

AGILITY & TENACITY

ANNUAL REPORT
2020





AGILITY & TENACITY

At Frasers Hospitality Trust (**FHT**), we believe that having a quality portfolio, the right scale and relevant management expertise are critical success factors for our business. These factors provide us with a sustained competitive advantage, while enabling us to deliver long-term value to our Stapled Securityholders.

As we navigate through a volatile and uncertain operating environment, it is important we remain agile and tenacious. We continue to proactively manage our portfolio of assets across geographies, and strengthen our culture and structure, ensuring quality and consistent systems and processes across our business.

As part of Frasers Property, we will evolve, reinvent and thrive in the post COVID-19 world, as we remain committed to delivering quality products, services and places that create value for our stakeholders.

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ABOUT FRASERS HOSPITALITY TRUST



▲ InterContinental Singapore

FHT is a global hotel and serviced residence trust listed on the Mainboard of the Singapore Exchange on 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 3,913 keys comprising 3,071 hotel rooms and 842 serviced residence units.

Our well-diversified portfolio of 15 quality assets are in prime locations in 9 key cities in Asia, Australia and Europe. With a combined appraised value of approximately S\$2.25 billion, these 9 hotels and 6 serviced residences are: Novotel Melbourne on Collins, Novotel Sydney Darling Square, Sofitel Sydney Wentworth, Fraser Suites Sydney, InterContinental Singapore, Fraser Suites Singapore, ibis Styles London Gloucester Road, Park International London, Fraser Place Canary Wharf London, Fraser Suites Edinburgh, Fraser Suites Glasgow, Fraser Suites Queens Gate London, ANA Crowne Plaza Kobe, The Westin Kuala Lumpur and Maritim Hotel Dresden.

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

Our sponsor is Frasers Property Limited (**Frasers Property** or the **Sponsor**), a multinational developer-owner-operator of real estate products and services across 5 asset classes, namely residential, retail, commercial and business parks, industrial and logistics and hospitality.

Our strategic partner, TCC Group Investments Limited (**TCCG**), is one of the largest conglomerates in Southeast Asia engaging 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 TCCG. This further provides us access to future acquisition opportunities.

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

OUR GROWTH STRATEGY



▲ Sofitel Sydney Wentworth

ACQUISITION GROWTH

The Managers actively pursue asset acquisitions that will provide attractive cash flows and yields to satisfy their investment mandate, so as to enhance the returns to FHT's 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 scanning various regions for opportunities in the hotels and serviced residence asset classes.

FHT's acquisition strategy is further complemented by the right of first refusal granted by Frasers Property and TCCG, 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 will continue to identify opportunities and implement strategies to improve 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, prioritising strategies that have the highest 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 increase the value of the properties.

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 FHT's 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 15 quality assets, most of which are located in key gateway cities across Asia, Australia and Europe.

\$2.25B

Total Portfolio Value

9

Key Cities

15

Properties

3,913

Keys



UNITED KINGDOM

Glasgow

- Fraser Suites Glasgow

Edinburgh

- Fraser Suites Edinburgh

London

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

GERMANY

Dresden

- Maritim Hotel Dresden



JAPAN

- Kobe**
- ANA Crowne Plaza Kobe

MALAYSIA

- Kuala Lumpur**
- The Westin Kuala Lumpur

SINGAPORE

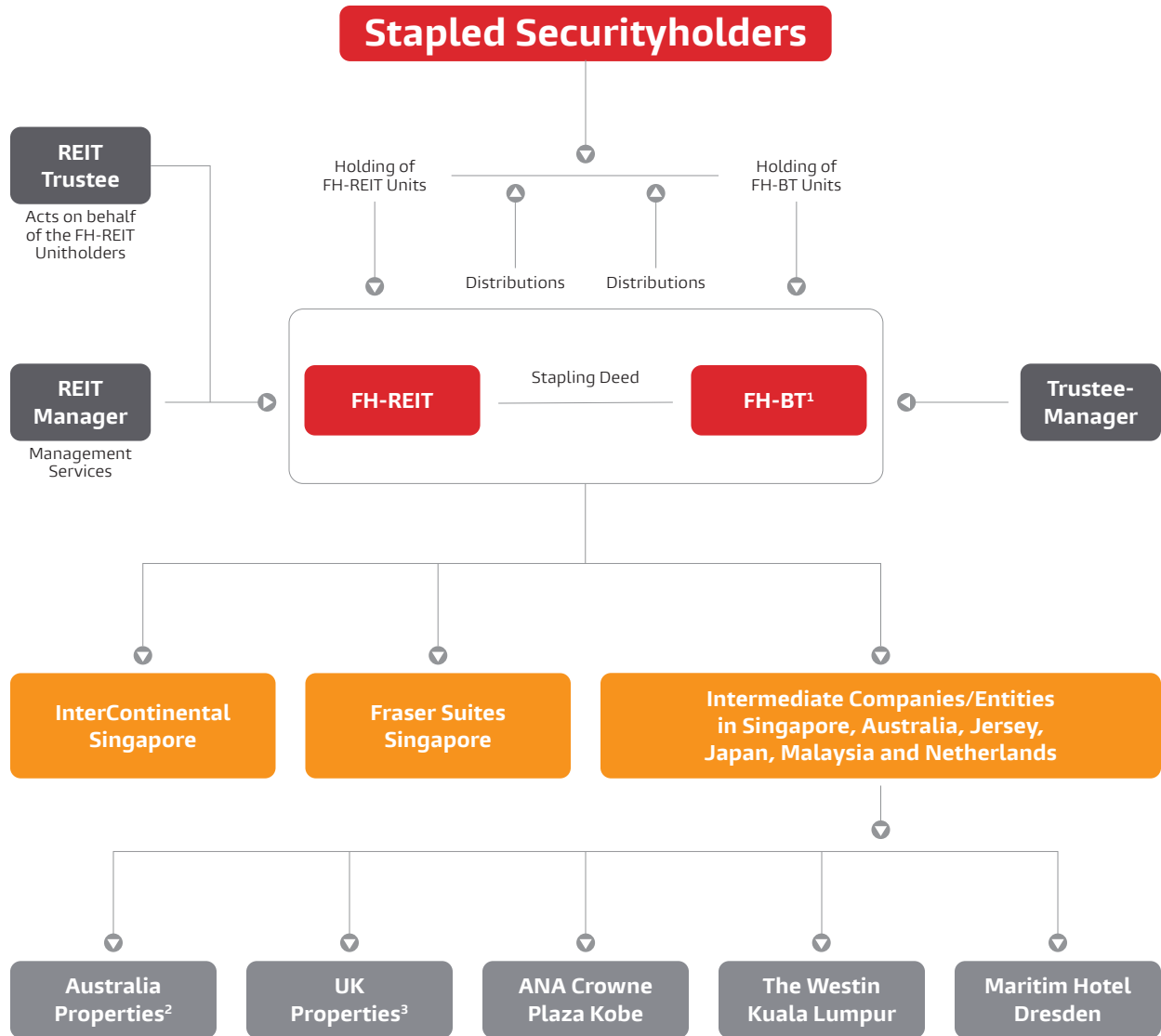
- Singapore**
- InterContinental Singapore
 - Fraser Suites Singapore

AUSTRALIA

- Sydney**
- Novotel Sydney Darling Square
 - Sofitel Sydney Wentworth
 - Fraser Suites Sydney
- Melbourne**
- Novotel Melbourne on Collins



OUR TRUST STRUCTURE



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

CORPORATE INFORMATION

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

DIRECTORS OF THE REIT MANAGER AND TRUSTEE-MANAGER

Law Song Keng

Chairman, Non-Executive and Independent Director

Chua Phuay Hee

Non-Executive and Independent Director

Liew Choon Wei

Non-Executive and Independent Director

David Wong See Hong

Non-Executive and Independent Director

Panote Sirivadhanabhakdi

Non-Executive and Non-Independent Director

Koh Teck Chuan

Non-Executive and Non-Independent Director

AUDIT, RISK AND COMPLIANCE COMMITTEE OF THE REIT MANAGER

AUDIT, RISK AND COMPLIANCE COMMITTEE OF THE TRUSTEE-MANAGER

David Wong See Hong, Chairman
Law Song Keng
Liew Choon Wei

NOMINATING AND REMUNERATION COMMITTEE OF THE REIT MANAGER

NOMINATING AND REMUNERATION COMMITTEE OF THE TRUSTEE-MANAGER

Law Song Keng, Chairman
Liew Choon Wei
David Wong See Hong
Panote Sirivadhanabhakdi

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.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDITOR

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel: (65) 6213 3388
Fax: (65) 6225 0984
Partner-in-charge: Ronald Tay Ser Teck
Appointed on 9 December 2015

PRINCIPAL BANKERS

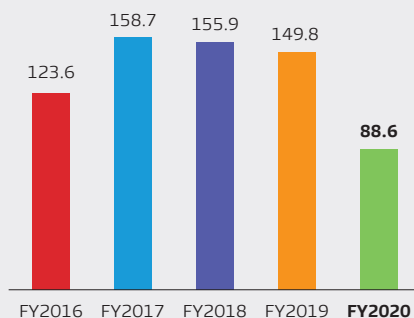
Bank of China Limited, Singapore Branch
DBS Bank Ltd
Malayan Banking Berhad, Singapore Branch
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
United Overseas Bank Limited, Tokyo Branch
Maybank Investment Bank Berhad
Australia and New Zealand Banking Group
Limited, Sydney Branch

FINANCIAL HIGHLIGHTS

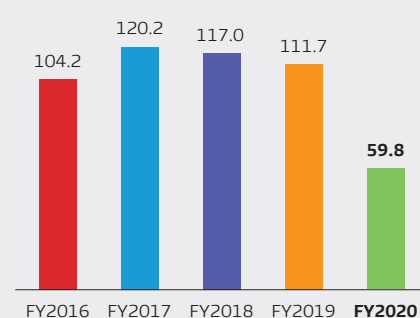


▲ Fraser Suites Singapore

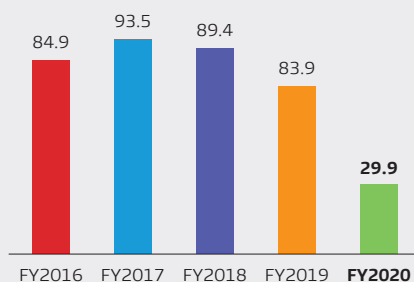
Gross Revenue
(S\$ million)



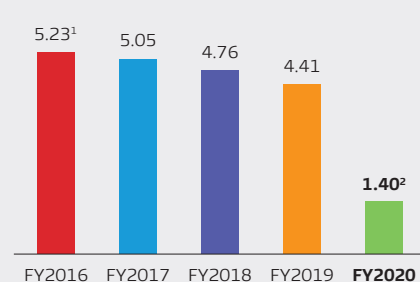
Net Property Income
(S\$ million)



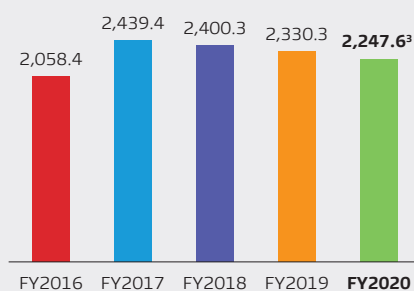
Distributable Income Attributable to Stapled Securityholders
(S\$ million)



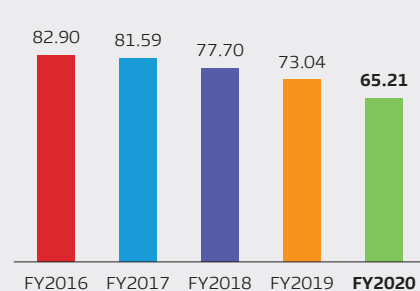
Distribution per Stapled Security
(S cents)



Total Portfolio Valuation
(S\$ million)



Net Asset Value per Stapled Security
(S cents)



	FY2016	FY2017	FY2018	FY2019	FY2020
Statement of Total Return (S\$ million)					
Gross Revenue	123.6	158.7	155.9	149.8	88.6
Net Property Income	104.2	120.2	117.0	111.7	59.8
Distributable Income Attributable to Stapled Securityholders	84.9	93.5	89.4	83.9	29.9
Balance Sheet Highlights (as at 30 September) (S\$ million)					
Total Assets	2,161.0	2,533.9	2,494.7	2,446.5	2,361.3
Total Portfolio Valuation	2,058.4	2,439.4	2,400.3	2,330.3	2,247.6 ³
Total Liabilities	916.8	927.7	942.2	962.7	1,008.2
Total Borrowings (gross)	814.0	813.7	837.3	858.0	889.4
Net Assets	1,244.2	1,606.2	1,552.5	1,483.7	1,353.2
Key Financial Indicators					
Distribution per Stapled Security (S cents)	5.23 ¹	5.05	4.76	4.41	1.40 ²
Net Asset Value per Stapled Security (S cents)	82.90	81.59	77.70	73.04	65.21
Gearing	37.7%	32.1%	33.6%	35.1%	37.7%
Interest Cover (times)	4.9	5.1	5.0	4.7	2.3
Effective Cost of Borrowing	2.6%	2.6%	2.6%	2.5%	2.3%
Borrowings on Fixed Rates	86.0%	74.7%	73.3%	68.9%	74.9%
Unsecured Debt	96.2%	96.2%	96.1%	96.2%	96.3%
Unencumbered Assets as a % of Property Portfolio	93.4%	94.3%	94.2%	94.1%	94.3%

1 FY2016 DPS includes the effect of the Rights Issue.

2 FY2020 DPS is based on 90.0% of FY2020 DI.

3 Excludes right-of-use (ROU) assets recognised under FRS116 (adopted from 1 October 2019). Including ROU assets, the total portfolio valuation as at 30 September 2020 is S\$2,250.6 million.



LAW SONG KENG
Chairman

COLIN LOW
Chief Executive Officer

LETTER TO STAPLED SECURITYHOLDERS

Dear Stapled Securityholders,

The COVID-19 pandemic is an unprecedented event to hit mankind since early 2020, with such speed and adverse impact on human lives, livelihoods and the world economy.

For FHT, our business is in hospitality which has been greatly affected by the pandemic. Thus, for financial year ended 30 September 2020 (**FY2020**), our portfolio performance across all countries where we operate in and our financial results have been severely affected by the lockdowns, border closures, and other control measures imposed by governments worldwide to stop the spread of COVID-19.

We have been quick to respond by taking painful but necessary measures to proactively contain costs and conserve cashflows in collaboration with our hotel and serviced residence operators. They include closing of rooms and amenities by floors, operating with minimum manning levels, putting staff on furlough, freezing all discretionary expenses, and suspending non-essential capital expenditure.

We have been given the opportunity to support some local government agencies in their efforts to contain the spread of the virus by providing hotel accommodation for returning residents serving their quarantine orders or stay-home notices. Two of them, namely Novotel Melbourne on Collins and Sofitel Sydney Wentworth, continue to do so today.

As movement restrictions gradually eased in Australia, Singapore and Japan, our properties in these countries continue to look for every revenue opportunity by actively pursuing domestic travel or staycation business. In addition, some have launched new offerings to serve the evolving needs in their local markets while others are exploring new uses of existing space to drive more revenue.

For instance, InterContinental Singapore has different 'Work from Hotel' packages targeting at those who are bored with working from home or need a quiet and private workspace. At ANA Crowne Plaza Kobe, a private club has been launched for an exclusive group of over 300 members, giving them private access to the hotel's facilities and fine dining venues. However, our business remains adversely impacted, in the absence of international travel.

FINANCIAL PERFORMANCE

For FY2020, we reported gross revenue (**GR**) of S\$88.6 million and net property income (**NPI**) of S\$59.8 million, down 40.9% and 46.4% year-on-year (**yoy**) respectively. The declines were partially mitigated by the better performance in the first quarter of FY2020 as well as the contractual fixed rent under the master lease agreements.

With the lower NPI, our distributable income attributable to Stapled Securityholders (**DI**) for FY2020 decreased yoy by 64.4% to S\$29.9 million. We have decided to conserve cash by opting to pay 90.0% of our DI as distribution and retain 10.0% or S\$3.0 million for working capital purposes. This would be well in line with FH-REIT's policy of paying at least 90% of its DI as distribution. Consequently, our FY2020 distribution per Stapled Security (**DPS**) was 1.3982 cents, down 68.3% yoy. Based on our closing unit price of S\$0.43 as at 30 September 2020, this would translate to a distribution yield of 3.3%.

Our distributions are paid on a semi-annual basis. We distributed 0.3287 cents as interim DPS on 29 June 2020 and the final DPS of 1.0695 cents will be paid on 29 December 2020.

PORTFOLIO PERFORMANCE

FHT has a global portfolio of 15 quality assets, most of which are in prime locations within key gateway cities in Asia, Australia and Europe.

