205
Translation differences	-	-	-	-	(90)	(141)
At 30 September	-	-	-	-	1,974	2,064
<b>Accumulated amortisation</b>						
At 1 October	-	-	-	-	(614)	(546)
Charge for the financial year	-	-	-	-	(101)	(110)
Translation differences	-	-	-	-	29	42
At 30 September	-	-	-	-	(686)	(614)
<b>Net deferred expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,288</b>	<b>1,450</b>

Deferred expense (non-current) relates to the difference between the consideration paid for a rental deposit arising from FH-BT Group's master lease with FH-REIT Group and its fair value on initial recognition. Deferred expense is charged to the Statement of Profit or Loss as rental expense on a straight-line basis over the individual lease term.

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Deferred income</b>						
<b>Cost</b>						
At 1 October	10,508	11,323	12,573	13,528	-	-
Translation differences	(135)	(815)	(226)	(955)	-	-
At 30 September	10,373	10,508	12,347	12,573	-	-
<b>Accumulated amortisation</b>						
At 1 October	(6,125)	(4,364)	(6,740)	(4,910)	-	-
Charge for the financial year	(464)	(2,233)	(565)	(2,343)	-	-
Translation differences	116	472	146	513	-	-
At 30 September	(6,473)	(6,125)	(7,159)	(6,740)	-	-
<b>Net deferred income</b>	<b>3,900</b>	<b>4,383</b>	<b>5,188</b>	<b>5,833</b>	<b>-</b>	<b>-</b>
Represented by:						
- Current	83	-	83	-	-	-
- Non-current	3,817	4,383	5,105	5,833	-	-
	<b>3,900</b>	<b>4,383</b>	<b>5,188</b>	<b>5,833</b>	<b>-</b>	<b>-</b>

Deferred income relates to the difference between the consideration received from related companies of the REIT Manager for rental deposits arising from FH-REIT Group's master leases and its fair value on initial recognition. Deferred income is credited to the Statement of Total Return as rental income on a straight-line basis over the individual lease term.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 16. LEASE LIABILITIES

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current	-	-	-	-	3,340	3,373
Non-current	2,992	3,006	2,992	3,006	50,613	56,415
	<b>2,992</b>	<b>3,006</b>	<b>2,992</b>	<b>3,006</b>	<b>53,953</b>	<b>59,788</b>

The lease liabilities recognised mainly relate to operating leases in respect of ground lease for an investment property and building lease for property, plant and equipment (Note 28(a)).

The incremental borrowing rates of FHT's, the FH-REIT Group's and the FH-BT Group's lease liabilities are 4.01%, 4.01% and 3.48% (2022: 4.01%, 4.01% and 3.48%) per annum respectively.

The lease liability of FH-BT Group is fully repayable by September 2036 whereas the lease liability of FHT and FH-REIT Group is fully repayable by September 2098.

### 17. BORROWINGS

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Non-current</b>						
Medium term notes (secured)	-	29,422	-	29,422	-	-
Fixed rate notes (unsecured)	120,000	120,000	120,000	120,000	-	-
Bonds (unsecured)	-	23,445	-	23,445	-	-
Bank loans (unsecured)	433,903	411,500	433,903	411,500	-	-
	553,903	584,367	553,903	584,367	-	-
Less: unamortised debt upfront costs	(1,496)	(1,467)	(1,496)	(1,467)	-	-
	552,407	582,900	552,407	582,900	-	-
<b>Current</b>						
Medium term notes (secured)	27,683	-	27,683	-	-	-
Bonds (unsecured)	21,565	-	21,565	-	-	-
Bank loans (unsecured)	100,000	174,000	100,000	174,000	-	-
	149,248	174,000	149,248	174,000	-	-
Less: unamortised debt upfront costs	(198)	(168)	(198)	(168)	-	-
	149,050	173,832	149,050	173,832	-	-
	<b>701,457</b>	<b>756,732</b>	<b>701,457</b>	<b>756,732</b>	-	-

#### Medium Term Notes (secured)

A Medium Term Note - Senior Bond of MYR 95.0 million (equivalent to SGD 27.7 million) (2022: MYR 95.0 million (equivalent to SGD 29.4 million)) is secured on The Westin Kuala Lumpur with a carrying amount of SGD 128.2 million (2022: SGD 117.7 million).

## Notes to the Financial Statements

For the year ended 30 September 2023

### 17. BORROWINGS (continued)

#### Fixed Rate Notes (unsecured)

FH-REIT and its wholly-owned subsidiary, FH-REIT Treasury Pte. Ltd. (the "Issuers" and each an "Issuer") have in place a SGD 1.0 billion Multicurrency Debt Issuance Programme (the "Programme"). Under the Programme, the Issuers may issue notes and/or perpetual securities.

At 30 September 2023, an aggregate principal amount of SGD 120.0 million (2022: SGD 120.0 million) of 7-year fixed rate notes has been issued by FH-REIT Treasury Pte. Ltd..

SGD 880.0 million (2022: SGD 880.0 million) of the Programme remains unutilised.

#### Bonds (unsecured)

FH-REIT's indirect subsidiary, Kobe Excellence TMK, issued unsecured Japanese Yen-denominated bonds Kobe Excellence TMK Series 1 Bond of JPY 2.35 billion (equivalent to SGD 21.6 million) (2022: JPY 2.35 billion (equivalent to SGD 23.4 million)). The bonds carry a variable interest rate.

#### Bank loans (unsecured)

As at the end of the financial year, the FH-REIT Group has the following facilities:

##### *Facilities fully drawn down*

- Term Loan Facility of SGD 350.0 million (2022: SGD 350.0 million) which is unsecured and comprises Tranche A - up to SGD 100.0 million; Tranche B - up to SGD 150.0 million and Tranche C - up to SGD 100.0 million.
- A Committed Revolving Credit Facility of AUD 75.0 million (equivalent to SGD 65.9 million) (2022: Nil) which is unsecured.
- A Term Loan Facility of SGD 70.0 million that was outstanding as at 30 September 2022 was fully repaid in March 2023 upon its maturity.

##### *Facilities partially drawn down or available for utilisation*

- Committed Revolving Credit Facilities of SGD 290.0 million (2022: SGD 290.0 million) of which SGD 118.0 million (2022: SGD 165.5 million) are drawn. At the end of the financial year, SGD 172.0 million (2022: SGD 124.5 million) remained unutilised.
- There were no uncommitted facilities at the end of the financial year ended 30 September 2023 (2022: Nil).

#### Intragroup loan (unsecured)

As at the end of the financial year, the FH-BT Group has a facility available for utilisation:

FH-REIT and FH-BT have entered into a facility agreement dated 24 November 2020 pursuant to which the FH-REIT, as lender (the "Lender") has agreed to provide a revolving credit facility of originally up to SGD 5.0 million (the "Facility") to FH-BT, as borrower (the "Borrower"). The termination date for the Facility was originally on 31 March 2023. On 11 November 2022, the Lender and the Borrower agreed to extend the Facility to 31 March 2026 and to increase the Facility amount from SGD 5.0 million to SGD 10.0 million.



## Notes to the Financial Statements

For the year ended 30 September 2023

### 17. BORROWINGS (continued)

#### Terms and debt repayment structure

	Currency	Nominal Interest rate	Year of maturity	Face Value \$'000	Carrying Value \$'000
<b>FHT and FH-REIT Group</b>					
<b>2023</b>					
Medium term notes (secured)	MYR	4.85%	2024	27,683	27,661
Fixed rate notes (unsecured)	SGD	3.08%	2024	120,000	119,917
Bonds (unsecured)	JPY	JPY TIBOR <sup>(1)</sup> + 0.95%	2024	21,565	21,558
Bank loans (unsecured)	SGD	SORA <sup>(2)</sup> + 1.15% to 1.25%	2024 - 2028	468,000	466,721
Bank loans (unsecured)	AUD	BBSW <sup>(3)</sup> + 1.65%	2028	65,903	65,600
<b>Total loan and borrowings</b>				<b>703,151</b>	<b>701,457</b>
<b>2022</b>					
Medium term notes (secured)	MYR	4.85%	2024	29,422	29,369
Fixed rate notes (unsecured)	SGD	3.08%	2024	120,000	119,843
Bonds (unsecured)	JPY	JPY TIBOR <sup>(1)</sup> + 0.95%	2024	23,445	23,423
Bank loans (unsecured)	SGD	SOR <sup>(4)</sup> + 1.00% to 1.05%	2023 - 2026	420,000	418,920
Bank loans (unsecured)	SGD	SORA <sup>(2)</sup> + 1.15% to 1.22%	2023 - 2024	151,500	151,238
Bank loans (unsecured)	SGD	2.23% to 2.40%	2022	14,000	13,939
<b>Total loan and borrowings</b>				<b>758,367</b>	<b>756,732</b>

<sup>(1)</sup> Tokyo interbank offered rate ("TIBOR")

<sup>(2)</sup> Singapore overnight rate average ("SORA")

<sup>(3)</sup> Australian dollar bank bill swap rate ("BBSY")

<sup>(4)</sup> Swap-offer rate ("SOR")

Included in the borrowings as at 30 September 2023 were borrowings of SGD 415.9 million (2022: SGD 470.0 million) which together with interest rate swaps and cross-currency interest rate swaps have been designated as a cash flow hedges (Note 18).





## Notes to the Financial Statements

For the year ended 30 September 2023

### 18. DERIVATIVE FINANCIAL INSTRUMENTS

	Year of maturity	Nominal amount '000	Assets \$'000	Liabilities \$'000
<b>FHT and FH-REIT Group</b>				
<b>2023</b>				
<i>Non-hedging instrument</i>				
Currency forward (sell)	2023	EUR 2,500	57	-
Currency forward (sell)	2023	AUD 3,000	34	(7)
Currency forward (sell)	2023	GBP 1,000	32	-
			123	(7)
<i>Cash flow hedge</i>				
Interest rate swaps	2024 - 2026	SGD 350,000	10,486	(24)
Cross-currency interest rate swaps	2028	AUD 75,000	-	(1,392)
			10,486	(1,416)
<i>Net investment hedge</i>				
Cross-currency swap	2023	AUD 100,000	2,096	-
Cross-currency swap	2024	JPY 10,036,600	25,917	-
Cross-currency swap	2024	GBP 56,000	-	(463)
Cross-currency swap	2024	EUR 31,075	246	-
			28,259	(463)
<b>Total</b>			<b>38,868</b>	<b>(1,886)</b>
Represented by:				
Current			3,263	(494)
Non-current			35,605	(1,392)
			<b>38,868</b>	<b>(1,886)</b>
<b>2022</b>				
<i>Cash flow hedge</i>				
Interest rate swaps	2023 - 2026	SGD 470,000	18,404	-
<i>Net investment hedge</i>				
Cross-currency swap	2022	AUD 96,000	5,186	-
Cross-currency swap	2023	GBP 56,000	5,132	-
Cross-currency swap	2023	EUR 31,075	5,900	-
Cross-currency swap	2024	JPY 10,036,600	16,616	-
			32,834	-
<b>Total</b>			<b>51,238</b>	<b>-</b>
Represented by:				
Current			18,816	-
Non-current			32,422	-
			<b>51,238</b>	<b>-</b>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	FHT		FH-REIT Group	
	2023	2022	2023	2022
Derivative financial instruments as a percentage of net assets	2.89%	4.11%	2.90%	4.13%

(a) Currency forwards

Forward currency contracts are used by FH-REIT Group to hedge foreign currency risks arising from the receipts of distributions and interest income from overseas subsidiaries where certainty exists over the amounts at the time of hedging.

(b) Interest rate swaps, cross-currency interest rate swaps and cross-currency swaps are used by FH-REIT Group to hedge its exposure to interest rate risk and foreign exchange risk associated with movements in interest rates and foreign exchange rates.

(i) Interest rate swaps (cash flow hedge)

FH-REIT Group entered into interest rate swaps to exchange the floating-rate interest on Singapore dollar (2022: Singapore dollar) denominated loans into fixed rate loans.

(ii) Cross-currency interest rate swaps (cash flow hedge)

FH-REIT Group entered into cross-currency interest rate swaps to exchange the floating-rate interest on Australian dollar denominated loans into fixed rate interest Singapore dollar loans and floating rate interest Singapore dollar loans.

(iii) Cross-currency swaps (net investment hedge)

FH-REIT Group entered into cross-currency swaps to hedge foreign currency risks arising from net investments in the Australia, Japan, Netherlands and Jersey Channel Islands (2022: Australia, Japan, Netherlands and Jersey Channel Islands).

As at 30 September 2023, the fixed interest rates of the outstanding interest rate swaps and cross-currency swaps range between 0.77% to 4.70% (2022: 0.29% to 3.00%) while the floating interest rates are linked to the Singapore dollar SORA and Australian dollar BBSW (2022: Singapore dollar SOR or SORA) as applicable to FH-REIT Group's borrowings.

### 19. STAPLED SECURITIES IN ISSUE

	FHT		FH-REIT Group		FH-BT Group	
	Number of Stapled Securities	Amount	Number of Stapled Securities	Amount	Number of Stapled Securities	Amount
	'000	\$'000	'000	\$'000	'000	\$'000
At 1 October 2021, 30 September 2022, 1 October 2022 and 30 September 2023	<b>1,926,074</b>	<b>1,539,879</b>	<b>1,926,074</b>	<b>1,530,288</b>	<b>1,926,074</b>	<b>9,591</b>

At 1 October 2021,  
30 September 2022, 1 October 2022  
and 30 September 2023

**1,926,074 1,539,879 1,926,074 1,530,288 1,926,074 9,591**

Each unit of FH-REIT is stapled together with a unit of FH-BT under the terms of the Stapling Deed entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in FH-REIT and FH-BT.

A holder of the Stapled Securities has no equitable or proprietary interest in the underlying assets of FHT and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of FHT.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 19. STAPLED SECURITIES IN ISSUE (continued)

Under the FH-REIT Trust Deed, every FH-REIT unit carries the same voting rights. Similarly, under the FH-BT Trust Deed, every FH-BT unit carries the same voting rights. Each Stapled Security carries one vote.

The holders of the Stapled Securities are entitled to receive distributions as and when declared by FHT.

### 20. RESERVES

#### (a) Hedging reserve

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	18,404	(9,509)	18,404	(9,509)	-	-
Effective portion of changes in fair value of cash flow hedges	1,297	30,552	1,297	30,552	-	-
Net change in fair value of cash flow hedges reclassified to total return	(9,506)	(2,639)	(9,506)	(2,639)	-	-
At 30 September	<b>10,195</b>	<b>18,404</b>	<b>10,195</b>	<b>18,404</b>	-	-

Hedging reserve represents the effective portion of the cumulative fair value changes of derivative hedging financial instruments. The fair value changes are not subjected to tax.

#### (b) Foreign currency translation reserve

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	(197,091)	(131,862)	(197,010)	(132,205)	(632)	(532)
Net translation differences arising from translation of foreign operations	(23,569)	(113,908)	(23,419)	(113,484)	(53)	(100)
Net exchange differences on hedge of net investments in foreign operations	8,862	38,053	8,862	38,053	-	-
Exchange differences transferred to statement of total return upon divestment of investment property and related deemed disposal of foreign operations	-	10,626	-	10,626	-	-
At 30 September	<b>(211,798)</b>	<b>(197,091)</b>	<b>(211,567)</b>	<b>(197,010)</b>	<b>(685)</b>	<b>(632)</b>

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from Singapore dollars, as well as effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 20. RESERVES (continued)

#### (c) Revaluation reserve

	FHT	
	2023 \$'000	2022 \$'000
At 1 October	5,484	-
Net change in revaluation on property, plant and equipment	6,880	6,452
Related deferred tax	(1,032)	(968)
At 30 September	<b>11,332</b>	<b>5,484</b>

### 21. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of FH-REIT and FH-BT are as follows:

Name of subsidiaries	Country of constitution	Principal activities/ place of business	Effective interest held by FHT	
			2023 %	2022 %
<b>Held by FH-REIT</b>				
Excellence Prosperity TMK Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding Singapore	100	100
FHT Australia Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding Singapore	100	100
FHT Australia Trust <sup>(2)</sup>	Australia	Investment holding Australia	100 <sup>(3)</sup>	100 <sup>(3)</sup>
FHT Japan Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding Singapore	100	100
FHT Malaysia Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding Singapore	100	100
FHT UK Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding Singapore	100	100
FH-REIT Treasury Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding Singapore	100	100
FHT Investment 1 Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding Singapore	100	100
<b>Held by FH-REIT subsidiaries</b>				
FHT Australia Trust <sup>(2)</sup>	Australia	Investment holding Australia	100 <sup>(3)</sup>	100 <sup>(3)</sup>
FHT Sydney Trust 1 <sup>(2)</sup>	Australia	Property holding Australia	100	100
FHT Sydney Trust 2 <sup>(2)</sup>	Australia	Property holding Australia	100	100
FHT Sydney Trust 3 <sup>(2)</sup>	Australia	Property holding Australia	100	100

## Notes to the Financial Statements

For the year ended 30 September 2023

### 21. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiaries	Country of constitution	Principal activities/ place of business	Effective interest held by FHT	
			2023 %	2022 %
<b>Held by FH-REIT subsidiaries (continued)</b>				
FHT Melbourne Trust 1 <sup>(2)</sup>	Australia	Property holding Australia	100	100
FHT London 1 Ltd <sup>(2)</sup>	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT London 2 Ltd <sup>(2)</sup>	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT London 3 Ltd <sup>(2)</sup>	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT London 4 Ltd <sup>(2)</sup>	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT Scotland 1 Ltd <sup>(2)</sup>	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT Scotland 2 Ltd <sup>(2)</sup>	Jersey Channel Islands	Property holding United Kingdom	100	100
Kobe Excellence TMK <sup>(2)</sup>	Japan	Property holding Japan	100	100
Excellence Prosperity (Japan) KK <sup>(2)</sup>	Japan	Investment holding Japan	100	100
Notable Vision Sdn. Bhd. <sup>(2)</sup>	Malaysia	Property holding Malaysia	100 <sup>(4)</sup>	100 <sup>(4)</sup>
FHT Investment Holding 1 B.V. <sup>(5)</sup>	Netherlands	Investment holding Netherlands	100	100
FHT Property 1 B.V. <sup>(5)</sup>	Netherlands	Property holding Germany	100	100
<b>Held by FH-BT</b>				
FH-BT Australia Operations Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding Singapore	100	100
<b>Held by FH-BT subsidiary</b>				
FH-BT NMCS Operations Pty Ltd <sup>(2)</sup>	Australia	Hotel Australia	100	100

<sup>(1)</sup> Audited by KPMG LLP, Singapore.

<sup>(2)</sup> Audited by other member firms of KPMG International.

<sup>(3)</sup> Held by FH-REIT and FHT Australia Pte. Ltd. in shareholdings of 50.0% (2022: 50.0%) and 50.0% (2022: 50.0%) respectively.

<sup>(4)</sup> Notable Vision Sdn. Bhd. ("NVSB") is a SPV under an asset-back securitisation programme. NVSB and FH-REIT group of entities are not entities within the same group under the Malaysia Company Act 2016 and Malaysia Income Tax Act 1967. However, for financial reporting purpose, this structured entity is consolidated in the financial statements in accordance with FRS 110 *Consolidated Financial Statements*.

<sup>(5)</sup> Not required to be audited under laws of the country of incorporation.



## Notes to the Financial Statements

For the year ended 30 September 2023

### 22. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to those related party information disclosed elsewhere in the financial statements, there were the following significant transactions between FHT, FH-REIT Group, FH-BT Group and related parties took place during the financial year at terms agreed between parties:

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
With related companies of the Managers						
- Rental income received and receivable	86,057	67,155	86,057	67,155	-	-
- Reimbursement of expenses paid on behalf	(604)	(2,047)	(604)	(2,047)	-	-
- Servicer fee paid and payable	(50)	(52)	(50)	(52)	-	-
- Refund of rental deposit	-	(3,893)	-	(3,893)	-	-
With the REIT Manager						
- Base management fee paid and payable	(4,453)	(4,453)	(4,453)	(4,453)	-	-
- Performance management fee paid and payable	(1,708)	(887)	(1,708)	(887)	-	-
- Reimbursement of expenses paid on behalf	(789)	(23)	(788)	(22)	-*	-*
- Servicer fee paid and payable	(107)	(114)	(107)	(114)	-	-
With the MIT Manager						
- Base management fee paid and payable	(1,379)	(1,991)	(1,379)	(1,991)	-	-
- Performance management fee paid and payable	(1,153)	(1,024)	(1,153)	(1,024)	-	-
- Divestment fee paid and payable	-	(1,533)	-	(1,533)	-	-
- Reimbursement of expenses paid on behalf	-	(656)	-	(656)	-	-
With the Trustee-Manager						
- Base management fee paid and payable	(37)	(33)	-	-	(37)	(33)
- Performance management fee paid and payable	(14)	(13)	-	-	(14)	(13)
With the Property Managers						
- Property management fees paid and payable	(5,255)	(4,448)	(5,255)	(4,448)	-	-
With the Trustee						
- FH-REIT Trustee fees paid and payable	(254)	(274)	(254)	(274)	-	-
- Other trustee fees paid and payable	(180)	(200)	(180)	(200)	-	-
Between FH-REIT Group and FH-BT Group						
- Master lease rental received and receivable/(paid and payable)	-	-	11,654	7,718	(11,654)	(7,718)
- Reimbursement of expenses (paid on behalf)/received	-	-	(219)	(276)	219	276

\* Denotes amount less than \$1,000

## Notes to the Financial Statements

For the year ended 30 September 2023

### 23. COMMITMENTS AND CONTINGENCIES

#### (a) Capital commitments

Capital expenditure contracted for as at the end of the financial year but not recognised in the financial statements are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

#### Commitments in respect of:

- contracted capital expenditure for properties	11,073	2,241	10,363	1,858	710	383
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- (b) Pursuant to the retail master lease agreement ("Retail MLA") between FH-REIT Group and Y.K. Toranomon Properties ("YKTP"), the master lessee of the retail component of ANA Crowne Plaza Kobe ("Kobe Retail Mall") and a related company of the Managers, YKTP committed up to JPY 4.25 billion towards various asset enhancement initiatives to uplift the Kobe Retail Mall. From the date when the net operating income of the Kobe Retail Mall turns positive and in any case, no later than 31 December 2023, FH-REIT Group is obliged to submit a written notice to YKTP (the "Termination Notice") to terminate the Retail MLA, with such Termination Notice to set out the proposed date of termination of the Retail MLA (the "Termination Date"). The Termination Date shall be a date falling as soon as reasonably practicable after the date of the Termination Notice. FH-REIT Group shall pay YKTP a termination sum, which is calculated based on the fair value of the retail master lease on Termination Date as determined by a qualified independent valuer, taking into consideration of other terms as stipulated in the Retail MLA, up to JPY 4.25 billion (SGD 39.0 million) (2022: JPY 4.25 billion (SGD 42.4 million)).

### 24. FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of FHT. FHT has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors FHT's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Managers are responsible for setting the objectives and underlying principles of financial risk management for FHT. This is supported by comprehensive internal processes and procedures which are formalised in the Managers' organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Audit, Risk and Compliance Committee of the Managers oversee how management monitors compliance with FHT's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by FHT. The Audit, Risk and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Compliance Committee of the Managers. The Audit, Risk and Compliance Committee then reports to the Board of Directors of the Managers on any inadequacies, deficiencies or matters of concern of which the Audit, Risk and Compliance Committee becomes aware or that it suspects, arising from its review of FHT's risk management policies and procedures.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect FHT's and the FH-REIT Group's total return and Stapled Securityholders' funds and the FH-BT Group's profit or loss. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### (i) Foreign currency risk

The entities within FHT normally conduct their business in their respective functional currencies.

FHT's foreign currency risk mainly relates to its AUD, Sterling Pound ("GBP"), MYR, JPY and Euro ("EUR") denominated investments, borrowings, distribution income and interest income from its foreign subsidiaries. The Managers monitor FHT's foreign currency exposures on an ongoing basis and limit its exposure to fluctuations in foreign currency exchange rates by using derivative financial instruments or other suitable financial products. It is the Managers' policy to hedge FHT's anticipated foreign currency exposure in respect of distribution income and interest income, net of anticipated payments required in the same currency from its foreign subsidiaries.

FHT uses forward currency contracts to hedge foreign currency risks arising from the receipts of distributions and interest income from foreign subsidiaries. FHT uses cross-currency interest rate swaps to hedge foreign currency risks arising from borrowings denominated in foreign currencies. The cross-currency interest rate swaps are designated as cash flow hedges and no ineffectiveness was recognised from these hedges.

FHT's investments in its Japan and Malaysia subsidiaries are naturally hedged by taking offshore foreign currency denominated borrowings. In addition, FHT's investments in Australia, Japan, Netherlands and Jersey Channel Islands subsidiaries are hedged partially using AUD, JPY, EUR and GBP denominated cross-currency swaps (Note 18), which mitigate the currency risks relating to the subsidiaries' net assets. The cross-currency swaps are designated as net investment hedges and no ineffectiveness was recognised from these hedges.

To assess hedge effectiveness, FHT determine the economic relationship between the hedge instrument and the hedge item by comparing changes in the carrying amount of debts that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movement in the spot rate (the offset method). FHT's policy is to hedge the net investment only to the extent of debt principal.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) Foreign currency risk (continued)

FHT's exposures to foreign currencies are as follows:

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
<b>FHT</b>						
<b>2023</b>						
<b>Financial assets</b>						
Cash and cash equivalents	52	4,054	1,477	2,635	-	-
Trade and other receivables	-	-	-	-	4,785	-
Derivative financial instruments	-	2,130	303	32	-	25,917
	52	6,184	1,780	2,667	4,785	25,917
<b>Financial liabilities</b>						
Trade and other payables	(16)	(401)	-	-	-	-
Derivative financial instruments	-	(1,399)	-	(463)	-	-
Borrowings	-	(65,903)	-	-	-	-
Effect of cross-currency interest rate swaps	-	65,903	-	-	-	-
	(16)	(1,800)	-	(463)	-	-
<b>Net currency exposure</b>	<b>36</b>	<b>4,384</b>	<b>1,780</b>	<b>2,204</b>	<b>4,785</b>	<b>25,917</b>
<b>2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	59	47,808	4,196	9,829	-	-
Trade and other receivables	1	-	-	660	3,784	-
Derivative financial instruments	-	5,186	5,900	5,132	-	16,616
	60	52,994	10,096	15,621	3,784	16,616
<b>Financial liabilities</b>						
Trade and other payables	(278)	-	-	-	-	-
	(278)	-	-	-	-	-
<b>Net currency exposure</b>	<b>(218)</b>	<b>52,994</b>	<b>10,096</b>	<b>15,621</b>	<b>3,784</b>	<b>16,616</b>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) Foreign currency risk (continued)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
<b>FH-REIT Group</b>						
<b>2023</b>						
<b>Financial assets</b>						
Cash and cash equivalents	52	3,062	1,477	2,635	-	-
Trade and other receivables	-	-	-	-	4,785	-
Derivative financial instruments	-	2,130	303	32	-	25,917
	52	5,192	1,780	2,667	4,785	25,917
<b>Financial liabilities</b>						
Trade and other payables	(16)	(401)	-	-	-	-
Derivative financial instruments	-	(1,399)	-	(463)	-	-
Borrowings	-	(65,903)	-	-	-	-
Effect of cross-currency interest rate swaps	-	65,903	-	-	-	-
	(16)	(1,800)	-	(463)	-	-
<b>Net currency exposure</b>	<b>36</b>	<b>3,392</b>	<b>1,780</b>	<b>2,204</b>	<b>4,785</b>	<b>25,917</b>
<b>2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	59	46,888	4,196	9,829	-	-
Trade and other receivables	1	-	-	660	3,784	-
Derivative financial instruments	-	5,186	5,900	5,132	-	16,616
	60	52,074	10,096	15,621	3,784	16,616
<b>Financial liabilities</b>						
Trade and other payables	(278)	-	-	-	-	-
	(278)	-	-	-	-	-
<b>Net currency exposure</b>	<b>(218)</b>	<b>52,074</b>	<b>10,096</b>	<b>15,621</b>	<b>3,784</b>	<b>16,616</b>
<b>FH-BT Group</b>						
<b>2023</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	993	-	-	-	-
<b>Net currency exposure</b>	<b>-</b>	<b>993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	920	-	-	-	-
<b>Net currency exposure</b>	<b>-</b>	<b>920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) Foreign currency risk (continued)

###### Sensitivity analysis

A 1% strengthening/weakening of the Singapore dollar against the following currencies during the financial year would (decrease)/increase the total return (before any tax effects) and Stapled Securityholders' funds of FHT and FH-REIT Group and profit or loss (before any tax effects) of FH-BT Group by the amounts as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
<b>FHT</b>						
<b>2023</b>						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	1	37	15	26	48	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(177)	(445)	(922)	-	(943)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	(1)	(37)	(15)	(26)	(48)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	177	445	922	-	943
<b>2022</b>						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	(2)	478	42	105	38	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(891)	(437)	(905)	-	(1,031)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	2	(478)	(42)	(105)	(38)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	873	428	887	-	1,031

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) Foreign currency risk (continued)

Sensitivity analysis (continued)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
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#### FH-REIT Group 2023

Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	1	27	15	26	48	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(177)	(445)	(922)	-	(943)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	(1)	(27)	(15)	(26)	(48)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	177	445	922	-	943

\* Denotes amount less than \$1,000

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
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#### FH-REIT Group 2022

Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	(2)	469	42	105	38	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(891)	(437)	(905)	-	(1,031)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	2	(469)	(42)	(105)	(38)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	873	428	887	-	1,031

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) Foreign currency risk (continued)

Sensitivity analysis (continued)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
<b>FH-BT Group</b>						
<b>2023</b>						
Increase in profit or loss for the financial year						
- 1% weakening of the Singapore dollar	-	10	-	-	-	-
Decrease in profit or loss for the financial year						
- 1% strengthening of the Singapore dollar	-	(10)	-	-	-	-
<b>2022</b>						
Increase in profit or loss for the financial year						
- 1% weakening of the Singapore dollar	-	9	-	-	-	-
Decrease in profit or loss for the financial year						
- 1% strengthening of the Singapore dollar	-	(9)	-	-	-	-

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of FHT's financial instruments will fluctuate because of changes in market interest rates.