As of 30 September 2020, our investment portfolio was valued at S\$2.25 billion by independent valuers, down 3.5% from S\$2.33 billion a year ago. The valuations of all country portfolios in local currency terms declined yoy, ranging from -4.7% for the Australia and Singapore portfolios to -11.0% for the Germany portfolio. The declines were primarily due to the weakened performance of the properties as their cap rates and discount rates were either unchanged or largely similar to those of last year. However, when compared to last year, all functional currencies have appreciated against the Singapore dollar this year, leading to a smaller yoy decline of 3.5% in total portfolio valuation.

As a result of the detrimental impact brought about by the COVID-19 outbreak, the performance of all country portfolios has suffered.



In Australia, the impact of the pandemic hit our properties in Sydney and Melbourne since March 2020 when the Australian government closed all borders, ordered temporary closure of food and beverage establishments, and banned mass gatherings leading to the cancellation of events and conferences.

In Melbourne, a second wave of COVID-19 infections saw the state of Victoria being declared a state of disaster in early August 2020 while in Sydney, social distancing measures continue to be in place despite the gradual easing of restrictions since May 2020.

Although the pandemic has negatively affected the operating performance of our Australia portfolio, the decline was partially mitigated by the isolation business secured by Novotel Melbourne on Collins and Sofitel Sydney Wentworth. The Australian government's JobKeeper Payment and property level cost-saving measures also helped in further mitigating the decline.

Singapore, being a global city reliant on international tourism, has been severely impacted by the COVID-19 outbreak. For FY2020, our Singapore portfolio reported a yoy decline of 39.1% and 40.9% in gross operating revenue (**GOR**) and gross operating profit (**GOP**) respectively.

Fraser Suites Singapore showed greater resilience in performance as more than 60% of the serviced residence's guests are long stays. As such, its revenue per available room (**RevPAR**) declined 22.7% yoy in comparison to the 45.1% decline in RevPAR reported by InterContinental Singapore for FY2020. The hotel, on the other hand, benefitted from the isolation business it secured from late March to early September 2020, hosting returning residents who served their 14-day stay-home notices. The Singapore government's Job Support Scheme have helped both properties to preserve jobs and conserve cashflow.

To reduce the spread of COVID-19, the UK government ordered all non-essential businesses and premises including hotels, restaurants and bars to close on 23 March 2020. The mandatory closures of our properties from April to early July 2020 contributed largely to the 52.4% yoy decline in GOR and 69.0% yoy decline in GOP for our UK portfolio. However, the government's Job Retention Scheme and deferral of VAT payments for 3 months from April to June 2020 helped cushion the severe impact from the pandemic.

Since July 2020, all properties have resumed operations, except ibis Styles London Gloucester Road. The hotel remains closed as it is more reliant on the transient travel business which has yet to pick up.

In Japan, the impact of the pandemic saw ANA Crowne Plaza Kobe's GOR decline 47.4% yoy for FY2020 as demand for inter-prefecture travel was hit by the weak Japanese economy. The hotel also reported significantly lower food and beverage revenue as its banqueting business had been affected since Feb 2020, when the Japanese government advised its people to avoid conferences and mass gatherings.

Although the government allowed companies to claim up to 50% of staff salary, subject to a cap of ¥15,000 per staff per day, and defer tax payment for a year with no interest imposed, the hotel's GOP declined 63.7% yoy due to its high proportion of fixed payroll costs.

For FY2020, the GOR and GOP of The Westin Kuala Lumpur saw a yoy decline of 55.9% and 92.1% respectively. Considering the impact of the COVID-19 outbreak, the Malaysian government launched several initiatives to assist businesses which included the exemption of the 6% service tax on accommodation and hotel services from 1 March to 31 August 2020 and the exemption from the mandatory human resource development levy from 1 April to 30 September 2020. While these measures helped partially mitigate the negative impact of the pandemic, demand remained weak. We have suspended the hotel's operations since 1 May 2020 in order to conserve cashflow.

In Germany, Maritim Hotel Dresden has also not been spared from the impact of the COVID-19 outbreak. The hotel's performance was negatively affected by the temporary closure of the adjoining International Congress Centre due to the pandemic, but this was partially offset by demand from the domestic leisure segment. Consequently, it reported a 23.2% decline in GOR and a 30.0% decline in GOP yoy.

PRUDENT RISK AND CAPITAL MANAGEMENT

At FHT, we aim to deliver long-term growth in distribution and net asset value to our Stapled Securityholders by managing and expanding our portfolio within our risk capacity and risk appetite.

Taking a disciplined and prudent approach in managing our capital structure and financial risks, we continue to maintain a healthy balance sheet that ensures continual access to funding at optimal cost.

In March 2020, we made a pre-emptive drawdown of a S\$30 million revolving credit facility (**RCF**) to augment our liquidity position in view of the rising uncertainty due to the COVID-19 outbreak and concerns over a prolonged recession ahead which could result in a tightening of the credit market.



“In the near-term, we continue to operate in a highly challenging environment, with the resurgence of COVID-19 weighing on the performance of our portfolio.

Despite the significant uncertainty, we continue to prepare for the eventual recovery of international tourism and remain confident in the long-term fundamentals of the markets where we have presence in.

Meanwhile, we think that the lifting of domestic travel restrictions is likely to help our properties in Australia, Japan and the UK recover sooner than the rest of our portfolio, given their sizeable domestic markets.”

As at 30 September 2020, our gross borrowings totalled S\$889.4 million while our gearing stood at a healthy 37.7%, within the 50% limit set by the Monetary Authority of Singapore.

Our weighted average debt to maturity was 3.62 years, with loan maturities well spread out from 2022 to 2026 and no more than 30% of our borrowings due in any given year, thus mitigating concentration of refinancing risk.

Furthermore, our borrowings were refinanced at very competitive rates, with effective cost of borrowing at 2.3%, down from 2.5% as at 30 September 2019.

To give us further financial flexibility, we have, subsequent to FY2020, accepted a bank facility letter to convert an existing S\$50 million uncommitted RCF in October 2020 to a 3-year committed RCF as well as another facility letter for a 1-year committed RCF of S\$40 million.

To manage our foreign currency risks associated with the capital values of our overseas assets, we have created a natural hedge by borrowing in the same currency as the underlying asset. This has been achieved either through direct borrowing in the foreign currency, or via cross currency swap which is at a lower cost of funding.

As at 30 September 2020, approximately 74.9% of our borrowings have been secured on fixed interest rates while 96.3% of our borrowings consist of unsecured debt, providing greater flexibility for future financing.

SUSTAINABILITY REPORTING

On the sustainability front, we continued to promote good environmental, social and governance (ESG) practices by working closely with our hotel and serviced residence operators, business partners, employees and other key stakeholders.

Together with Frasers Property, we have strengthened our sustainability strategy and set our goal to achieve carbon neutral status by 2050. Work plans and timelines for priority areas have been developed to set us focused on realising our goal.

We also participated in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment for the second time and maintained our score of 61 with a 2-star rating for our ESG performance. FHT’s sustainability focus and efforts are elaborated in our 6th Sustainability Report.

AWARDS AND RECOGNITION

Over the course of the year, many of our properties continued to be recognised as the preferred accommodation for business and leisure travellers across the globe.

For the World Travel Awards 2020, InterContinental Singapore was named Singapore’s Leading City Hotel and Fraser Suites Edinburgh won the title of Scotland’s Leading Serviced Apartments for the 4th consecutive year.

All of our Australia properties, InterContinental Singapore, ANA Crowne Plaza Kobe, The Westin Kuala Lumpur and Fraser Suites Edinburgh were bestowed the Agoda 2020 Customer Review Awards. This coveted recognition was given to hotels with an average review score of 8.0 or above, from customer reviews based on location, service, cleanliness, facilities and price.

InterContinental Singapore and The Westin Kuala Lumpur were also proud recipients of the TripAdvisor Traveller’s Choice Awards 2020, with the former being ranked amongst the top 25 luxury hotels in Singapore.

In March 2020, Fraser Suites Singapore was named Partner of the Year for Asia Pacific by Synergy Global Housing, a leading global accommodation provider in the business travel and workforce mobility industry.

In recognition of our efforts and achievements in upholding high standards of corporate governance and maintaining good compliance record, SGX has included FHT in the SGX Fast Track, which provides prioritised clearance for all our submissions of corporate actions to the SGX RegCo.





▲ Novotel Melbourne on Collins

OUTLOOK FOR FY2021

According to the World Tourism Organization (**UNWTO**), international tourist arrivals for the first 8 months of 2020 fell 70.0% yoy. Despite a growing number of countries easing travel restrictions, many governments remain cautious in view of the development of the COVID-19 pandemic.