FHT's exposure to changes in interest rates relate primarily to its interest-bearing borrowings. Interest rate risk is managed by the Managers on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Managers adopt a policy of fixing the interest rates for a portion of its outstanding borrowings via the use of derivative financial instruments or other suitable financial products.



## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

At the reporting date, the interest rate profile of the interest-bearing financial instruments based on their nominal amounts were as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Fixed rate instruments</b>						
Borrowings	(147,683)	(149,422)	(147,683)	(149,422)	-	-
Effect of derivative financial instruments:						
- Interest rate swaps	(350,000)	(470,000)	(350,000)	(470,000)	-	-
- Cross-currency interest rate swaps	(32,951)	-	(32,951)	-	-	-
	<u>(530,634)</u>	<u>(619,422)</u>	<u>(530,634)</u>	<u>(619,422)</u>	-	-
<b>Variable rate instruments</b>						
Borrowings	(555,468)	(608,945)	(555,468)	(608,945)	-	-
Effect of derivative financial instruments:						
- Interest rate swaps	350,000	470,000	350,000	470,000	-	-
- Cross-currency interest rate swaps	32,951	-	32,951	-	-	-
	<u>(172,517)</u>	<u>(138,945)</u>	<u>(172,517)</u>	<u>(138,945)</u>	-	-

##### Fair value sensitivity analysis for fixed rate instruments

FHT does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect total return.

##### Sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rate at the end of the financial year would increase/ (decrease) total return (before any tax effects) and Stapled Securityholders' funds by the amounts below. This analysis assumes that all other variables remain constant.

	Total return		Stapled Securityholders' funds	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$'000	\$'000	\$'000	\$'000
<b>FHT and FH-REIT Group</b>				
2023	<u>(1,725)</u>	<u>1,725</u>	<u>8,362</u>	<u>(8,479)</u>
2022	<u>(1,389)</u>	<u>1,389</u>	<u>8,750</u>	<u>(9,004)</u>

##### Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBOR") with alternative nearly risk-free rates (referred to as "IBOR reform"). FHT's main exposure was Singapore swap offer rate ("SOR"). The alternative reference rate is Singapore Overnight Rate Average ("SORA"). In 2022, FHT monitored and managed the transition from IBORs to new benchmark rates. In 2023, FHT has amended its financial instruments with contractual terms indexed to SOR to incorporate the new benchmark rate (i.e. SORA).

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

###### Borrowings

Historically, FHT has floating-rate liabilities indexed to SOR (Note 17). In 2023, FHT's borrowings previously indexed to SOR have been modified to reference SORA.

###### Derivatives

Interest rate derivative financial instruments in respect of FHT's borrowings have been entered into to achieve an appropriate mix of fixed and floating rate exposures within FHT's policy. Generally, the maturities of these interest rate derivative financial instruments follow the maturities of the related borrowings.

FHT holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. As at the reporting date, the interest rate swaps (Note 18), have been assessed to be highly effective and no material ineffectiveness have been recognised in the Statement of Total Return.

The interest rate swaps have floating legs that are indexed to SOR or SORA. FHT's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association's ("ISDA") master agreements. In 2023, FHT's interest rate derivative financial instruments previously indexed to SOR have been expired. FHT's new interest rate derivative financial instruments are contracted to reference SORA.

###### Hedge accounting

FHT's hedged items and hedging instruments are previously indexed to SORA. In 2023, FHT has replaced its SOR interest rate derivatives used in cash flow hedging relationships with economically equivalent interest rate derivatives referencing SORA. Therefore, there is no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. As a result, FHT no longer applies the amendments to SFRS(I) 9 issued in December 2019 (Phase 1) to those hedging relationships.

#### (b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations with FHT, as and when they fall due.

##### *Trade and other receivables*

FHT's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The REIT Manager has established credit limits for lessees and monitor their balances on an ongoing basis. Credit evaluations are performed by the REIT Manager before lease agreements are entered into with the lessees. Credit risk is also mitigated by the rental deposits held for each lessee. The security deposits, equivalent to 8 months of the monthly fixed rent, were received in cash (except for The Westin Kuala Lumpur which was provided in the form of banker's guarantee and Maritim Dresden) under the Master Lease Agreements.

In addition, Fraser's Property Limited and TCC Land International Limited have granted a corporate guarantee to FH-REIT for the performance of certain master lessees and retail master lessee respectively. Upon default, the corporate guarantors will pay the rent and other sums payable under the Master Lease Agreement and the Retail Master Lease Agreement respectively.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### Credit risk concentration profile

At the end of the reporting period, approximately 45.1% (2022: 46.0%) of the Stapled Group's trade and other receivables were due from related companies of the REIT Manager. Other than as disclose herein, the Stapled Group has no significant concentration of credit risk at the reporting date. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

##### Expected credit loss assessment for individual lessees and customers

FHT uses an allowance matrix to measure the ECLs of trade receivables.

For the allowance matrix, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated based on actual credit loss experiences, adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and FHT's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	Not past due \$'000	Past due 1 – 30 days \$'000	Past due 31 – 60 days \$'000	Past due 61 – 90 days \$'000	Past due over 90 days \$'000	Total \$'000
<b>2023</b>						
<b>FHT</b>						
Gross carrying amount	6,157	31	11	2	-	6,201
Allowance for impairment loss	-	-	-	-	-	-
Credit impaired	No	No	No	No	N/A	
<b>FH-REIT Group</b>						
Gross carrying amount	7,213	-	-	-	-	7,213
Allowance for impairment loss	-	-	-	-	-	-
Credit impaired	No	N/A	N/A	N/A	N/A	
<b>FH-BT Group</b>						
Gross carrying amount	464	31	11	2	-	508
Allowance for impairment loss	-	-	-	-	-	-
Credit impaired	No	No	No	No	N/A	

N/A - not applicable

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

Expected credit loss assessment for individual lessees and customers (continued)

	Not past due \$'000	Past due 1 - 30 days \$'000	Past due 31 - 60 days \$'000	Past due 61 - 90 days \$'000	Past due over 90 days \$'000	Total \$'000
<b>2022</b>						
<b>FHT</b>						
Gross carrying amount	4,510	39	2	-*	1,960	6,511
Allowance for impairment loss	-	-	-	-	(1,403)	(1,403)
Credit impaired	No	No	No	No	Yes	
<b>FH-REIT Group</b>						
Gross carrying amount	4,399	-	-	-	1,960	6,359
Allowance for impairment loss	-	-	-	-	(1,403)	(1,403)
Credit impaired	No	N/A	N/A	N/A	Yes	
<b>FH-BT Group</b>						
Gross carrying amount	379	39	2	-*	-*	420
Allowance for impairment loss	-	-	-	-	-	-
Credit impaired	No	No	No	No	No	

N/A - not applicable

\* Denotes amount less than \$1,000

#### Movement in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 October	(1,403)	(5,774)	(1,403)	(5,774)	-	-
Impairment loss reversed	1,264	1,297	1,264	1,297	-	-
Allowance utilised	174	2,667	174	2,667	-	-
Translation differences	(35)	407	(35)	407	-	-
At 30 September	-	(1,403)	-	(1,403)	-	-

FHT establishes allowances for impairment that represents its estimate of the expected credit loss and specific loss component in respect of trade receivables, after taking into account any collateral held. The Managers believe that no additional exposure beyond what was provided for is inherent in the trade receivables.

Impairment losses are recognised in Statement of Total Return.

#### *Derivatives*

Derivatives are only entered into with banks and financial institution counterparties with sound credit ratings. Details of the derivatives are set out in Note 18.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. FHT considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

#### (c) Liquidity risk

Liquidity risk is the risk that FHT will encounter difficulty in meeting its financial obligations due to shortage of funds. The Managers monitor and maintain a level of cash and cash equivalents deemed adequate to finance FHT's operations for a reasonable period, including the servicing of financing obligations, and to mitigate the effects of fluctuations in cash flows. In addition, the REIT Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings. As at end of the financial year, FHT maintains several lines of credit (Note 17).

FHT has contractual commitments to incur capital expenditure at the reporting date (Note 23(a)).

The table below summarises the maturity profile of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		Within one year \$'000	Between one and five years \$'000	More than five years \$'000	
<b>FHT</b>					
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables*	(13,885)	(13,658)	(28)	(199)	(13,885)
Borrowings	(701,457)	(149,248)	(553,903)	-	(703,151)
Interest payable on borrowings	(3,494)	(27,625)	(51,487)	-	(79,112)
Lease liabilities	(2,992)	-	-	(18,810)	(18,810)
Rental deposits	(20,650)	(6,171)	-	(18,948)	(25,119)
	<u>(742,478)</u>	<u>(196,702)</u>	<u>(605,418)</u>	<u>(37,957)</u>	<u>(840,077)</u>
<b>Derivative financial instruments</b>					
Interest rate swaps (net-settled)	(24)	(25)	-	-	(25)
Cross-currency swaps/cross-currency interest rate swaps (gross-settled)	(1,855)	-	-	-	-
- outflow	-	(97,852)	(77,867)	-	(175,719)
- inflow	-	97,310	79,462	-	176,772
	<u>(1,879)</u>	<u>(567)</u>	<u>1,595</u>	<u>-</u>	<u>1,028</u>
	<u>(744,357)</u>	<u>(197,269)</u>	<u>(603,823)</u>	<u>(37,957)</u>	<u>(839,049)</u>

\* excluding VAT/GST payable, interest payable and advance deposits (as the case may be)

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Liquidity risk (continued)

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		Within one year \$'000	Between one and five years \$'000	More than five years \$'000	
<b>FHT</b>					
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables*	(13,425)	(13,221)	(33)	(171)	(13,425)
Borrowings	(756,732)	(174,000)	(584,367)	-	(758,367)
Interest payable on borrowings	(3,334)	(15,528)	(17,385)	-	(32,913)
Lease liabilities	(3,006)	-	-	(19,669)	(19,669)
Rental deposits	(20,451)	-	(6,445)	(18,954)	(25,399)
	<u>(796,948)</u>	<u>(202,749)</u>	<u>(608,230)</u>	<u>(38,794)</u>	<u>(849,773)</u>
	(796,948)	(202,749)	(608,230)	(38,794)	(849,773)

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		Within one year \$'000	Between one and five years \$'000	More than five years \$'000	
<b>FH-REIT Group</b>					
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables*	(11,264)	(11,264)	-	-	(11,264)
Borrowings	(701,457)	(149,248)	(553,903)	-	(703,151)
Interest payable on borrowings	(3,494)	(27,625)	(51,487)	-	(79,112)
Lease liabilities	(2,992)	-	-	(18,810)	(18,810)
Rental deposits	(22,626)	(6,171)	-	(22,393)	(28,564)
	<u>(741,833)</u>	<u>(194,308)</u>	<u>(605,390)</u>	<u>(41,203)</u>	<u>(840,901)</u>
<b>Derivative financial instruments</b>					
Interest rate swaps (net-settled)	(24)	(25)	-	-	(25)
Cross-currency swaps/cross-currency interest rate swaps (gross-settled)	(1,855)	-	-	-	-
- outflow	-	(97,852)	(77,867)	-	(175,719)
- inflow	-	97,310	79,462	-	176,772
	<u>(1,879)</u>	<u>(567)</u>	<u>1,595</u>	<u>-</u>	<u>1,028</u>
	<u>(743,712)</u>	<u>(194,875)</u>	<u>(603,795)</u>	<u>(41,203)</u>	<u>(839,873)</u>

#### 2022

<b>Non-derivative financial liabilities</b>					
Trade and other payables*	(10,957)	(10,957)	-	-	(10,957)
Borrowings	(756,732)	(174,000)	(584,367)	-	(758,367)
Interest payable on borrowings	(3,334)	(15,528)	(17,385)	-	(32,913)
Lease liabilities	(3,006)	-	-	(19,669)	(19,669)
Rental deposits	(22,431)	-	(6,445)	(22,556)	(29,001)
	<u>(796,460)</u>	<u>(200,485)</u>	<u>(608,197)</u>	<u>(42,225)</u>	<u>(850,907)</u>
	(796,460)	(200,485)	(608,197)	(42,225)	(850,907)

\* excluding VAT/GST payable, interest payable and advance deposits (as the case may be)

## Notes to the Financial Statements

For the year ended 30 September 2023

### 24. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Liquidity risk (continued)

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		Within one year \$'000	Between one and five years \$'000	More than five years \$'000	
<b>FH-BT Group</b>					
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables*	(7,758)	(7,531)	(28)	(199)	(7,758)
Lease liabilities	(53,953)	(5,167)	(20,667)	(41,334)	(67,168)
	(61,711)	(12,698)	(20,695)	(41,533)	(74,926)
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables*	(5,880)	(5,676)	(33)	(171)	(5,880)
Lease liabilities	(59,788)	(5,403)	(21,610)	(48,623)	(75,636)
	(65,668)	(11,079)	(21,643)	(48,794)	(81,516)

\* excluding VAT/GST payable, interest payable and advance deposits (as the case may be)

The maturity analyses above show the contractual undiscounted cash flows of FHT's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

### 25. FAIR VALUE OF ASSETS AND LIABILITIES

#### (a) Fair value hierarchy

FHT classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs from the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between levels during the financial years ended 30 September 2023 and 30 September 2022.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

#### (b) Classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels of hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value when the carrying amount is a reasonable approximation of fair value. The fair value disclosure of lease liabilities is not required.

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
<b>FHT</b>						
<b>2023</b>						
<b>Financial assets measured at fair value:</b>						
Derivative financial instruments	18					
- interest rate swaps		10,486	-	-	10,486	-
- cross-currency swaps		28,259	-	-	28,259	-
- foreign exchange forward contracts		-	123	-	123	-
		<u>38,745</u>	<u>123</u>	<u>-</u>		
<b>Financial assets not measured at fair value:</b>						
Trade and other receivables*		-	-	12,472		
Cash and cash equivalents	13	-	-	88,134		
		<u>-</u>	<u>-</u>	<u>100,606</u>		
<b>Financial liabilities measured at fair value:</b>						
Derivative financial instruments	18					
- interest rate swaps		(24)	-	-	(24)	-
- cross-currency swaps/cross currency interest rate swaps		(1,855)	-	-	(1,855)	-
- foreign exchange forward contracts		-	(7)	-	(7)	-
		<u>(1,879)</u>	<u>(7)</u>	<u>-</u>		
<b>Financial liabilities not measured at fair value:</b>						
Trade and other payables**		-	-	(17,379)		
Borrowings		-	-	(701,457)	(700,259)	-
Rental deposits		-	-	(20,650)	-	(15,151)
		<u>-</u>	<u>-</u>	<u>(739,486)</u>		

\* excluding net VAT/GST receivables

\*\* excluding net VAT/GST payable and advance deposits



## Notes to the Financial Statements

For the year ended 30 September 2023

### 25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

#### (b) Classifications and fair values (continued)

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
<b>FHT</b>						
<b>2022</b>						
<b>Financial assets measured at fair value:</b>						
Derivative financial instruments	18					
- interest rate swaps		18,404	-	-	18,404	-
- cross-currency swaps		32,834	-	-	32,834	-
		<u>51,238</u>	-	-		
<b>Financial assets not measured at fair value:</b>						
Trade and other receivables*		-	-	8,708		
Cash and cash equivalents	13	-	-	123,883		
		-	-	<u>132,591</u>		
<b>Financial liabilities not measured at fair value:</b>						
Trade and other payables**		-	-	(16,759)		
Borrowings		-	-	(756,732)	(755,396)	-
Rental deposits		-	-	(20,451)	-	(18,389)
		-	-	<u>(793,942)</u>		

\* excluding net VAT/GST receivables

\*\* excluding net VAT/GST payable and advance deposits

## Notes to the Financial Statements

For the year ended 30 September 2023

### 25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

#### (b) Classifications and fair values (continued)

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
<b>FH-REIT Group</b>						
<b>2023</b>						
<b>Financial assets measured at fair value:</b>						
Derivative financial instruments	18					
- interest rate swaps		10,486	-	-	10,486	-
- cross-currency swaps		28,259	-	-	28,259	-
- foreign exchange forward contracts		-	123	-	123	-
		<u>38,745</u>	<u>123</u>	-		
<b>Financial assets not measured at fair value:</b>						
Trade and other receivables*		-	-	14,578		
Cash and cash equivalents	13	-	-	81,395		
		-	-	<u>95,973</u>		
<b>Financial liabilities measured at fair value:</b>						
Derivative financial instruments	18					
- interest rate swaps		(24)	-	-	(24)	-
- cross-currency swaps/cross currency interest rate swaps		(1,855)	-	-	(1,855)	-
- foreign exchange forward contracts		-	(7)	-	(7)	-
		<u>(1,879)</u>	<u>(7)</u>	-		
<b>Financial liabilities not measured at fair value:</b>						
Trade and other payables**		-	-	(14,758)		
Borrowings		-	-	(701,457)	(700,259)	-
Rental deposits		-	-	(22,626)	-	(16,569)
		-	-	<u>(738,841)</u>		

\* excluding net VAT/GST receivables

\*\* excluding net VAT/GST payable and advance deposits

## Notes to the Financial Statements

For the year ended 30 September 2023

### 25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

#### (b) Classifications and fair values (continued)

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
<b>FH-REIT Group</b>						
<b>2022</b>						
<b>Financial assets measured at fair value:</b>						
Derivative financial instruments	18					
- interest rate swaps		18,404	-	-	18,404	-
- cross-currency swaps		32,834	-	-	32,834	-
		<u>51,238</u>	-	-		
<b>Financial assets not measured at fair value:</b>						
Trade and other receivables*		-	-	10,895		
Cash and cash equivalents	13	-	-	118,775		
		-	-	<u>129,670</u>		
<b>Financial liabilities not measured at fair value:</b>						
Trade and other payables**		-	-	(14,291)		
Borrowings		-	-	(756,732)	(755,396)	-
Rental deposits		-	-	(22,431)	-	(20,025)
		-	-	<u>(793,453)</u>		

\* excluding net VAT/GST receivables

\*\* excluding net VAT/GST payable and advance deposits

## Notes to the Financial Statements

For the year ended 30 September 2023

### 25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

#### (b) Classifications and fair values (continued)

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
<b>FH-BT Group</b>						
<b>2023</b>						
<b>Financial assets not measured at fair value:</b>						
Trade and other receivables*		-	-	1,837		
Cash and cash equivalents	13	-	-	6,739		
Rental deposits		-	-	1,976	-	1,408
		-	-	10,552		
<b>Financial liabilities not measured at fair value:</b>						
Trade and other payables**		-	-	(7,758)		
<b>2022</b>						
<b>Financial assets not measured at fair value:</b>						
Trade and other receivables*		-	-	420		
Cash and cash equivalents	13	-	-	5,108		
Rental deposits		-	-	1,980	-	1,636
		-	-	7,508		
<b>Financial liabilities not measured at fair value:</b>						
Trade and other payables**		-	-	(5,880)		

\* excluding net VAT/GST receivables

\*\* excluding net VAT/GST payable and advance deposits

#### (c) Determination of fair value

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

##### (i) Derivative financial instruments

The fair value measurement for derivative financial instruments has been categorised as a Level 2 fair value.

Interest rate swaps and cross currency swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include swap models, using present valuation calculations. The models incorporate various inputs including the foreign exchange spot and forward rates and interest rate curves.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

#### (c) Determination of fair value (continued)

##### (ii) Other financial assets and liabilities not measured at fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, rental deposits and trade and other payables) are assumed to approximate their fair values due to their short term nature.

The carrying amount of variable rate interest-bearing borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

The fair value of financial assets and financial liabilities (including non-current rental deposits and non-current fixed rate interest-bearing borrowings) are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date or based on their quoted ask price at the reporting date, where appropriate.

##### (iii) Properties

The fair values measurement for properties - investment properties (Note 10) and property, plant and equipment (Note 11) have been categorised as a Level 3 fair value.

#### **Information about valuation techniques and significant unobservable inputs**

The following table presents the valuation techniques and key inputs that were used to determine the fair value of the properties categorised under Level 3 of the fair value hierarchy.

Countries	Valuation techniques	Significant unobservable inputs	2023 Range	2022 Range
Asia	Discounted cash flow method	Discount rate	4.40% – 8.00%	4.30% – 8.00%
		Terminal capitalisation rate	4.00% – 6.00%	3.75% – 6.25%
	Capitalisation method	Capitalisation rate	4.70%	3.50% – 4.60%
	Direct comparison method	Transacted price of comparable properties	-	\$17,059 psm – \$23,774 psm \$932,754 per room – \$1,791,045 per room
Australia	Discounted cash flow method	Discount rate	7.50% – 8.00%	7.00% – 7.25%
		Terminal capitalisation rate	5.25% – 5.75%	5.25% – 5.50%
	Capitalisation method	Capitalisation rate	5.00% – 5.50%	5.00% – 5.25%
Europe	Discounted cash flow method	Discount rate	9.35% – 11.75%	7.75% – 10.75%
		Terminal capitalisation rate	5.95% – 8.75%	5.25% – 8.25%
	Core and top-slice method	Market rent yield	-	4.75%
Froth rent yield		-	7.75%	

## Notes to the Financial Statements

For the year ended 30 September 2023

### 25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

#### (c) *Determination of fair value (continued)*

##### (iii) *Properties (continued)*

#### ***Interrelationship between key unobservable inputs and fair value measurement***

The estimated fair values vary inversely against the discount rate, terminal capitalisation rate, capitalisation rate, and market and froth rent yield rates. The estimated fair values would increase with higher transacted price of comparable properties.

#### **Level 3 assets measured at fair value**

Level 3 assets, which comprise investment properties and property, plant and equipment. Reconciliations from the beginning balances to the ending balances for fair value measurements of Level 3 assets have been disclosed in Note 10 and Note 11.

#### **Valuation policies and procedures**

The fair values of the properties are determined annually by independent professional valuers. In accordance with the CIS Code, FHT rotates the independent valuers every two years.

The independent professional valuers are experts who possess the relevant credentials and knowledge on the subject of property valuation and valuation methodologies to perform the valuation. For valuations performed by the independent professional valuers, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by FHT) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, the independent professional valuers are required to recalibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by FHT with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

In accordance with FHT's reporting policies, the valuation process and the results of the independent valuations are reviewed at least once a year by the Audit, Risk and Compliance Committee before the results are presented to the Board of Directors for approval.

### 26. CAPITAL MANAGEMENT

The primary objective of FHT's capital management is to ensure that it maintains an optimal capital structure to support the business and maximise Stapled Securityholders' value.

FHT is in compliance with all externally imposed capital requirements for the financial years ended 30 September 2023 and 30 September 2022. There are no substantial changes in FHT's approach to capital management during the year.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 26. CAPITAL MANAGEMENT (continued)

As at 30 September 2023, the FH-REIT Group's aggregate leverage ratio<sup>(1)</sup> was 34.0% (2022: 36.4%) with an interest coverage ratio<sup>(2)</sup> of 3.6 times (2022: 2.6 times) and adjusted interest coverage ratio<sup>(3)</sup> of 3.6 times (2022: 2.6 times), which were within the guidelines prescribed under the Property Fund Guidelines of the CIS Code issued by MAS.

<sup>(1)</sup> The impact of FRS 116 *Leases* has been excluded for the purpose of computing the aggregate leverage ratio.

<sup>(2)</sup> Interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees as defined in the CIS Code. Borrowing costs exclude interest expense on lease liabilities and excludes the unwinding of discounting effect of present value of long term security deposits payable.

<sup>(3)</sup> Adjusted interest coverage ratio means a ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense, borrowing related fees and distributions on hybrid securities as defined in the CIS Code. As FHT does not have any outstanding hybrid securities, the aforementioned adjusted interest coverage ratio is identical to the interest coverage ratio for the trailing twelve-month period ended 30 September 2023 and 30 September 2022.

### 27. OPERATING SEGMENTS

Segment information is presented in respect of FHT's operating segments from two dimensions: (a) geographical; and (b) line of business.

The operations of each of FHT's geographical segments are separately managed because of the different economic environments in which they operate in. This forms the basis of identifying the geographical segments of FHT. There are six (2022: six) reportable geographical segments, as described below:

- Singapore – two investment properties are leased and one operated as a hotel, the other as a serviced residence
- Australia – two Sydney investment properties are leased, one operated as hotel(s), and one as a serviced residence  
Novotel Melbourne on Collins is operated under a management contract
- Malaysia – one investment property is leased and operated as a hotel
- Japan – one investment property is leased and operated as a hotel
- United Kingdom – six investment properties are leased, four operated as serviced residences and the other two as hotels
- Germany – one investment property is leased and operated as a hotel

The operations of FHT under master leases and hotel under management contract have different risks and returns. This forms the basis of identifying the business segments of FHT. There are two (2022: two) reportable business segments, as described below:

- Master leases – the properties are leased to tenants/master lessees in the hospitality industry to operate as hotels or serviced residences for which FHT earns master lease rental income
- Hotel under management contract – the property is managed by a hotel operator who is paid a management fee to run the hotel operations for FHT

For the purpose of monitoring segment performance, CODMs monitor the non-financial assets as well as financial assets attributable to each segment.

Information regarding FHT's reportable segments is presented in the following tables.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 27. OPERATING SEGMENTS (continued)

#### Major customers

Revenue from related companies of the Managers accounted for approximately SGD 86.1 million (2022: SGD 67.2 million) of the revenue of the FH-REIT Group. Such revenue is attributable to all geographical segments of the FH-REIT Group except for Germany.

#### (a) By geographical segments

	Singapore \$'000	Australia \$'000	Malaysia \$'000	Japan \$'000	UK \$'000	Germany \$'000	Total \$'000
<b>FHT</b>							
<b>1 October 2022 to 30 September 2023</b>							
Revenue from external parties (outside FHT)	35,165	46,209	7,389	7,240	20,972	6,223	123,198
Property operating expenses	(3,613)	(22,444)	(497)	(2,405)	(4,717)	1,027	(32,649)
<b>Segment net property income</b>	<b>31,552</b>	<b>23,765</b>	<b>6,892</b>	<b>4,835</b>	<b>16,255</b>	<b>7,250</b>	<b>90,549</b>
Depreciation	-	(3,831)	-	-	-	-	(3,831)
Net change in fair value of investment properties	11,423	10,781	17,652	8,649	6,801	(4,581)	50,725
Loss on disposal of property, plant and equipment	-	(49)	-	-	-	-	(49)
<b>Total reportable segment return</b>							<b>137,394</b>
Unallocated items:							
- Finance income							1,614
- Trust expenses							(13,261)
- Amortisation of debt upfront costs							(878)
- Finance costs							(20,885)
- Foreign exchange loss, net							(1,245)
- Net change in fair value of derivative financial instruments							116
- Realised loss on derivative financial instruments, net							(244)
<b>Total return for the year, before tax</b>							<b>102,611</b>
Taxation							(10,708)
<b>Total return for the year</b>							<b>91,903</b>
Reportable segmental non-current assets	850,605	437,690	128,216	156,927	312,748	80,724	1,966,910
Reportable segmental current assets	13,407	38,205	11,419	16,511	17,835	8,699	106,076
<b>Total assets for reportable segments</b>	<b>864,012</b>	<b>475,895</b>	<b>139,635</b>	<b>173,438</b>	<b>330,583</b>	<b>89,423</b>	<b>2,072,986</b>
<b>Capital expenditure</b>	<b>577</b>	<b>1,459</b>	<b>252</b>	<b>100</b>	<b>1,832</b>	<b>109</b>	<b>4,329</b>



## Notes to the Financial Statements

For the year ended 30 September 2023

### 27. OPERATING SEGMENTS (continued)

#### (a) By geographical segments (continued)

	Singapore \$'000	Australia \$'000	Malaysia \$'000	Japan \$'000	UK \$'000	Germany \$'000	Total \$'000
<b>FHT</b>							
<b>1 October 2021 to 30 September 2022</b>							
Revenue from external parties (outside FHT)	21,375	38,876	4,702	6,647	18,330	5,926	95,856
Property operating expenses	(2,544)	(17,419)	(526)	(2,608)	(4,352)	1,176	(26,273)
<b>Segment net property income</b>	<b>18,831</b>	<b>21,457</b>	<b>4,176</b>	<b>4,039</b>	<b>13,978</b>	<b>7,102</b>	<b>69,583</b>
Depreciation	-	(4,224)	-	-	-	-	(4,224)
Net change in fair value of investment properties	4,841	1,676	3,221	(119)	15,093	(513)	24,199
Revaluation of property, plant and equipment	-	1,347	-	-	-	-	1,347
Gain on divestment of investment property and related deemed disposal of business of foreign operations	-	17,585	-	-	-	-	17,585
<b>Total reportable segment return</b>							<b>108,490</b>
Unallocated items:							
- Finance income							450
- Trust expenses							(14,454)
- Amortisation of debt upfront costs							(1,156)
- Finance costs							(21,597)
- Foreign exchange loss, net							(4,042)
- Net change in fair value of derivative financial instruments							-
- Realised gain on derivative financial instruments, net							1,090
<b>Total return for the year, before tax</b>							<b>68,781</b>
Taxation							(10,464)
<b>Total return for the year</b>							<b>58,317</b>
Reportable segmental non-current assets	835,422	441,859	117,686	161,627	292,515	83,037	1,932,146
Reportable segmental current assets	72,095	31,298	7,041	14,264	19,915	8,886	153,499
<b>Total assets for reportable segments</b>	<b>907,517</b>	<b>473,157</b>	<b>124,727</b>	<b>175,891</b>	<b>312,430</b>	<b>91,923</b>	<b>2,085,645</b>
<b>Capital expenditure</b>	<b>159</b>	<b>4,133</b>	<b>580</b>	<b>123</b>	<b>1,324</b>	<b>66</b>	<b>6,385</b>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 27. OPERATING SEGMENTS (continued)