Based on the assumptions of a gradual and linear lifting of travel restrictions, the availability of a vaccine or treatment, and the return of traveller confidence, the UNWTO anticipates yoy growth in international tourist arrivals in 2021 and that it would take 2.5 to 4 years for tourist arrivals to return to the 2019 levels. UNWTO also expects domestic tourism to return faster and stronger than international travel.

Presently, 13 properties in our portfolio are open for business while ibis Styles London Gloucester Road and The Westin Kuala Lumpur remain closed temporarily. In Australia, Novotel Melbourne on Collins and Sofitel Sydney Wentworth have further secured new contracts with the local government agencies for the isolation business.

In the near-term, we continue to operate in a highly challenging environment, with the resurgence of COVID-19 weighing on the performance of our portfolio.

Despite the significant uncertainty, we continue to prepare for the eventual recovery of international tourism and remain confident in the long-term fundamentals of the markets where we have presence in.

Meanwhile, we think that the lifting of domestic travel restrictions is likely to help our properties in Australia, Japan and the UK recover sooner than the rest of our portfolio, given their sizeable domestic markets.

We continue to have ample debt headroom and sufficient liquidity to ride through these extraordinary times. The master lease structure for our properties also helps to mitigate the adverse impact of the pandemic.

ACKNOWLEDGEMENTS

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

We also wish to thank the Board of Directors for their counsel and contributions, and the Management for their dedication and hard work.

We wish everyone well and hope you stay safe and healthy.

Law Song Keng
Chairman

Colin Low
Chief Executive Officer

FINANCIAL REVIEW

S\$ million unless otherwise indicated	FY 2019	FY 2020	Change %
Gross Revenue (GR)	149.8	88.6	(40.9)
Net Property Income (NPI)	111.7	59.8	(46.4)
Distributable Income Attributable to Stapled Securityholders (DI)	83.9	29.9	(64.4)
Distribution per Stapled Security (DPS) (S cents)	4.4129	1.3982 ²	(68.3)

GR AND NPI

FHT started the financial year positively with the first quarter of FY2020 financial results achieving improvement in GR¹ and NPI by 4.3% and 6.8% yoy respectively. The momentum on positive financial results was however abruptly truncated with the outbreak of COVID-19, which was an unprecedented shock to the global economy.

In combating the spread of the virus, governments around the world imposed numerous measures, including international and domestic border closures, lockdowns, and movement controls. In the UK, the government mandated restaurants to temporarily cease operations, and subsequently extended the mandate to hotels and serviced residences, prohibiting the acceptance of new guests.

Most international airlines and cruises also temporarily suspended their operations amid the COVID-19 pandemic. All these measures and the anxiety over the rapid spread of infections significantly and adversely impacted the global economy and hit the travel and hospitality industries especially hard. It was inevitable that our financial results for the full year were decimated as a result.

In FY2020, FHT recorded GR of S\$88.6 million and NPI of S\$59.8 million, a decline of 40.9% and 46.4% as compared to FY2019 respectively. To a large extent, the declines had been cushioned by the receipt of minimum rental income under the master lease agreements, which provided downside protection to FHT against sub-optimal operating performance of our properties.

Our asset management team worked very closely with the hotel and serviced residence operators to optimise operating performance through numerous cost rationalisation initiatives and securing alternative revenue streams which include the stay-home notice and isolation businesses to replace both transient and corporate business.

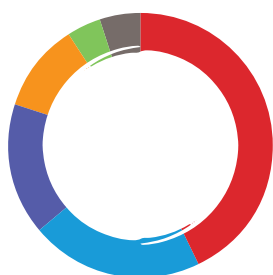
In FY2020, foreign exchange had negligible net impact of -0.1% on our GR and NPI. The British pound, Japanese yen and Euro had strengthened against the Singapore dollar, ranging from 1.1% to 3.3%, while the Australian dollar and Malaysian ringgit had depreciated in the range of 0.6% to 1.8% against the Singapore dollar.

¹ GR comprised mainly master lease rental income and GOR from managed hotel (Novotel Melbourne on Collins).

² FY2020 DPS is based on 90.0% of FY2020 DI.

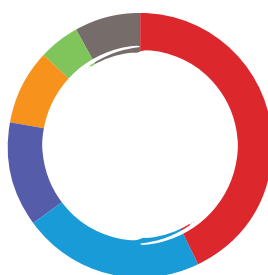
The breakdown of GR and NPI by country is as follows:

FY2019 GR



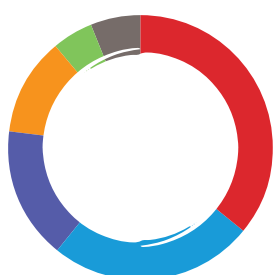
Australia	43%
Singapore	21%
UK	16%
Japan	11%
Malaysia	4%
Germany	5%

FY2020 GR



Australia	43%
Singapore	22%
UK	13%
Japan	9%
Malaysia	5%
Germany	8%

FY2019 NPI



Australia	36%
Singapore	25%
UK	16%
Japan	12%
Malaysia	5%
Germany	6%

FY2020 NPI

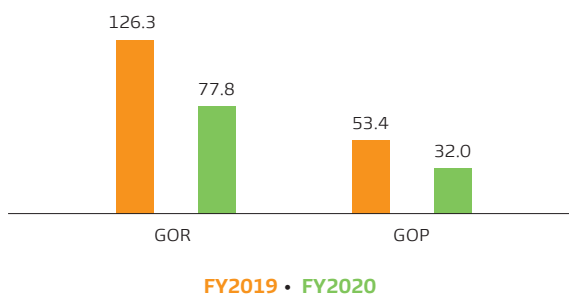


Australia	38%
Singapore	25%
UK	14%
Japan	8%
Malaysia	7%
Germany	8%

The COVID-19 pandemic has led to a shift in our GR and NPI contribution by countries in FY2020. In particular, the mandated temporary closure of our UK properties from April to early July 2020 resulted in the decline in our UK portfolio’s GR and NPI contribution by 3 percentage points and 2 percentage points respectively.

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

Australia Portfolio
(A\$ million)



In Australia, our portfolio of properties started off positively in the first quarter of FY2020, with GOR and GOP recording a yoy growth of 1.9% and 5.4% respectively, albeit in a weak and challenging market due to bush fires in December 2019 across southeast Australia encompassing the New South Wales (NSW) and Victoria states. Notwithstanding the declaration of state of emergency across NSW and Victoria, the operating performance of our properties improved yoy.

The performance of our Australian portfolio began to deteriorate when both states had to grapple with the onslaught of bush fires and the COVID-19 pandemic simultaneously. To control the spread of the virus, the Australian government imposed a slew of measures including closures of international borders, restrictions on inter-state travel and social distancing, all of which significantly dampened the demand for rooms and hospitality services.

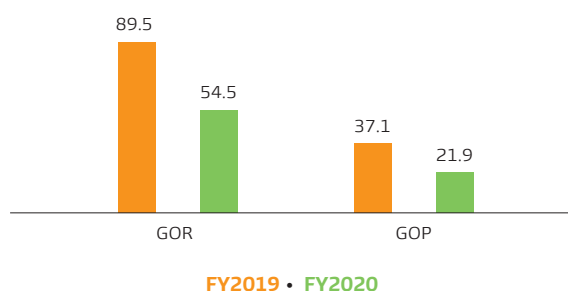
As COVID-19 was prevalent over a large part of FY2020, our portfolio performance was negatively impacted by unprecedented weak demand for rooms and hospitality services. Despite the extremely challenging operating environment, both Sofitel Sydney Wentworth and Novotel Melbourne on Collins successfully secured the isolation business from the state governments. While these contracts were competitively priced, they were in support of the government efforts

to contain the spread of infections, and they also provided both properties certainty of revenue, thereby cushioning the decline in GOR and GOP yoy. It is also noteworthy that both hotels secured these contracts against strong competition in a weak and challenging market, which is testament to the strength of the properties' attributes in meeting the stringent requirements imposed by the government.

Over at Novotel Sydney Darling Square, the decline in the hotel's operating performance was generally in line with the hospitality industry-wide decline. On the other hand, Fraser Suites Sydney recorded a more muted yoy decline in its operating performance as it was more resilient with the long-stay business.

Numerous efforts on sourcing for alternative businesses and cost containment measures, together with the government grants and reliefs (such as Jobkeepers Payment), helped to sustain the operations at optimal level. Notwithstanding, our Australia portfolio still suffered a significant yoy decline in GOR and GOP amid the COVID-19 pandemic.