#### (b) Reconciliation of reportable total return

	FHT	
	2023 \$'000	2022 \$'000
<b>Total return</b>		
Total reportable segment return	137,394	108,490
Unallocated items	(45,491)	(50,173)
Consolidated total return	<u>91,903</u>	<u>58,317</u>

#### (c) By business segments

	Master leases \$'000	Hotel under management contract \$'000	Consolidation adjustments \$'000	Total \$'000
<b>FHT</b>				
<b>1 October 2022 to 30 September 2023</b>				
Revenue	104,398	30,454	(11,654)	123,198
Property operating expenses	(14,942)	(24,950)	7,243	(32,649)
<b>Segment net property income</b>	<b>89,456</b>	<b>5,504</b>	<b>(4,411)</b>	<b>90,549</b>
Depreciation	-	(3,994)	163	(3,831)
Net change in fair value of investment properties	54,560	-	(3,835)	50,725
Loss on disposal of property, plant and equipment	-	(49)	-	(49)
Finance income	1,443	255	(84)	1,614
Trust expenses	(13,127)	(134)	-	(13,261)
Amortisation of debt upfront costs	(878)	-	-	(878)
Finance costs	(20,969)	(1,985)	2,069	(20,885)
Foreign exchange loss, net	(1,202)	(43)	-	(1,245)
Net change in fair value of derivative financial instruments	116	-	-	116
Realised loss on derivative financial instruments, net	(244)	-	-	(244)
<b>Total return for the year, before tax</b>				<b>102,611</b>
Taxation				(10,708)
<b>Total return for the year</b>				<b>91,903</b>
Inter-segment revenue	11,654	-	(11,654)	-
Revenue from external parties (outside FHT)	92,744	30,454	-	123,198
<b>Total segment revenue</b>	<b>104,398</b>	<b>30,454</b>	<b>(11,654)</b>	<b>123,198</b>
Reportable segmental non-current assets	1,965,513	54,392	(52,995)	1,966,910
Reportable segmental current assets	101,233	8,786	(3,943)	106,076
<b>Total assets for reportable segments</b>	<b>2,066,746</b>	<b>63,178</b>	<b>(56,938)</b>	<b>2,072,986</b>
<b>Capital expenditure</b>	<b>3,890</b>	<b>439</b>	<b>-</b>	<b>4,329</b>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 27. OPERATING SEGMENTS (continued)

#### (c) By business segments (continued)

	Master leases \$'000	Hotel under management contract \$'000	Consolidation adjustments \$'000	Total \$'000
<b>FHT</b>				
<b>1 October 2021 to 30 September 2022</b>				
Revenue	83,037	20,537	(7,718)	95,856
Property operating expenses	(14,094)	(14,632)	2,453	(26,273)
<b>Segment net property income</b>	<b>68,943</b>	<b>5,905</b>	<b>(5,265)</b>	<b>69,583</b>
Depreciation	-	(4,386)	162	(4,224)
Net change in fair value of investment properties	28,340	-	(4,141)	24,199
Revaluation of property, plant and equipment	-	-	1,347	1,347
Finance income	441	96	(87)	450
Trust expenses	(14,325)	(129)	-	(14,454)
Amortisation of debt upfront costs	(1,156)	-	-	(1,156)
Finance costs	(21,684)	(2,272)	2,359	(21,597)
Foreign exchange loss, net	(3,980)	(62)	-	(4,042)
Net change in fair value of derivative financial instruments	-	-	-	-
Realised gain on derivative financial instruments, net	1,090	-	-	1,090
Gain on divestment of investment property and related deemed disposal of business of foreign operations	17,585	-	-	17,585
<b>Total return for the year, before tax</b>				<b>68,781</b>
Taxation				(10,464)
<b>Total return for the year</b>				<b>58,317</b>
Inter-segment revenue	7,718	-	(7,718)	-
Revenue from external parties (outside FHT)	75,319	20,537	-	95,856
<b>Total segment revenue</b>	<b>83,037</b>	<b>20,537</b>	<b>(7,718)</b>	<b>95,856</b>
Reportable segmental non-current assets	1,930,500	60,835	(59,189)	1,932,146
Reportable segmental current assets	150,364	5,742	(2,607)	153,499
<b>Total assets for reportable segments</b>	<b>2,080,864</b>	<b>66,577</b>	<b>(61,796)</b>	<b>2,085,645</b>
<b>Capital expenditure</b>	<b>6,067</b>	<b>318</b>	<b>-</b>	<b>6,385</b>

### 28. LEASES

#### (a) Leases as lessee (FRS 116/SFRS(I) 16)

FH-REIT Group has a ground lease with initial lease term of 84 years. The lease rent is subject to periodical increases throughout the lease term under the ground lease agreement. At the end of the financial year, FH-REIT Group has lease rents to be paid in the future, commencing from September 2048 for 50 years.

FH-BT Group has a master lease agreement with FH-REIT Group for the lease of building - Novotel Melbourne on Collins, with an initial lease term of 20 years and an option to renew the lease for an additional lease term of 20 years.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 28. LEASES (continued)

#### (a) Leases as lessee (FRS 116/SFRS(I) 16) (continued)

Information about leases for which FHT, the FH-REIT Group and the FH-BT Group are lessees is presented below.

#### Right-of-use assets

ROU assets related to leased properties that do not meet the definition of investment property is presented as property, plant and equipment.

	Building \$'000
<b>FH-BT Group</b>	
At 1 October 2021	62,275
Depreciation charge for the year	(4,117)
Translation differences	(3,742)
At 30 September 2022	<u>54,416</u>
At 1 October 2022	54,416
Depreciation charge for the year	(3,801)
Translation differences	(2,292)
At 30 September 2023	<u>48,323</u>

#### Amounts recognised in the Statement of Total Return/Profit or Loss

	FHT \$'000	FH-REIT Group \$'000	FH-BT Group \$'000
<b>2023</b>			
Interest on lease liabilities	120	120	1,985
Expenses relating to leases with variable rent	-	-	6,371
<b>2022</b>			
Interest on lease liabilities	125	125	2,272
Expenses relating to leases with variable rent	-	-	1,996

#### Amounts recognised in Statement of Cash Flows

During the financial year, total cash outflow for leases under SFRS(I) 16 for the FH-BT Group is SGD 5.3 million (2022: SGD 5.7 million).

#### Extension options

A property lease contain extension option exercisable by the FH-BT Group before the end of the non-cancellable contract period. Where practicable, the FH-BT Group seeks to include extension option in new leases to provide operational flexibility. The extension option held is exercisable only by the FH-BT Group and not by the lessor. The FH-BT Group assesses at lease commencement date whether it is reasonably certain to exercise the extension option. The FH-BT Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within its control.

The FH-BT Group has estimated that the potential future lease payments that are not reflected in the measurement of lease liabilities, should they exercise the extension option, would result in an increase in future cash outflows of SGD 103.3 million (2022: SGD 108.1 million).

## Notes to the Financial Statements

For the year ended 30 September 2023

### 28. LEASES (continued)

#### (b) Leases as lessor

The FH-REIT Group leases out their investment properties consisting of hotels and serviced residences. All leases are classified as operating leases from a lessor's perspective.

#### Operating lease

FH-REIT Group leases out its investment properties to related companies and FH-BT Group, with the exception of Maritim Hotel Dresden which is leased to a third party lessee. The leases are for an initial lease term between 10 to 20 years with an option by each of the lessee to renew the lease for an additional lease term between 5 to 20 years.

The FH-REIT Group have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The portfolio statement sets out information about the operating leases of investment properties.

Rental revenue from investment properties recognised by the FH-REIT Group is disclosed in Note 10.

The following table sets out a maturity analysis of minimum lease payments, showing the undiscounted lease payments to be received after the reporting date.

	FHT \$'000	FH-REIT Group \$'000
<b>2023</b>		
Less than 1 year	45,334	50,501
1 to 2 years	38,513	43,680
2 to 3 years	38,513	43,680
3 to 4 years	38,513	43,680
4 to 5 years	38,513	43,680
More than 5 years	233,430	275,007
<b>Total</b>	<b>432,816</b>	<b>500,228</b>
<b>2022</b>		
Less than 1 year	47,678	53,080
1 to 2 years	45,735	51,137
2 to 3 years	38,644	44,047
3 to 4 years	38,644	44,047
4 to 5 years	38,644	44,047
More than 5 years	273,307	322,177
<b>Total</b>	<b>482,652</b>	<b>558,535</b>

## Notes to the Financial Statements

For the year ended 30 September 2023

### 29. FINANCIAL RATIOS

	FHT		FH-REIT Group	
	2023 %	2022 %	2023 %	2022 %
Expense to weighted average net assets <sup>(1)</sup>				
- with performance fee of the Managers	1.07	1.15	1.06	1.14
- without performance fee of the Managers	0.84	1.00	0.83	0.99
Total operating expenses to net asset value <sup>(2)</sup>	3.89	3.61	2.20	2.29
Portfolio turnover ratio <sup>(3)</sup>	-	-	-	-

<sup>(1)</sup> The expense ratios are computed in accordance with the guidelines of the Investment Manager Association of Singapore. The expenses used in the computation relate to the expenses of FHT and the FH-REIT Group, excluding property expenses, interest expense and tax expense, where applicable.

<sup>(2)</sup> The expense ratios are computed based on total operating expense of SGD 49,741,000 and SGD 28,069,000 (2022: SGD 44,951,000 and SGD 28,419,000) of FHT and the FH-REIT Group respectively, as a percentage of its respective net asset value as at the end of September (including all fees and charges paid/payable to the Managers and the interested parties).

<sup>(3)</sup> The portfolio turnover ratios are computed based on the lesser of purchases or sales of underlying properties of FHT and the FH-REIT Group expressed as a percentage of daily average net asset value.

### 30. NET ASSET VALUE PER STAPLED SECURITY

	FHT		FH-REIT Group		FH-BT Group	
	2023	2022	2023	2022	2023	2022
Net asset value per Stapled Security is computed based on:						
Net assets (\$'000)	1,278,457	1,245,934	1,273,534	1,241,172	(493)	(72)
Total issued Stapled Securities at 30 September ('000) (Note 19)	1,926,074	1,926,074	1,926,074	1,926,074	1,926,074	1,926,074

### 31. SUBSEQUENT EVENT

On 7 November 2023, the REIT Manager and Trustee-Manager declared a distribution of 1.1777 cents per Stapled Security to Stapled Securityholders in respect of the period from 1 April 2023 to 30 September 2023.

## Financial Statements of Trustee-Manager

### Frasers Hospitality Trust Management Pte. Ltd.

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## Directors' Statement

For the year ended 30 September 2023

The directors have pleasure in presenting their statement to the member together with the audited financial statements of Fraser's Hospitality Trust Management Pte. Ltd. (the "Company") for the financial year ended 30 September 2023.

In our opinion:

- (i) the financial statements set out on pages 290 to 305 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2023 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of the statement, authorised these financial statements for issue.

### DIRECTORS

The directors of the Company in office at the date of this statement are:-

Mr Panote Sirivadhanabhakdi

Dr David Wong See Hong

Mr Soong Hee Sang

(Appointed on 29 May 2023)

Mr Nagaraj Sivaram

(Appointed on 29 May 2023)

Mr Quah Ban Huat

(Appointed on 6 June 2023)

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, save as disclosed in this statement.

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or debentures of, the Company or its related corporations are as follows:

Name of Director and corporation in which interests are held	Direct Interest		Deemed Interest	
	As at	As at	As at	As at
	1 October 2022	30 September 2023	1 October 2022	30 September 2023

Panote Sirivadhanabhakdi

- Fraser's Property Limited

- Ordinary Shares

Nil                      Nil                      70,000,000<sup>(1)</sup>                      70,000,000<sup>(1)</sup>

<sup>(1)</sup> As of 30 September 2023, TCC Group Investments Limited ("TCCGI") (which is equally held by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi) held 70,000,000 shares in the Fraser's Property Limited ("FPL") through a nominee account. Accordingly, TCCGI's interest in FPL is a deemed interest. Panote Sirivadhanabhakdi, through his 20.0% shareholding in TCCGI, is deemed to be interested in all the shares in FPL in which TCCGI has an interest.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the date of appointment, if later, or at the end of the financial year.



## Directors' Statement

For the year ended 30 September 2023

### SHARE OPTIONS

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

### AUDIT, RISK AND COMPLIANCE COMMITTEE

The Company had established an Audit, Risk and Compliance Committee on 17 October 2016.

The composition of the Audit, Risk and Compliance Committee comprise the following directors from the Board of Directors of the Company:

- (i) Mr Nagaraj Sivaram (Chairman)
- (ii) Dr David Wong See Hong (Member)
- (iii) Mr Soong Hee Sang (Member); and
- (iv) Mr Quah Ban Huat (Member)

### AUDITOR

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Panote Sirivadhanabhakdi  
Director

Nagaraj Sivaram  
Director

Singapore  
17 November 2023

## Independent Auditors' Report

Members of the Company

Frasers Hospitality Trust Management Pte. Ltd.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### *Opinion*

We have audited the financial statements of Frasers Hospitality Trust Management Pte. Ltd. ("the Company"), which comprise the statement of financial position as at 30 September 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 290 to 305.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Company as at 30 September 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

#### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

## Independent Auditors' Report

Members of the Company

Frasers Hospitality Trust Management Pte. Ltd.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

#### **KPMG LLP**

*Public Accountants and  
Chartered Accountants*

Singapore  
17 November 2023

## Statement of Comprehensive Income

For the year ended 30 September 2023

	Note	2023 \$'000	2022 \$'000
<b>REVENUE</b>	4	51	46
<b>COSTS AND EXPENSES</b>	5		
Administrative costs		(83)	(6)
Other operating costs		(2)	(2)
		<u>(85)</u>	<u>(8)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(34)	38
Taxation	6	-*	(3)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER TAXATION</b>		<u>(34)</u>	<u>35</u>

\* Denotes amount less than \$1,000

## Statement of Financial Position

As at 30 September 2023

	Note	2023 \$'000	2022 \$'000
<b>NON-CURRENT ASSETS</b>			
Investment in a subsidiary	7	3	3
Intangible asset	8	6	8
		<u>9</u>	<u>11</u>
<b>CURRENT ASSETS</b>			
Other receivables	9	17	15
Cash at bank		312	290
		<u>329</u>	<u>305</u>
<b>TOTAL ASSETS</b>		<u>338</u>	<u>316</u>
<b>CURRENT LIABILITIES</b>			
Other payables	10	66	7
Income tax payable		-	3
		<u>66</u>	<u>10</u>
<b>NET CURRENT ASSETS</b>		263	295
<b>NET ASSETS</b>		<u>272</u>	<u>306</u>
Financed by: -			
Share capital	11	10	10
Retained earnings		262	296
<b>TOTAL EQUITY</b>		<u>272</u>	<u>306</u>

The accompanying notes form an integral part of these financial statements.

## Statement of Changes in Equity

For the year ended 30 September 2023

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
<b>2022</b>			
At 1 October 2021	10	261	271
Profit for the year	-	35	35
<b>Total comprehensive income for the year</b>	-	35	35
At 30 September 2022	10	296	306
<b>2023</b>			
At 1 October 2022	10	296	306
Loss for the year	-	(34)	(34)
<b>Total comprehensive income for the year</b>	-	(34)	(34)
At 30 September 2023	10	262	272

## Statement of Cash Flows

For the year ended 30 September 2023

	2023 \$'000	2022 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>(Loss)/Profit before taxation</b>	(34)	38
Adjustment for:		
Amortisation of intangible asset	2	2
<b>Operating cash flow before working capital changes</b>	(32)	40
Changes in working capital:		
Other receivables	(2)	32
Other payables	59	-*
<b>Cash generated from operations</b>	25	72
Income tax paid	(3)	(6)
<b>Net cash generated from operating activities</b>	22	66
<b>Net increase in cash at bank</b>	22	66
Cash at bank at beginning of the year	290	224
<b>Cash at bank at end of the year</b>	312	290

\* Denotes amount less than \$1,000

## Notes to the Financial Statements

For the year ended 30 September 2023

The following notes form an integral part of the financial statements.

The financial statements for the financial year ended 30 September 2023 were authorised for issue in accordance with a resolution of the directors on 17 November 2023.

### 1. CORPORATE INFORMATION

Fraser's Hospitality Trust Management Pte. Ltd. (the "Company") is a limited liability company. It is a wholly-owned subsidiary of Fraser's Property Limited ("Fraser's Property"). The two companies are domiciled and incorporated in Singapore. TCC Assets Limited, incorporated in the British Virgin Islands, is the ultimate holding company.

The registered office is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

The principal activities of the Company are those relating to investment advisory, property fund management and to act as Trustee-Manager for Fraser's Hospitality Business Trust, a business trust which is part of Fraser's Hospitality Trust ("FHT"), a stapled group comprising Fraser's Hospitality Real Estate Investment Trust and its subsidiaries, and Fraser's Hospitality Business Trust and its subsidiaries. FHT is listed on Singapore Exchange Securities Trading Limited ("SGX-ST").

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

#### 2.2 Basis of measurement

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies below.

#### 2.3 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "functional currency").

The financial statements of the Company are presented in Singapore Dollars ("S\$"), the functional currency of the Company. All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

#### 2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Management is of the opinion that there are no critical judgements made in applying accounting policies and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.



## Notes to the Financial Statements

For the year ended 30 September 2023

### 2. BASIS OF PREPARATION (continued)

#### 2.5 Changes in accounting policies

The Company has applied various new accounting standards and interpretations of accounting standards for the first time for the annual period beginning on 1 October 2022. The application of these new standards and interpretations do not have an impact to the financial statements of the Company.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

#### 3.2 Subsidiary

A subsidiary is an entity that is controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in a subsidiary is stated in the Company's statement of financial position at cost less accumulated impairment losses.

#### 3.3 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 Intangible assets (continued)

##### *Software*

Software are initially capitalised at cost, which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use.

Subsequent to initial recognition, software are amortised to profit or loss on a straight-line basis over their estimated useful lives of 3 to 10 years.

#### 3.4 Non-derivative financial assets

##### *Initial recognition and measurement*

Financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

##### *Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

##### Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### *Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

## Notes to the Financial Statements

For the year ended 30 September 2023

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.4 Non-derivative financial assets (continued)

##### *Business model assessment (continued)*

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### *Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### *Derecognition*

Financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets expire or it transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. Transferred assets are not derecognised when it enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.4 Non-derivative financial assets (continued)

##### Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, the Company has a legal right to offset and there is intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 3.5 Non-derivative financial liabilities

##### Initial recognition and measurement

The Company classifies non-derivative financial liabilities as other financial liabilities.

All other financial liabilities are recognised initially on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument.

All other financial liabilities are initially measured at fair value plus directly attributable transaction costs.

##### Subsequent measurement

Subsequent to initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cashflows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 3.6 Impairment

##### (a) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.6 Impairment (continued)

##### (a) *Non-financial assets (continued)*

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

##### (b) *Non-derivative financial assets*

The Company recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

##### Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

##### General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.6 Impairment (continued)

##### (b) *Non-derivative financial assets (continued)*

###### Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

###### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

###### Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

###### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### 3.7 Share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.8 Revenue

##### *Management fee*

Management fee income is derived from the management of a business trust and it is recognised when the service is rendered.

##### *Acquisition fee*

Acquisition fee income relates to fees earned in relation to the acquisition or investment by the business trust managed by the Company. The fee is recognised when the service has been rendered.

#### 3.9 Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to, or items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 3.10 New standards and interpretations not adopted

A number of new standards and amendments to standards are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 16.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 4. REVENUE

	2023 \$'000	2022 \$'000
Management fee	51	46

Revenue is derived from a related entity.

The Company generates fee income from providing property fund management services and it is recognised when services are provided. Payment is due on delivery of the services.

### 5. COSTS AND EXPENSES

	2023 \$'000	2022 \$'000
Included in costs and expenses:		
Administrative costs		
- Professional fees	(81)	(5)
- Other administrative costs	(2)	(1)
	(83)	(6)
Other operating costs		
- Amortisation of intangible asset	(2)	(2)
	(85)	(8)

\* Denotes amount less than \$1,000

### 6. TAXATION

	2023 \$'000	2022 \$'000
Current tax expense		
- Current year income tax	-	3
- Overprovision in prior year	-	-*
- Under-provision in prior year	-*	-
	-	3

#### Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

	2023 \$'000	2022 \$'000
Loss before tax for the year	(34)	38
Tax at Singapore income tax rate of 17% (2022: 17%)	(6)	6
<b>Adjustments:</b>		
Non-deductible expenses	-*	-*
Effect of partial tax exemption	-	(3)
Overprovision in prior year	-	-*
Under-provision in prior year	-*	-
Effect of current period losses not recognise	6	-
	-	3

\* Denotes amount less than \$1,000



## Notes to the Financial Statements

For the year ended 30 September 2023

### 7. INVESTMENT IN A SUBSIDIARY

	2023 \$'000	2022 \$'000
Unquoted shares, at cost	3	3

Name of subsidiary	Country of incorporation	Principal activities	Effective equity Held	
			2023 %	2022 %
Frasers Hospitality Japan Trust Management GK	Japan	Portfolio, asset and investment management	100	100

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of Frasers Property, which prepares and publishes consolidated financial statements for public use. Frasers Property is a company incorporated in Singapore and its registered office is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

### 8. INTANGIBLE ASSET

	Total \$'000
<u>Cost</u>	
At 1 October 2021, 30 September 2022 and 30 September 2023	18
<u>Accumulated Amortisation</u>	
At 1 October 2021	(8)
Charge for the year	(2)
At 30 September 2022 and 1 October 2022	(10)
Charge for the year	(2)
At 30 September 2023	(12)
<u>Net Book Value</u>	
At 1 October 2021	10
At 30 September 2022	8
At 30 September 2023	6

### 9. OTHER RECEIVABLES

	2023 \$'000	2022 \$'000
Accrued management fee	17	15

### 10. OTHER PAYABLES

	2023 \$'000	2022 \$'000
Accruals	66	7

## Notes to the Financial Statements

For the year ended 30 September 2023

### 11. SHARE CAPITAL

	2023 \$'000	2022 \$'000
<b>Fully paid ordinary shares</b>		
At beginning and end of the year	10	10

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. All shares rank equally with regard to the Company's residual assets.

### 12. SIGNIFICANT RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in these financial statements, there were no other significant related party transactions during the financial year.

#### *Transactions with key management personnel*

None of the directors earned any directors' fees or other remuneration in respect of their appointments as directors of the Company during the current year and prior year. The directors are not paid directly by the Company but receive remuneration from the Company's immediate holding company or related corporation, in respect of their services to the larger group which includes the Company. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group.

### 13. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. There is no exposure to market risk.

The Company has risk management policies and guidelines governing all investments, which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control hedging transactions in a timely and accurate manner. All investment opportunities are reviewed regularly by the Board of Directors to ensure that the Company's policies and guidelines are adhered to.

#### *(a) Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Company's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations is represented by its carrying amount of each class of financial assets recognised in the statement of financial position.

As at 30 September 2023 and 30 September 2022, the Company's exposure to credit risk arises primarily from other receivables and cash at bank. There is no impairment loss arising from these balances as the ECL is insignificant. Except as disclosed, the Company does not have significant exposure to credit risk.

Cash is placed with a bank, which is regulated and with sound credit rating.

## Notes to the Financial Statements

For the year ended 30 September 2023

### 13. FINANCIAL RISK MANAGEMENT (continued)

#### (b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations due to a shortage of funds.

Consequently, the Company is dependent on the immediate holding company to provide funds to meet its obligations as and when they fall due.

The Company's financial liabilities at the reporting date as presented in the Company's statement of financial position represent the contractual undiscounted cash flow due within one year.

### 14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### *Estimation of fair value*

##### *Non-derivative financial assets and liabilities*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

### 15. CAPITAL MANAGEMENT

The Company defines capital as total shareholders' equity attributable to owners of the Company. The Company's capital management objective is to ensure that it maintains a healthy capital ratio. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital or issue new shares.

No changes were made in the objectives, policies or processes during the year.

The Company is not subject to externally imposed capital requirement.

### 16. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 October 2022 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements. The Company is in the process of assessing the impact of the new SFRS(I) and amendments to new SFRS(I)s on its financial statements.

## Statistics of Stapled Securityholders

### ISSUED AND FULLY PAID-UP STAPLED SECURITIES

As at 24 November 2023

1,926,073,869 Stapled Securities (voting rights: 1 vote per Stapled Security)

Market capitalisation of approximately S\$972.7 million (based on closing price of S\$0.505 per Stapled Security on 24 November 2023).

### 20 LARGEST STAPLED SECURITYHOLDERS

As at 24 November 2023

No.	Name	No. of Stapled Securities	%
1	DB Nominees (Singapore) Pte Ltd	708,847,887	36.80
2	Fraser's Property Hospitality Trust Holdings Pte Ltd	466,618,417	24.23
3	Citibank Nominees Singapore Pte Ltd	146,537,724	7.61
4	DBS Nominees (Private) Limited	143,893,525	7.47
5	Raffles Nominees (Pte.) Limited	54,089,161	2.81
6	Fraser's Hospitality Asset Management Pte Ltd	17,755,135	0.92
7	OCBC Securities Private Limited	16,883,286	0.88
8	HSBC (Singapore) Nominees Pte Ltd	15,835,468	0.82
9	Meren Pte Ltd	14,004,800	0.73
10	UOB Kay Hian Private Limited	13,533,725	0.70
11	Fraser's Hospitality Pte Ltd	11,668,847	0.61
12	United Overseas Bank Nominees (Private) Limited	10,091,596	0.52
13	BNP Paribas Nominees Singapore Pte. Ltd.	7,531,660	0.39
14	DBSN Services Pte. Ltd.	7,213,039	0.37
15	Phillip Securities Pte Ltd	6,165,338	0.32
16	iFAST Financial Pte. Ltd.	5,956,836	0.31
17	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,941,580	0.31
18	CGS-CIMB Securities (Singapore) Pte. Ltd.	5,820,992	0.30
19	Jack Investment Pte Ltd	4,264,500	0.22
20	Maybank Securities Pte. Ltd.	4,040,840	0.21
	<b>TOTAL</b>	<b>1,666,694,356</b>	<b>86.53</b>

### DISTRIBUTION OF STAPLED SECURITY HOLDINGS

As At 24 November 2023

Size of Holdings	No. of Stapled Securityholders	%	No. of Stapled Securities	%
1 - 99	93	0.77	4,418	0.00
100 - 1,000	1,255	10.39	1,131,669	0.06
1,001 - 10,000	6,020	49.83	31,953,089	1.66
10,001 - 1,000,000	4,675	38.70	193,476,290	10.04
1,000,001 and above	37	0.31	1,699,508,403	88.24
<b>Total</b>	<b>12,080</b>	<b>100.00</b>	<b>1,926,073,869</b>	<b>100.00</b>

Country	No. of Stapled Securityholders	%	No. of Stapled Securities	%
Singapore	11,834	97.96	1,918,331,455	99.60
Malaysia	174	1.44	5,180,956	0.27
Others	72	0.60	2,561,458	0.13
<b>Total</b>	<b>12,080</b>	<b>100.00</b>	<b>1,926,073,869</b>	<b>100.00</b>

## Statistics of Stapled Securityholders

### SUBSTANTIAL STAPLED SECURITYHOLDERS

As at 24 November 2023

Substantial Stapled Securityholders	Direct Interest		Deemed Interest		Total	
	No. of Stapled Securities	%	No. of Stapled Securities	%	No. of Stapled Securities Held	%
Frasers Property Hospitality Trust Holdings Pte. Ltd.	466,618,417	24.23	-	-	466,618,417	24.23
Frasers Property Limited <sup>(1)</sup>	-	-	496,042,399	25.75	496,042,399	25.75
Thai Beverage Public Company Limited <sup>(2)</sup>	-	-	496,042,399	25.75	496,042,399	25.75
International Beverage Holdings Limited <sup>(3)</sup>	-	-	496,042,399	25.75	496,042,399	25.75
InterBev Investment Limited <sup>(4)</sup>	-	-	496,042,399	25.75	496,042,399	25.75
Siriwana Co., Ltd. <sup>(5)</sup>	-	-	496,042,399	25.75	496,042,399	25.75
Shiny Treasure Holdings Limited <sup>(6)</sup>	-	-	496,042,399	25.75	496,042,399	25.75
TCC Assets Limited <sup>(7)</sup>	-	-	496,042,399	25.75	496,042,399	25.75
Charoen Sirivadhanabhakdi <sup>(8)</sup>	-	-	496,042,399	25.75	496,042,399	25.75
The estate of the late Khunying Wanna Sirivadhanabhakdi <sup>(9)</sup>	-	-	496,042,399	25.75	496,042,399	25.75
TCC Group Investments Limited	707,310,200	36.72	-	-	707,310,200	36.72
Atinant Bijananda <sup>(10)</sup>	-	-	707,310,200	36.72	707,310,200	36.72
Thapana Sirivadhanabhakdi <sup>(10)</sup>	-	-	707,310,200	36.72	707,310,200	36.72
Wallapa Traisorat <sup>(10)</sup>	-	-	707,310,200	36.72	707,310,200	36.72
Thapanee Techajareonvikul <sup>(10)</sup>	-	-	707,310,200	36.72	707,310,200	36.72
Panote Sirivadhanabhakdi <sup>(10)</sup>	-	-	707,310,200	36.72	707,310,200	36.72
Chotiphat Bijananda <sup>(11)</sup>	-	-	707,310,200	36.72	707,310,200	36.72

#### Notes:

- <sup>(1)</sup> Frasers Property Limited ("**Frasers Property**") holds a 100% direct interest in each of Frasers Hospitality Asset Management Pte. Ltd. ("**FHAM**"), Frasers Hospitality Pte. Ltd. ("**FHPL**") and Frasers Property Hospitality Trust Holdings Pte. Ltd. ("**FPHTH**"); and each of FHAM, FHPL and FPHTH holds Stapled Securities in FHT. Frasers Property therefore has a deemed interest in the Stapled Securities in FHT in which each of FHAM, FHPL and FPHTH has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**").
- <sup>(2)</sup> Thai Beverage Public Company Limited ("**ThaiBev**") holds a 100% direct interest in International Beverage Holdings Limited ("**IBHL**");
- IBHL holds a 100% direct interest in InterBev Investment Limited ("**IBIL**");
  - IBIL holds a greater than 20% interest in Frasers Property;
  - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
  - Each of FHAM, FHPL and FPHTH holds Stapled Securities in FHT.
- ThaiBev therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- <sup>(3)</sup> IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in Frasers Property;
  - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
  - Each of FHAM, FHPL and FPHTH holds Stapled Securities in FHT.
- IBHL therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- <sup>(4)</sup> IBIL holds a greater than 20% interest in Frasers Property;
- Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
  - Each of FHAM, FHPL and FPHTH holds Stapled Securities in FHT.
- IBIL therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- <sup>(5)</sup> Siriwana Co., Ltd. ("**SCL**") holds, directly and indirectly, through its wholly-owned subsidiary, Siriwana Co., Ltd, a majority interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
  - IBHL holds a 100% direct interest in IBIL;
  - IBIL holds a greater than 20% interest in Frasers Property;
  - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
  - FHAM, FHPL and FPHTH hold Stapled Securities in FHT.
- SCL therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.