Singapore Portfolio (S\$ million)



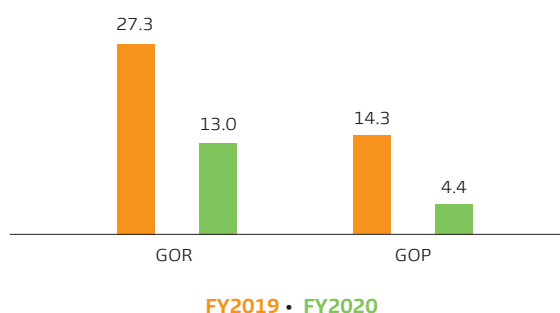
Our Singapore portfolio achieved an improvement of 6.9% in RevPAR in the first quarter of FY2020 on the back of higher average daily rate (ADR) and occupancy, resulting in an increase of 2.6% in GOR and 2.0% in GOP yoy. The portfolio took a turn for the worse when the COVID-19 outbreak struck Singapore in late January 2020.

When the Singapore government imposed border closure and implemented a circuit breaker to control the spread of COVID-19, demand for rooms and food and beverage was negatively impacted. To counter the weak room demand, our asset management team, together with the property team on the ground, was quick to pursue alternative revenue streams. InterContinental Singapore successfully secured the stay-home notice business from a government agency from late March to early September 2020. This had fortunately helped mitigate the sudden absence in demand for rooms and food and beverage businesses.

Fraser Suites Singapore was more resilient to the sudden change in room demand as its long-stay business helped cushion the negative impact of the pandemic. Between February and September 2020, it reported occupancy of 50% to 80%.

Notwithstanding the cost rationalisation efforts and government grants and support such as the Job Support Scheme, the operating performance of both properties was still below the optimal level. Consequently, the Singapore portfolio GOR and GOP suffered a decline yoy.

UK Portfolio (£ million)



Our UK portfolio recorded a decline of 52.4% and 69.0% in GOR and GOP respectively in FY2020 due to the impact of the COVID-19 outbreak. This was despite the portfolio achieving growth of 5.5% yoy in GOR and 7.3% yoy in GOP in the first quarter of FY2020.

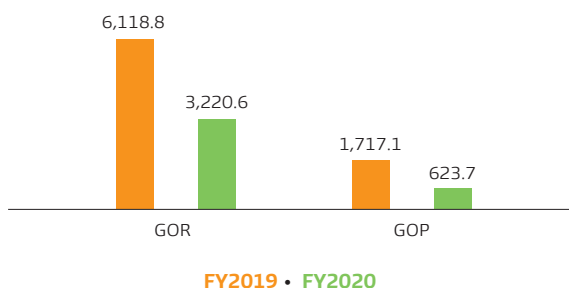
The UK was one of the countries more severely impacted by the spread of COVID-19. This led the UK government to implement a slew of measures to contain the spread of infections. Apart from border closure to international traffic, the government also mandated hotels and serviced residences to temporarily suspend operations from April to early July 2020. As such, our UK portfolio was in operation for less than 9 months (as compared to 12 months in FY2019). This contributed to the significant decline in the portfolio operating performance for FY2020. With the exception of ibis Styles London Gloucester Road, all properties in the UK portfolio have resumed operations after the restrictions were lifted in early July 2020.

ibis Styles London Gloucester Road has remained temporarily closed in light of the weak demand for rooms in London. As a strategy, it was financially prudent to suspend the hotel operation so as to consolidate and re-channel all business to Fraser Suites Queens Gate London and Park International London which are located in the same area.

Despite the easing of restrictions, the trading environment remained subdued in comparison with FY2019.

On the whole, our UK portfolio recorded occupancy of 46.2% (FY2019: 90.2%), ADR of £113 (FY2019: £122) and RevPAR of £52 (FY2019: £110).

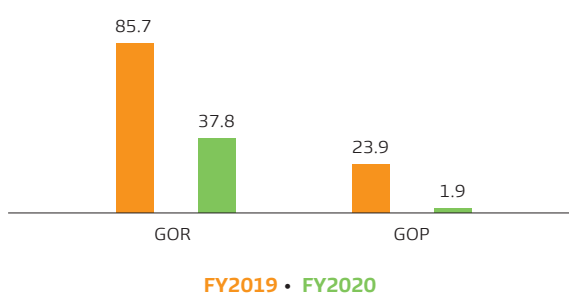
Japan Portfolio (¥ million)



The operating environment in Kobe has been challenging even before the COVID-19 pandemic. In the first quarter of FY2020, ANA Crowne Plaza Kobe saw a yoy decline of 3.3% in GOR while its GOP increased yoy by 13.1% due to cost savings arising from the streamlining of operations. These early efforts and continual review for operational efficiencies helped mitigate the impact of the COVID-19 outbreak.

For FY2020, the hotel reported a 47.4% decline in GOR and 63.7% decline in GOP due to weaker room revenue. Its food and beverage revenue was also impacted by subdued demand for banqueting due to reduced corporate budget in the light of the overall weak economic performance.

Malaysia Portfolio (RM million)



The Westin Kuala Lumpur saw green shoots when it achieved a 7.5% increase in GOR and 46.4% increase in GOP in the first quarter of FY2020. The significant improvement in GOP arose from lower operating costs, mainly through a sustainability drive to improve energy efficiency which led to savings in utilities expense.

The growth was short-lived when Kuala Lumpur market was hit by the impact of the COVID-19 outbreak. In mid-March 2020, the Malaysian government implemented a movement control order which eventually evolved into a recovery movement control order. To conserve cashflow, The Westin Kuala Lumpur has temporarily ceased operation since May 2020 as there were no signs of a sustainable market with Kuala Lumpur moving in and out of numerous movement controls.

As the hotel was only in operation for 7 months in FY2020, its operating results for FY2020 were significantly lower than FY2019.

GERMANY PORTFOLIO

In Germany, Maritim Hotel Dresden has also not been spared from the impact of the COVID-19 outbreak. The hotel's performance was negatively affected by the temporary closure of the adjoining International Congress Centre due to the pandemic, but this was partially offset by demand from the domestic leisure segment. Consequently, it recorded a 23.2% decline in GOR and a 30.0% decline in GOP yoy. However, its operational statistics are not reported due to limitations imposed by the master lease agreement.

DISTRIBUTIONS

In FY2020, FHT registered DI of S\$29.9 million, a decline of 64.4% yoy as a result of lower GR and NPI. To conserve cash, we opted to pay 90.0% of our DI as distribution to Stapled Securityholders and retain 10.0% or approximately S\$3.0 million for working capital purposes. This was well in line with FH-REIT's policy to pay at least 90% of its DI as distribution. Consequently, DPS for FY2020 was 1.3982 cents, down 68.3% yoy.

PRUDENT CAPITAL AND RISK MANAGEMENT

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

Underpinning these objectives, we have developed a framework of policies and guidelines to actively manage our capital structure and loan portfolio mix, which have a direct impact on our 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 FHT has 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.

We continue to tap on different sources of financing for our funding requirements.

In March 2020, we discontinued the engagement of Moody's Investors Service to maintain a corporate credit rating. It should be noted that credit rating agency may on its own accord continue to provide a corporate credit rating for FHT.

As at 30 September 2020, our weighted average debt maturity was 3.62 years (30 September 2019: 4.63 years). Our loan maturities are more widely spread out across 2022 to 2026, with no more than 30% of our borrowings due in any one year to mitigate concentration of refinancing risk. In addition, 94.3% (30 September 2019: 94.1%) of our assets were unencumbered, thus providing for operational and financial flexibility. We maintained an interest cover of 2.3 times (FY2019: 4.7 times).

FH-REIT's S\$100 million perpetual securities is subject to first call on 12 May 2021. These perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the issuer.

As at 30 September 2020, our gross borrowings were S\$889.4 million (30 September 2019: S\$858.0 million), with an interest rate averaging 2.3% per annum for FY2020 (FY2019: 2.5% per annum). Despite the refinancing of term loans with longer tenure and higher borrowings incurred to finance capital expenditure on asset enhancement initiatives, our interest expense in FY2020 was lower. We benefited from the low interest rate environment as approximately 25.1% (30 September 2019: 31.1%) of our total borrowings were on floating interest rates. Conversely, we have approximately 74.9% (30 September 2019: 68.9%) of total borrowings on fixed interest rates which helped to safeguard against interest rate volatility and provided certainty of interest expense.