## Statistics of Stapled Securityholders

<sup>(6)</sup> Shiny Treasure Holdings Limited ("**STHL**") holds a greater than 20% interest in SCL;

- SCL holds, directly and indirectly, Ltd, a majority interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in Frasers Property;
- Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPPTH; and
- FHAM, FHPL and FPPTH hold Stapled Securities in FHT.

SCL therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.

<sup>(7)</sup> TCC Assets Limited ("**TCCA**") holds a majority interest in Frasers Property;

- Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPPTH; and
- Each of FHAM, FHPL and FPPTH holds Stapled Securities in FHT.

TCCA therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.

<sup>(8)</sup> Charoen Sirivadhanabhakdi and the estate of the late Khunying Wanna Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;

- TCCA holds a majority interest in Frasers Property;
- Frasers Property holds a 100% direct interest in FHAM, FHPL and FPPTH; and
- Each of FHAM, FHPL and FPPTH holds Stapled Securities in FHT.

Charoen Sirivadhanabhakdi therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.

<sup>(9)</sup> The estate of the late Khunying Wanna Sirivadhanabhakdi and Charoen Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;

- TCCA holds a majority interest in Frasers Property;
- Frasers Property holds a 100% direct interest in FHAM, FHPL and FPPTH; and
- Each of FHAM, FHPL and FPPTH holds Stapled Securities in FHT.

The estate of the late Khunying Wanna Sirivadhanabhakdi therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.

<sup>(10)</sup> Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi holds 20% of the issued share capital of TCC Group Investments Limited ("**TCCGI**");

- TCCGI holds Stapled Securities in FHT.

Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi therefore has a deemed interest in the Stapled Securities in FHT in which TCCGI has an interest, by virtue of Section 4 of the SFA.

<sup>(11)</sup> Chotiphat Bijananda is the spouse of Atinant Bijananda, who holds 20% of the issued share capital of TCCGI

- TCCGI holds Stapled Securities in FHT.

Chotiphat Bijananda therefore has a deemed interest in the Stapled Securities in FHT in which TCCGI has an interest, by virtue of Section 4 of the SFA.

### STAPLED SECURITYHOLDINGS OF DIRECTORS OF THE MANAGERS

As at 21 October 2023

Name of Director	No. of Stapled Securities Held	
	Direct Interest	Deemed Interest
Mr Panote Sirivadhanabhakdi	-	707,310,200

### FREE FLOAT

Based on information made available to the Managers as at 24 November 2023, approximately 38% of the Stapled Securities in FHT are held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been compiled with.

## Interested Person Transactions

The transactions entered into with interested persons for FY2023 which fall within the Listing Manual of SGX-ST and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions of less than \$100,000 each) are as follows:

Names of Interested Persons	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial period under review (excluding transactions of less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S'000	Aggregate value of all Interested Person Transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S'000
<b>Frasers Hospitality Asset Management Pte. Ltd.</b>	REIT Manager of FH-REIT		
- Management fees paid and payable		(6,161)	-
- Reimbursement of expenses paid on behalf of FH-REIT		(789)	-
- Servicer fees paid and payable		(107)	-
<b>Frasers Hospitality Trust Management Pte. Ltd.</b>	Trustee-Manager of FH-BT		
- Management fees paid and payable		(51)	-
<b>FHT Australia Management Pty Ltd</b>	MIT Manager of FHT Australia Trust		
- Management fees paid and payable		(2,532)	-
<b>Frasers Hospitality Pte. Ltd.</b>	Operator of Fraser Suites Singapore and Fraser Suites Sydney		
- Management, marketing and trademark licence fees paid and payable		(3,242)	-
<b>Frasers Hospitality UK Ltd.</b>	Operator of Fraser Place Canary Wharf London, Fraser Suites Queens Gate London, Fraser Suites Edinburgh and Fraser Suites Glasgow		
- Management, marketing and trademark licence fees paid and payable		(2,013)	-
<b>BCH Hotel Investment Pte. Ltd.</b>	Master Lessee of InterContinental Singapore <sup>1</sup>		
- Rental income from InterContinental Singapore <sup>1</sup>		21,737	-
<b>River Valley Apartments Pte. Ltd.</b>	Master Lessee of Fraser Suites Singapore		
- Rental income from Fraser Suites Singapore <sup>1</sup>		13,309	-
<b>Fairdace Limited</b>	Master Lessee of Fraser Place Canary Wharf London and Fraser Suites Glasgow		
- Rental income from Fraser Place Canary Wharf London <sup>1</sup>		4,818	-
- Rental income from Fraser Suites Glasgow <sup>1</sup>		1,545	-
<b>39QGG Management Limited</b>	Master Lessee of Fraser Suites Queens Gate London		
- Rental income from Fraser Suites Queens Gate London <sup>1</sup>		5,749	-

## Interested Person Transactions

Names of Interested Persons	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial period under review (excluding transactions of less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S'000	Aggregate value of all Interested Person Transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S'000
<b>P I Hotel Management Limited</b> - Rental income from ibis Styles London Gloucester Road <sup>1</sup> - Rental income from Park International London <sup>1</sup>	Master Lessee of Park International London and ibis Styles London Gloucester Road	2,285  4,062	-  -
<b>Fraser's (St.Giles Street) Management Limited</b> - Rental income from Fraser Suites Edinburgh <sup>1</sup>	Master Lessee of Fraser Suites Edinburgh	2,350	-
<b>Fraser's Town Hall Residences Operations Pty Ltd</b> - Rental income from Fraser Suites Sydney <sup>1</sup> - Reimbursement of expenses paid on behalf of FH-REIT	Master Lessee of Fraser Suites Sydney	9,177  (389)	-  -
<b>Fraser's Town Hall Land Pty Ltd</b> - Reimbursement of expenses paid on behalf of FH-REIT	Wholly-owned subsidiary of Fraser's Property Limited ("Fraser's Property")	(790)	-
<b>Fraser's Sydney ML Hotel Pty Ltd</b> - Rental income from Novotel Sydney Darling Square <sup>1</sup> - Reimbursement of expenses paid on behalf of FH-REIT	Master Lessee of Novotel Sydney Darling Square	6,447  (6)	-  -
<b>JBB Hotels Sdn Bhd</b> - Rental income from The Westin Kuala Lumpur <sup>1</sup>	Master Lessee of The Westin Kuala Lumpur	7,389	-
<b>K.K. Shinkobe Holding</b> - Rental income from ANA Crowne Plaza Kobe <sup>1</sup>	Master Lessee of ANA Crowne Plaza Kobe (Hotel)	7,189	-
<b>Y.K. Toranomom Properties</b> - Rental income from ANA Crowne Plaza Kobe <sup>1</sup> - Reimbursement of expenses paid on behalf of FH-REIT	Master Lessee of ANA Crowne Plaza Kobe (Retail)	1,545  (886)	-  -



## Interested Person Transactions

Names of Interested Persons	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial period under review (excluding transactions of less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S'000	Aggregate value of all Interested Person Transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S'000
<b>Frasers Property Corporate Services Pte. Ltd.</b> - Reimbursement of expenses paid on behalf of FH-REIT	Wholly-owned subsidiary of Frasers Property	(66)	-
<b>Frasers Property Advisory (Europe) B.V.</b> - Corporate Service fees paid and payable	Wholly-owned subsidiary of Frasers Property	(50)	-
<b>Perpetual (Asia) Limited</b> - Trustee's fees	Trustee of FH-REIT	(254)	-
<b>The Trust Company (Australia) Limited</b> - Trustee's fees	MIT Trustee of FHT Australia Trust and its sub-trusts	(107)	-
<b>Frasers Hospitality International Pte. Ltd.</b> - Reimbursement of expenses paid on behalf of FH-REIT	Wholly-owned subsidiary of Frasers Property	(11)	-

Please also refer to Note 22 'Significant related party transactions' in FHT's financial statements.

Management fees, servicer fees and Trustee's fees payable to Frasers Hospitality Asset Management Pte. Ltd. (also referred to as "REIT Manager"), Frasers Hospitality Trust Management Pte. Ltd. (also referred to as "Trustee-Manager"), FHT Australia Management Pty Ltd (also referred to as "MIT Manager"), Frasers Hospitality Pte. Ltd. ("FHPL"), Frasers Hospitality UK Ltd. ("FHUK") and Trustee's fees payable to Perpetual (Asia) Limited and The Trust Company (Australia) Limited on the basis of, and in accordance with the terms and conditions set out in the FH-REIT Trust Deed dated 12 June 2014 (as amended, restated and supplemented), the FH-BT Trust Deed dated 20 June 2014 (as supplemented), the FHT Australia Trust Deed dated 20 June 2014 (as restated and supplemented) and/or FHT's Prospectus dated 30 June 2014 are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Except as disclosed above, there were no other interested person transactions (excluding transactions of less than \$100,000 each) entered into during the financial year under review nor any material contracts entered into by FHT that involved the interests of the Chief Executive Officer, any Director or any controlling Stapled Securityholder of FHT.

**Note:**

<sup>1</sup> The rental income disclosed as Interested Person Transactions above were received pursuant to Master Lease Agreements which were entered into in connection with the IPO of FHT and are deemed to have been specifically approved by Stapled Securityholders and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect FH-REIT. (See pages 342 and 343 of FHT's Prospectus dated 30 June 2014).

## Notice of Annual General Meeting

### FRASERS HOSPITALITY TRUST

A stapled group comprising:

#### FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 12 June 2014 under the laws of the Republic of Singapore)

#### FRASERS HOSPITALITY BUSINESS TRUST

(a business trust constituted on 20 June 2014 under the laws of the Republic of Singapore)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 9th annual general meeting (the "**AGM**") of Fraser's Hospitality Trust ("**FHT**") (a stapled group comprising Fraser's Hospitality Real Estate Investment Trust ("**FH-REIT**") and Fraser's Hospitality Business Trust ("**FH-BT**")) will be held at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 23 January 2024 at 10.00 a.m. for the following purposes:

#### ROUTINE BUSINESS

##### Ordinary Resolution 1

- To receive and adopt the Report of the Trustee-Manager and the Statement by the Trustee-Manager issued by Fraser's Hospitality Trust Management Pte. Ltd., in its capacity as trustee-manager of FH-BT (the "**Trustee-Manager**"), the Statement by the Chief Executive Officer of the Trustee-Manager, the Report of the Trustee issued by Perpetual (Asia) Limited, in its capacity as trustee of FH-REIT (the "**REIT Trustee**"), the Statement by the Manager issued by Fraser's Hospitality Asset Management Pte. Ltd., as manager of FH-REIT (the "**REIT Manager**"), and together with the Trustee-Manager, the "**Managers**") and the Audited Financial Statements of FHT, FH-BT and FH-REIT for the financial year ended 30 September 2023 and the Auditors' Report thereon.

##### Ordinary Resolution 2

- To re-appoint KPMG LLP as Auditors of FHT (a stapled group comprising FH-REIT and FH-BT) to hold office until the conclusion of the next annual general meeting of FHT and to authorise the REIT Manager and the Trustee-Manager to fix their remuneration.

#### SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following Ordinary Resolution:

##### Ordinary Resolution 3

- That authority be and is hereby given to the REIT Manager and the Trustee-Manager, to:
  - issue new units in FH-REIT ("**FH-REIT Units**") and new units in FH-BT ("**FH-BT Units**", together with FH-REIT Units, the "**Stapled Securities**") whether by way of rights, bonus or otherwise; and/or
    - make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities,

at any time and upon such terms and conditions and for such purposes and to such persons as the REIT Manager and the Trustee-Manager may in their absolute discretion deem fit; and

## Notice of Annual General Meeting

- (b) issue Stapled Securities in pursuance of any Instrument made or granted by the REIT Manager and the Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

provided that:

- (1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of Stapled Securities to be issued other than on a *pro rata* basis to holders of the Stapled Securities ("**Stapled Securityholders**") does not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) as calculated in accordance with sub-paragraph (2) below;
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (1) above, the total number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) at the time this Resolution is passed, after adjusting for:
  - (a) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
- (3) in exercising the authority conferred by this Resolution, the REIT Manager and Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Business Trusts Act 2004 for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore (the "**MAS**")), trust deed constituting FH-REIT (as amended) (the "**FH-REIT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the MAS), the trust deed constituting FH-BT (as amended) (the "**FH-BT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the MAS) and the stapling deed (the "**Stapling Deed**") entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager for the time being in force (unless otherwise exempted or waived by the MAS);
- (4) unless revoked or varied by Stapled Securityholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next annual general meeting of FHT or (ii) the date by which the next annual general meeting of FHT is required by the applicable law or regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the REIT Manager and the Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Stapled Securities are issued; and

## Notice of Annual General Meeting

- (6) the REIT Manager, the Trustee-Manager, any director of the REIT Manager or the Trustee-Manager (each a "**Director**" and collectively, the "**Directors**") and the REIT Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, the Trustee- Manager, such Director, or, as the case may be, the REIT Trustee may consider expedient or necessary or in the interest of FHT, FH-BT and FH-REIT to give effect to the authority conferred by this Resolution.