Our leverage ratio as at 30 September 2020 was 37.7% (30 September 2019: 35.1%). The higher ratio arose mainly due to the decline in total portfolio valuation as well as increase in borrowings to finance capital expenditure for asset enhancement initiatives. However, the higher leverage ratio has not changed the risk profile of

FHT and is well within the 50.0% (2019: 45.0%) limit set by the Monetary Authority of Singapore

As at 30 September 2020, we have undrawn RCF of S\$45 million. We also have an unutilised balance of S\$660 million from the S\$1 billion multicurrency debt issuance programme that was established in January 2016.

In October 2020, we successfully converted our existing uncommitted multicurrency money market line facility of S\$50 million to a 3-year committed RCF, and accepted a new committed RCF of S\$40 million with a 1-year tenure. These added on to the existing S\$20 million committed RCF which was part of the S\$370 million facility agreement dated 27 June 2019.

When managing our foreign currency risks associated with the capital values of our overseas assets, we adopt a natural hedging strategy by borrowing in the same currency as the underlying asset to the extent possible. As at 30 September 2020, we achieved between 25% and 78% natural hedging for our portfolio of assets denominated in foreign currencies.

We will continue to actively manage our capital structure and financial risks to meet our stated objectives.



PORTFOLIO VALUATION



▲ Fraser Suites Glasgow

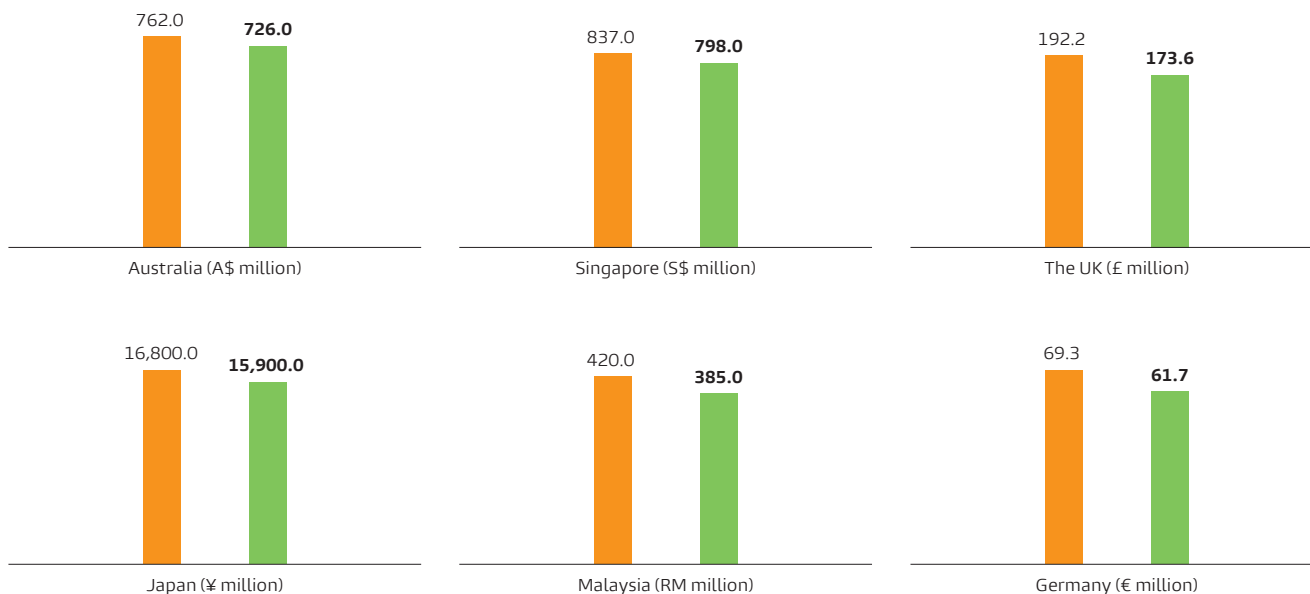
ASSET PORTFOLIO VALUATION

FHT has a portfolio of 9 hotels and 6 serviced residences with a total of 3,913 rooms in Australia, Singapore, the UK, Japan, Malaysia, and Germany. As at 30 September 2020, the portfolio’s valuation was S\$2.3 billion, 3.5% lower yoy. The decline was mainly due to the unprecedented circumstances that the COVID-19 pandemic has brought about on the operating numbers of all properties, and the

unknown future impact that the pandemic might have on the real estate market and the hospitality industry.

In local currency terms, the total valuation for Australia, Singapore, the UK, Japan, Malaysia and Germany declined yoy by 4.7%, 4.7%, 9.7%, 5.4%, 8.3% and 11.0% respectively.

Valuation in Local Currency by Geography



FY2019 • FY2020

OPERATIONS REVIEW¹

Australia

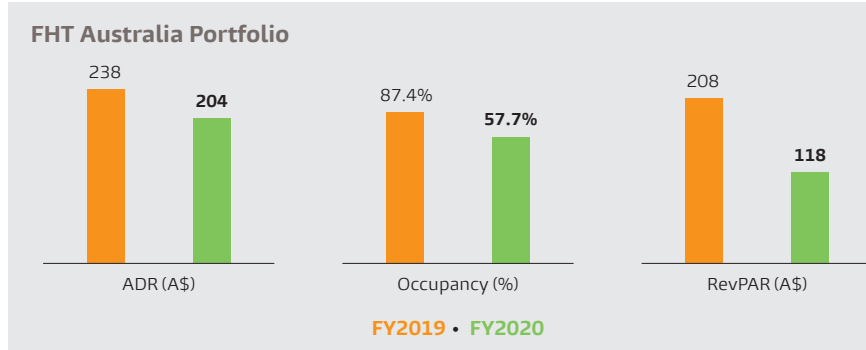
Melbourne is recognised as Australia's cultural and sporting centre, attracting domestic and international visitors for its food and wine, café culture, thriving arts scene and the plethora of major national and international sporting events. For the year ended March 2020, a total of 17.6 million visitor nights were recorded, which is a decline of 2.7% from last year. Domestic market contributed 67.0% of visitor nights to Melbourne, with average length of stay at 2.4 nights for domestic travellers and 4.6 nights for international travellers. Due to the COVID-19 pandemic, the hotel performance in Melbourne registered a RevPAR decline of 42.4% yoy for period ended September 2020. This is mainly due to the occupancy decline of 38.0% over the same period. ADR, on the other hand, decreased 6.8% to A\$181.8.

Significant new supply is expected to enter the Melbourne market over the next 3 years. These new projects present 5,238 rooms or 20.4% of the current supply. However, due to the COVID-19 outbreak, most of the hotel developments which have received planning approvals but have not commenced construction are put on hold. Many are unlikely to proceed for an extended period. Of the new supply, majority are upscale (36.2%), followed by luxury (31.5%) and upper upscale (20.4%).

Sydney, the capital city of NSW with its geographic proximity to Asia, has earned the reputation as the "Gateway to Asia". For the year ended March 2020, the city recorded a total of 19.4 million visitor nights, a 2.7% decline from the same period last year. The domestic market accounted for 59.3% of Sydney's visitor nights, with an average



▲ Sofitel Sydney Wentworth



length of stay of 2.2 nights for domestic travellers and 4.4 nights for international travellers.

Sydney's supply pipeline currently comprises 3,746 rooms which are either under construction or put on hold. This represents an increase of 8.5% over the current stock. As a result of the double impact of the NSW bushfires and the COVID-19 pandemic, the Sydney accommodation market has taken a severe hit in 2020. Its year-to-date (YTD) September 2020 occupancy was down to 51.9%, from 83.1% a year ago. Its ADR for the same period was A\$204.7 as compared to A\$222.9 for the same period last year while RevPAR was A\$106.3, down from A\$185.2 last year.

FHT's four properties in Australia performed in line with the market in FY2020, with declines in RevPAR ranging from 38.2% to 48.1%. Amongst them, Fraser Suites Sydney secured the isolation business from April to May 2020 while Novotel Melbourne on Collins and Sofitel Sydney Wentworth had the isolation business from April 2020 to September 2020.

The Australia portfolio's RevPAR declined 43.3% to A\$118.0 yoy. GR for the portfolio decreased 38.7% yoy to A\$40.9 million while NPI declined 42.2% to A\$24.0 million.

1 Source of market data in Operations Review: Market Overview Report by CBRE, pages 28 to 45.

Singapore

Tourist arrivals in Singapore for 2019 marked a growth of 3.3% yoy to 19.1 million visitors. However, the positive momentum could not be continued for 2020 due to the COVID-19 outbreak. For 9 months into 2020, there were only about 2.7 million visitors, a drastic decline of 81.2% over the same period in 2019, when 14.3 million international visitors were received, according to the Singapore Tourism Board. All key source markets recorded yoy declines. China, the top source market in 2019, saw the sharpest decline in the number of visitors to 342,000, down 88.0% yoy. Other key source markets such as Indonesia, Malaysia and India also recorded yoy declines of 80.1%, 83.0% and 83.9% respectively. As international travel came to a standstill, tourism receipts likewise dropped yoy by 39.0% to S\$4.0 billion for first quarter of 2020.