### BY ORDER OF THE BOARD

**Fraser's Hospitality Asset Management Pte. Ltd.**

(as manager of Fraser's Hospitality Real Estate Investment Trust)  
(Company Registration No. 201331351D)

**Fraser's Hospitality Trust Management Pte. Ltd.**

(as trustee-manager of Fraser's Hospitality Business Trust)  
(Company Registration No. 201401270M)

**Catherine Yeo**

Company Secretary

22 December 2023

## Notice of Annual General Meeting

### NOTES:

#### Format of Meeting

1. The Annual General Meeting will be held, in a wholly physical format, at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 23 January 2024 at 10.00 a.m.. Stapled Securityholders, including SRS investors, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the Annual General Meeting by attending the Annual General Meeting in person. There will be no option for Stapled Securityholders to participate virtually.
2. Printed copies of this Notice, the accompanying Proxy Form and the Notification & Request Form will be sent by post to Stapled Securityholders. These documents will also be published on FHT's website at the URL [www.frasersproperty.com/reits/fht](http://www.frasersproperty.com/reits/fht) and the SGX-ST website at the URL [www.sgx.com/securities/company-announcements](http://www.sgx.com/securities/company-announcements). Additional printed copies of the Proxy Form, if required, can be requested from Boardroom Corporate & Advisory Services Pte. Ltd. by calling +65 6536 5355 or via email at [FHTAGM2024@boardroomlimited.com](mailto:FHTAGM2024@boardroomlimited.com). Requests for additional printed copies of the Proxy Form should be made by 5.00 p.m. on Monday, 8 January 2024.

#### Appointment of Proxy(ies)

3. A Stapled Securityholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in the Stapled Securityholder's stead. Where a Stapled Securityholder appoints more than one proxy, the appointments shall be invalid unless the Stapled Securityholder specifies in the proxy form the proportion of the Stapled Securityholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
4. A Stapled Securityholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Stapled Securityholder, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder. Where such Stapled Securityholder appoints more than two proxies, the appointments shall be invalid unless the Stapled Securityholder specifies in the proxy form the number of Stapled Securities in relation to which each proxy has been appointed.

**"Relevant Intermediary"** means: (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity; or (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Stapled Securities in that capacity.

A Stapled Securityholder who wishes to appoint a proxy(ies) must complete the Proxy Form before submitting it in the manner set out below.

5. A proxy need not be a Stapled Securityholder. A Stapled Securityholder may choose to appoint the Chairman of the Annual General Meeting as his/her/its proxy.
6. The Proxy Form must be submitted to the Managers c/o the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
  - (a) if submitted by post, be lodged at the office of the Stapled Security Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
  - (b) if submitted electronically, be submitted via email to the Stapled Security Registrar at [FHTAGM2024@boardroomlimited.com](mailto:FHTAGM2024@boardroomlimited.com);

in either case, by 10.00 a.m. on Sunday, 21 January 2024, being 48 hours before the time fixed for the Annual General Meeting.

A Stapled Securityholder who wishes to submit a Proxy Form by post or via email can either use the printed copy of the Proxy Form which is sent to him/ her/it by post or download a copy of the Proxy Form from FHT's website or the SGX-ST website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

## Notice of Annual General Meeting

7. SRS investors:
- (a) may vote at the Annual General Meeting if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the Annual General Meeting as proxy to vote on their behalf at the Annual General Meeting, in which case they should approach their respective SRS Operators to submit their votes by 5.00 p.m. on Thursday, 11 January 2024, being seven business days before the date of the AGM.

### Submission of Questions

8. Stapled Securityholders, including SRS investors may submit substantial and relevant questions related to the resolutions to be tabled for approval at the Annual General Meeting in advance of the Annual General Meeting. In order for Stapled Securityholders to submit questions in advance of the Annual General Meeting, the questions must be submitted by 10.00 a.m. on Friday, 12 January 2024 in the following manner:
- (a) deposited at the registered office of the Managers at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958; or
  - (b) via email to the Managers, at [ir@frasershospitality.com](mailto:ir@frasershospitality.com).

When submitting questions by post or via email, Stapled Securityholders should also provide the following information for authentication: (a) the Stapled Securityholder's full name; and (b) the Stapled Securityholder's address; and (c) the manner in which the Stapled Securityholder holds the Stapled Securities in FHT (e.g., via CDP or SRS).

9. The Managers will address all substantial and relevant questions received from Stapled Securityholders by the 10.00 a.m. on Friday, 12 January 2024 deadline by publishing its responses to such questions on FHT's website at the URL [www.frasersproperty.com/reits/fht](http://www.frasersproperty.com/reits/fht) and the SGX-ST website at the URL [www.sgx.com/securities/company-announcements](http://www.sgx.com/securities/company-announcements) at least 48 hours prior to the closing date and time for the submission of the Proxy Form. The Managers will respond to questions or follow-up questions submitted after the 10.00 a.m. on Friday, 12 January 2024 deadline either within a reasonable timeframe before the Annual General Meeting, or at the Annual General Meeting itself. Where substantially similar questions are received, the Managers will consolidate such questions and consequently not all questions may be individually addressed.
10. Stapled Securityholders, including SRS investors, and (where applicable) duly appointed proxies and representatives can also ask the Chairman of the Annual General Meeting substantial and relevant questions related to the resolutions to be tabled for approval at the Annual General Meeting, at the Annual General Meeting itself.

### Access to Documents

11. CD-ROMs containing the Annual Report for the financial year ended 30 September 2023 will be sent by post to Stapled Securityholders. The document may also be accessed at FHT's website at the URL [www.frasersproperty.com/reits/fht](http://www.frasersproperty.com/reits/fht). Printed copies of the Notification & Request Form will be sent to Stapled Securityholders by post for Stapled Securityholders to request for a printed copy of the Annual Report. Requests for a printed copy of the Annual Report should be made by submitting the request form to the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
- (c) if submitted by post, be lodged at the office of the Stapled Security Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
  - (d) if submitted electronically, be submitted via email to the Stapled Security Registrar at [FHTAGM2024@boardroomlimited.com](mailto:FHTAGM2024@boardroomlimited.com);

in either case, by no later than 5.00 p.m. on Monday, 8 January 2024.

12. Stapled Securityholders should check FHT's website at [www.frasersproperty.com/reits/fht](http://www.frasersproperty.com/reits/fht) for the latest updates on the status of the AGM.

## Notice of Annual General Meeting

### EXPLANATORY NOTE:

#### Ordinary Resolution 3

Ordinary Resolution 3 above, if passed, will empower the Managers from the date of this AGM until the earliest of (i) the conclusion of the next annual general meeting of FHT, or (ii) the date by which the next annual general meeting of FHT is required by the FH-REIT Trust Deed, the FH-BT Trust Deed and the Stapling Deed or any applicable laws and regulations to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Stapled Securityholders in a general meeting, to issue Stapled Securities and to make or grant instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury Stapled Securities, if any), with a sub-limit of 20% for issues other than on a *pro rata* basis to Stapled Securityholders.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the issued Stapled Securities at the time this Ordinary Resolution 3 is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Ordinary Resolution 3 is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Securityholders is required under the Listing Manual of the SGX-ST, the FH-REIT Trust Deed, the FH-BT Trust Deed and the Stapling Deed or any applicable laws and regulations in such instances, the REIT Manager and the Trustee-Manager will then obtain the approval of Stapled Securityholders accordingly.

### PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Stapled Securityholder (i) consents to the collection, use and disclosure of the Stapled Securityholder's personal data by the Managers and the REIT Trustee (or their agents or service providers) for the purpose of the processing and administration by the Managers and the REIT Trustee (or their agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Managers and the REIT Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Stapled Securityholder discloses the personal data of the Stapled Securityholder's proxy(ies) and/or representative(s) to the Managers and the REIT Trustee (or their agents or service providers), the Stapled Securityholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Managers and the REIT Trustee (or their agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Stapled Securityholder will indemnify the Managers and the REIT Trustee (or their agents or service providers) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder's breach of warranty.

### IMPORTANT NOTICE

**The value of the Stapled Securities and the income derived from them, if any, may fall or rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers, the REIT Trustee or any of their affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.**

**Investors should note that they have no right to request the Managers to redeem or purchase their Stapled Securities for as long as the Stapled Securities are listed on the SGX-ST. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. The listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.**

**The past performance of FHT and the Managers is not necessarily indicative of the future performance of FHT and the Managers.**

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# FRASERS HOSPITALITY TRUST

A stapled group comprising:

**FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST**  
(a real estate investment trust constituted on 12 June 2014  
under the laws of the Republic of Singapore)

**FRASERS HOSPITALITY BUSINESS TRUST**  
(a business trust constituted on 20 June 2014  
under the laws of the Republic of Singapore)

## IMPORTANT:

- The Annual General Meeting will be held, in a wholly physical format, at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 23 January 2024 at 10.00 a.m.. **There will be no option for Stapled Securityholders to participate virtually.**
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
- This Proxy Form is not valid for use by SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
- SRS investors:
  - may vote at the Annual General Meeting if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or
  - may appoint the Chairman of the Annual General Meeting as proxy to vote on their behalf at the Annual General Meeting, in which case they should approach their respective SRS Operators to submit their votes by 5.00 p.m. on Thursday, 11 January 2024, being seven business days before the date of the AGM.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 December 2023.

## PROXY FORM ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC No./Passport No./  
Company Registration No., where applicable) of \_\_\_\_\_ (Address) being a holder/s  
of units in Frasers Hospitality Real Estate Investment Trust ("FH-REIT") and units in Frasers Hospitality Business Trust ("FH-BT") (collectively,  
"Stapled Securities"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholdings	
			No. of Stapled Securities	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholdings	
			No. of Stapled Securities	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the AGM as my/our proxy/proxies to attend, and to vote for me/us on my/our behalf at the AGM to be held at **10.00 a.m. on Tuesday, 23 January 2024** at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966, and at any adjournment thereof.

\*I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at his/her/their discretion, as \*he/she/they may on any other matter arising at the AGM (or any adjournment thereof). If no person is named in the above boxes, the Chairman of the AGM shall be \*my/our proxy/proxies to vote, for or against, or to abstain from voting on, the resolution to be proposed at the AGM, for \*me/us and on \*my/our behalf at the AGM and at any adjournment thereof.

Voting will be conducted by poll. If you wish your proxy/proxies to exercise all your votes "For" or "Against" the relevant resolution, please tick (V) within the relevant box provided. Alternatively, if you wish your proxy/proxies to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Stapled Securities in the boxes provided. If you wish your proxy/proxies to abstain from voting on the resolution, please tick (V) within the "Abstain" box provided. Alternatively, please indicate the number of Stapled Securities that your proxy/proxies is/are directed to abstain from voting.

NO.	RESOLUTIONS RELATING TO:	No. of Votes For*	No. of Votes Against*	No. of Votes to Abstain*
<b>ROUTINE BUSINESS</b>				
1.	To receive and adopt the Trustee-Manager's Report, the Trustee-Manager's Statement, the Statement by the Chief Executive Officer of the Trustee-Manager, the REIT Trustee's Report, the REIT Manager's Statement and the Audited Financial Statements of FHT, FH-BT and FH-REIT for the financial year ended 30 September 2023 and the Auditor's Report thereon			
2.	To re-appoint KPMG LLP as Auditors of FHT comprising FH-REIT and FH-BT to hold office until the conclusion of the next annual general meeting of FHT, and to authorise the REIT Manager and the Trustee-Manager to fix their remuneration			
<b>SPECIAL BUSINESS</b>				
3.	To authorise the REIT Manager and the Trustee-Manager to issue Stapled Securities and to make or grant convertible instruments			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023/2024 (delete as appropriate)

Total number of Stapled Securities held (Note 1)

Signature(s) of Stapled Securityholder(s)  
or Common Seal of Corporate Stapled Securityholder

Email Address of Stapled Securityholder(s) (optional):

**IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM.**

Fold here, do not staple. Glue all sides firmly.

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**NOTES:**

1. A Stapled Securityholder should insert the total number of Stapled Securities held. If the Stapled Securityholder has Stapled Securities entered against the Stapled Securityholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), the Stapled Securityholder should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities registered in the Stapled Securityholder's name in the Register of Stapled Securityholders of FHT, the Stapled Securityholder should insert that number of Stapled Securities.

If the Stapled Securityholder has Stapled Securities entered against the Stapled Securityholder's name in the said Depository Register and registered in the Stapled Securityholder's name in the Register of Stapled Securityholders, the Stapled Securityholder should insert the aggregate number of Stapled Securities. If no number is inserted, this Proxy Form will be deemed to relate to all the Stapled Securities held by the Stapled Securityholder.

2. A Stapled Securityholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote instead of the Stapled Securityholder. A proxy need not be a Stapled Securityholder. Where a Stapled Securityholder appoints more than one proxy, the appointments shall be invalid unless the Stapled Securityholder specifies the proportion of the Stapled Securityholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
3. A Stapled Securityholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Stapled Securityholder, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder. Where such Stapled Securityholder appoints more than two proxies, the appointments shall be invalid unless the Stapled Securityholder specifies the number of Stapled Securities in relation to which each proxy has been appointed.

"Relevant Intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity; or
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds Stapled Securities in that capacity.
4. A proxy need not be a Stapled Securityholder. A Stapled Securityholder may choose to appoint the Chairman of the Annual General Meeting as his/her/its proxy.

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**BUSINESS REPLY SERVICE**  
PERMIT NO. 09195

Postage will be paid by addressee. For posting in Singapore only.



**Company Secretary**  
**Frasers Hospitality Asset Management Pte. Ltd.**  
(as manager of Frasers Hospitality Real Estate Investment Trust)  
**Frasers Hospitality Trust Management Pte. Ltd.**  
(as trustee-manager of Frasers Hospitality Business Trust)  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
1 Harbourfront Avenue,  
#14-07 Keppel Bay Tower,  
Singapore 098632

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5. This Proxy Form must be submitted to the Managers c/o the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

- (a) if submitted by post, be lodged at the office of the Stapled Security Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (b) if submitted electronically, be submitted via email to the Stapled Security Registrar at [FHTAGM2024@boardroomlimited.com](mailto:FHTAGM2024@boardroomlimited.com).

in either case, by 10.00 a.m. on Sunday, 21 January 2024, being 48 hours before the time fixed for the AGM.

A Stapled Securityholder who wishes to submit a Proxy Form by post or via email can either use the printed copy of the Proxy Form which is sent to him/her/it by post or download a copy of the Proxy Form from FHT's website or the SGX-ST website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

6. Completion and return of this Proxy Form shall not preclude a Stapled Securityholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Stapled Securityholder attends the AGM in person, and in such event, the Managers reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the AGM.
7. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Stapled Securityholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Managers) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Managers shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Stapled Securities entered in the Depository Register, the Managers may reject a Proxy Form if the Stapled Securityholder, being the appointor, is not shown to have Stapled Securities entered against the Stapled Securityholder's name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by CDP to the Managers.

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**FRASERS HOSPITALITY ASSET MANAGEMENT PTE. LTD.**

As REIT Manager of Frasers Hospitality Real Estate Investment Trust  
Company Registration Number 201331351D

**FRASERS HOSPITALITY TRUST MANAGEMENT PTE. LTD.**

As Trustee-Manager of Frasers Hospitality Business Trust  
Company Registration Number 201401270M

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