The hotel supply pipeline in Singapore is expected to remain muted in the near-term up to the year 2022. In 2021 and 2022, key openings include the reopening of 347-key Pan Pacific Orchard as well as the entrance of two new brands to Singapore, namely the 204-key EDITION by Marriott and the 350-key Pullman Singapore located along Hill Street.

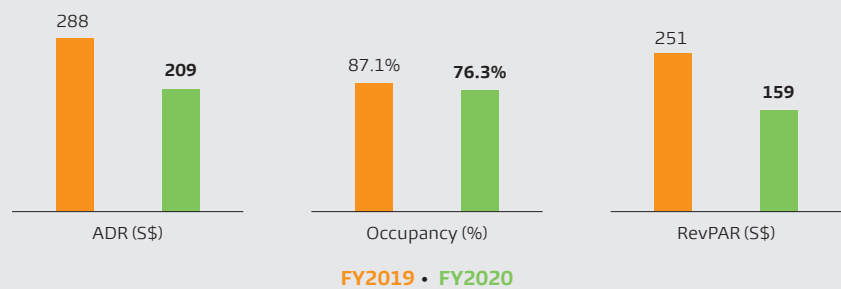
Hotel performance for YTD September 2020 took a hit with RevPAR seeing a sharp decline of 56.7% against the preceding period to S\$99.6. The decline was attributed to both lower occupancy and ADR levels, with ADR declining by 44.8% and occupancy by 18.3% against the preceding period.

FHT's Singapore portfolio recorded a decline in RevPAR of 36.7% in FY2020 to S\$159.1. At InterContinental Singapore, the hotel's RevPAR declined 45.1% to S\$141.2. It managed to secure the government stay-



▲ InterContinental Singapore

FHT Singapore Portfolio



home notice business from late March to early September 2020. The hotel's performance was in line with the market.

Fraser Suites Singapore, on the other hand, reported a RevPAR decline of 22.7% to S\$187.4. The property's long-stay business has provided much resilience to the Singapore portfolio during these challenging times.

FHT's Singapore portfolio reported a GR of S\$19.5 million, down 39.4% yoy while NPI declined yoy by 44.8% to S\$15.1 million.

UK

According to the International Monetary Fund (IMF), the UK economy is facing its sharpest downturn in a century, due to the impact of the COVID-19 outbreak and the ongoing uncertainty around the terms of Brexit and future trading arrangements. The UK GDP experienced a record decline of 20.4% in the second quarter of 2020, the worst slump of any major European economy in the same period. The latest forecast made by VisitBritain, as of 25 August 2020, predicted that the UK 2020 inbound tourism would decline by 73.0% yoy to 11.0 million visitors and tourist spend would decline by 79.0%.

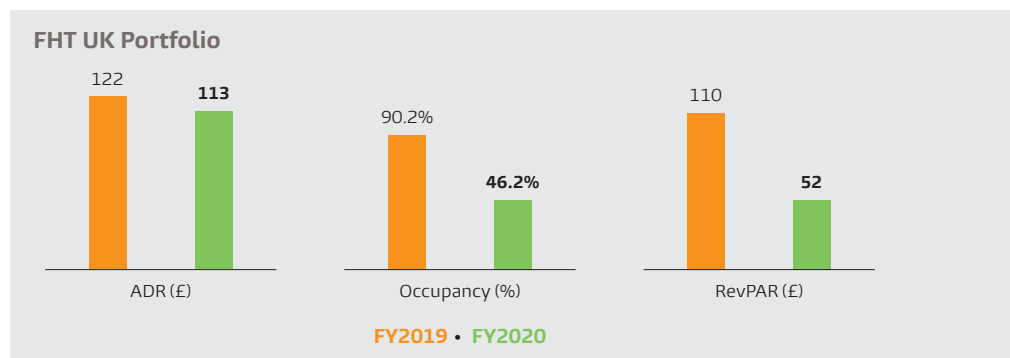
Average room supply growth is projected to be 3.3% per annum from 2020 to 2022, led by an estimated 4.0% increase in 2020. With the COVID-19 pandemic disruptions, some hotel developments are likely to be delayed or scrapped. According to Hotstats (a provider of data benchmarking, analytics and marketplace insights for global hospitality sectors), as at YTD September 2020, RevPAR for London hotels declined yoy by 73.1% from £147.8 to £39.8, primarily due to a sharp drop in occupancy from 81.6% to 27.9%.

As the capital city of Scotland, Edinburgh is one of the most popular destinations for domestic city breaks, while international visitors often see it as the gateway to Scotland and use it as a base from which to explore the wider territory. Over 70% of Edinburgh's overseas visitors are leisure travellers, which is more than in any other UK city, including Glasgow (54.5%) and London (50.7%). Due to the COVID-19 outbreak, Tourism Economics forecasts that the number of international visitors to Edinburgh is expected to fall from 1.8 million in 2019 to 0.7 million in 2020, reflecting a 62.7% yoy decline. In addition, domestic visitors are also expected to decrease 40.5% to approximately 0.3 million.

A total development pipeline of 78 projects, which if completed, would add 8,004 rooms to the current supply in Edinburgh. According to the latest Hotstats data, due to the COVID-19 pandemic, the YTD September 2020 RevPAR for Edinburgh hotels decreased yoy by



▲ Park International London



76.4% from £120.8 to £28.5, due mainly to the sharp decline of 62.3% in occupancy (31.8% YTD September 2020 against 84.5% a year ago).

Glasgow has experienced significant growth in recent years, building on the success of the 2014 Commonwealth Games. However, due to the COVID-19 pandemic, Tourism Economics forecasts that the number of international visitors to Glasgow is likely to fall from 0.5 million in 2019 to 0.2 million in 2020, reflecting a 66.0% decline yoy. In addition, domestic visitors are expected to decline 41.8% to approximately 1.1 million.

The development pipeline in Glasgow remains strong, with 50 hotel projects identified and offering 6,964 bedrooms. However, many have either been deferred or are still awaiting planning. According to Hotstats, as at YTD September 2020, RevPAR for Glasgow hotels dropped

yoy by 66.4% from £71.6 to £24.0, primarily due to a sharp decline in occupancy from 84.2% to 35.9%.

Due to the COVID-19 pandemic, all 6 properties of FHT were mandated by the UK government to close from April 2020 to the first week of July 2020. All properties have since reopened except ibis Styles London Gloucester Road. The hotel continues to suspend its operations in order to conserve cashflow.

Our 4 properties in London registered a RevPAR decline of 54.4% to £52.9. Fraser Suites Edinburgh's RevPAR dropped 53.1% to £55.6 and Fraser Suites Glasgow's RevPAR declined 37.5% to £45.4. Overall, our UK portfolio's RevPAR declined 52.5% to £52.1.

For FY2020, GR for our UK portfolio declined 54.0% to £6.2 million and NPI declined 55.9% to £4.6 million.

Japan

The number of tourists in Kobe in 2019 increased 0.7% compared to the previous year. Due to the impact of the COVID-19 outbreak, the number of overnight visitors to Kobe from January to July 2020 dropped by 53.0% yoy. The Japanese government has started a “Go To Travel” campaign since October 2020, encouraging its residents to travel throughout Japan by reimbursing 35% of their costs of travel, up to ¥20,000 per stay per person. The number of tourists and lodgers in Kobe is expected to increase due to the campaign.

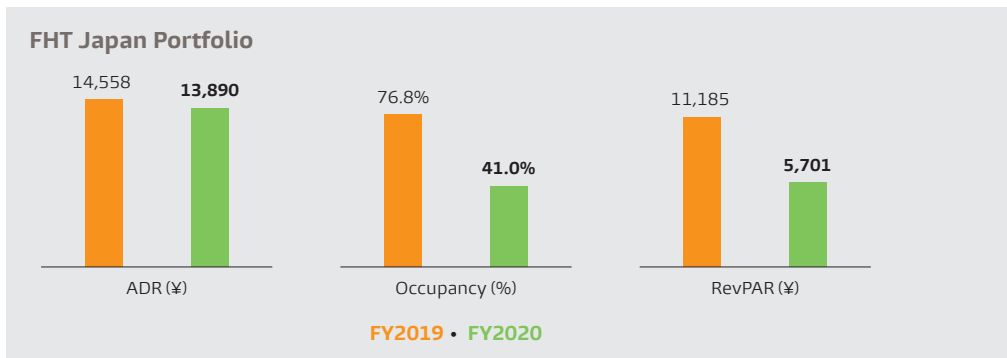
In Kobe, 4 new hotel openings are being planned. They are limited-service hotels located in the surrounding area of Sannomiya Station. According to STR (a provider of data benchmarking, analytics and marketplace insights for global hospitality sectors), there are approximately 50 hotels with estimated 9,000 rooms in Kobe. As a percentage of existing supply, the new supply in Kobe is lower than the other major Japanese cities. Furthermore, majority of the new supply are limited service hotels which will not be in direct competition with our hotel, ANA Crowne Plaza Kobe.

According to STR, the average occupancy in Kobe dropped to 32.3% for YTD August 2020, compared to 79.9% over the same period in 2019, while ADR recorded a yoy decline of 10.1% to ¥14,021.1. Consequently, RevPAR was ¥4,524.6 for YTD August 2020, representing a decline of 63.7% yoy.

The performance of ANA Crowne Plaza Kobe was severely impacted by the COVID-19 pandemic as it registered a RevPAR decline of 49.0% yoy to ¥5,700.9 in FY2020. This led to a decline in GR of 54.9% to ¥605.2 million and a decline in NPI of 66.8% to ¥368.6 million.



▲ ANA Crowne Plaza Kobe



Malaysia

In 2019, Malaysia reported tourist receipts of RM86.1 billion and welcomed a total of 26.1 million tourists which represented a steady growth of 1.0% yoy. However, the COVID-19 pandemic has adversely affected its tourist arrivals in 2020. For the period from January to June 2020, tourist arrivals dropped 68.2% yoy as the spread of COVID-19 led to a ban on international flights. Tourist arrivals, especially from China, slowed tremendously in the first quarter of 2020 since the Chinese New Year. This was followed by travel restrictions in the second quarter of 2020 with limited tourist arrivals.

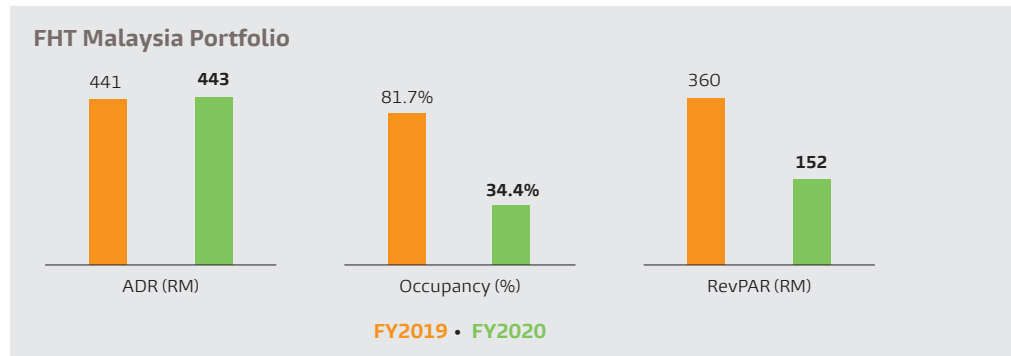
The new hotel supply in Kuala Lumpur is expected to remain limited, with close to 7,321 rooms or 23 hotels in the pipeline until 2023. Most of the new hotel openings have been delayed as construction works were halted during the Movement Control Order (MCO) imposed to curb the spread of COVID-19. The city is expecting a completion of only 448 rooms in 2020, bringing the total number of rooms in the city to 42,851.

Hotel occupancies in the city have decreased by an average of 52.3% yoy to 31.6% as at YTD June 2020, marking the lowest occupancy in the past decades. The average room rate was affected too, reduced by 11.7% yoy to RM311.6 as at YTD June 2020. With the conditional MCO extended in Kuala Lumpur, the overall market is seeing slower recovery.

Due to the COVID-19 pandemic, The Westin Kuala Lumpur has suspended its operations since 1 May 2020. The temporary suspension is a deliberate action to conserve cash for the property. The suspension has led to a 21.2% decline in the hotel's GR to RM14.8 million while its NPI decreased 23.2% to RM13.1 million.



▲ The Westin Kuala Lumpur



Germany

In 2019, Dresden's commercial establishments recorded 2.3 million arrivals and 4.7 million overnight stays, registering an increase of 3.1% in arrivals and 1.6% in overnights compared to 2018 figures. The average length of stay in hotels remained relatively stable in the past 3 years at around 2.0 days. The city witnessed increasing interest by travellers in the last 10 years, with arrivals and overnight stays to accommodation establishments rising by a compound annual growth rate of 3.7% and 3.2% respectively. However, due to the COVID-19 pandemic, for YTD July 2020, the city recorded a total of 0.6 million visitors and 1.3 million overnight stays in all establishments, a decline of 48.7% and 46.8% respectively compared with 2019.

The development pipeline in Dresden represents a significant increase in room count. Approximately 1,600 rooms are currently under construction or in the planning phase, and are scheduled to open by the end of 2022. They make up approximately 13.0% of the existing hotel room supply and comprise a mixture of economy, midscale and upscale hotels, with economy hotels accounting for 46.0% of the new supply.

Due to the COVID-19 pandemic which resulted in lockdown and travel restrictions, Dresden saw a sharp decrease in occupancy by 42.8% to 39.3% for YTD September 2020. Coupled with a decline in ADR by 6.4% to €73.8, RevPAR dropped 46.4% to €29.0.

Maritim Hotel Dresden is a triple-net leased property which was acquired in June 2016. In FY2020, its GR and NPI were €4.4 million and €3.2 million respectively.



▲ Maritim Hotel Dresden

KEY EVENTS

October 2019

- We declared a final distribution of 2.1741 cents per Stapled Security for the period from 1 April 2019 to 30 September 2019. The distribution was paid on 27 December 2019.

November 2019

- Moody's Investor Service (**Moody's**) affirmed our Baa2 rating in recognition of our quality portfolio and strong liquidity. However, Moody's changed our outlook rating from stable to negative to reflect the weakened operating environment in Australia.
- In recognition of our efforts and achievements in upholding high standards of corporate governance and maintaining good compliance record, SGX has included FHT in the SGX Fast Track, which provides prioritised clearance for all our submissions of corporate actions to the SGX RegCo.

January 2020

- FHT's 5th annual general meeting was held on 14 January 2020 and all resolutions proposed were duly passed.
- We recorded a 6.1% improvement in DPS for the first quarter of FY2020, on the back of better performance across our entire portfolio.

March 2020

- We ceased the engagement of Moody's to maintain our corporate credit rating.
- On 27 March 2020, we voluntarily provided an update on the impact of the COVID-19 outbreak.

In addition, we guided that our financial performance for the second quarter of FY2020 would be adversely affected as compared to the same period last year.

We also disclosed that our UK properties would be temporarily closed from April 2020 due to mandatory orders by the UK government, and that cost containment measures have been undertaken to mitigate the negative impact of the pandemic.

May 2020

- We announced that for the second quarter of FY2020, our GR and NPI declined yoy by 41.5% and 52.0% respectively.

To conserve cash during this challenging period, we decided to retain S\$25.3 million or 80.0% of our distributable income for the first half of FY2020. Consequently, we declared an interim distribution of 0.3287 cents per Stapled Security for the period from 1 October 2019 to 31 March 2020. The distribution was paid on 29 June 2020.

- Following the amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited which took effect from 7 February 2020, we announced that we would adopt half-yearly reporting of financial results with immediate effect.
- RAM Rating Services Berhad maintained ratings for FHT's sponsored medium term notes issued by Notable Vision Sdn. Bhd. under its RM750 million medium term note programme despite the temporary closure of The Westin Kuala Lumpur from 1 May 2020.

August 2020

- We provided business updates for the third quarter of FY2020, highlighting how the impact of COVID-19 has severely affected our portfolio performance. While most of our UK properties have resumed operations, ibis Styles London Gloucester Road is still closed. The other property which also remains temporarily closed is The Westin Kuala Lumpur.

As the duration of the COVID-19 outbreak remains highly uncertain, we guided that our FY2020 financial performance would be materially and adversely impacted. We also highlighted that our asset portfolio revaluation at our financial year end could further weigh on our FY2020 total return.

MARKET OVERVIEW

REPORT BY CBRE



Melbourne, Australia

MELBOURNE TOURISM MARKET

Melbourne is recognised as Australia's pre-eminent cultural and sporting centre. The cosmopolitan city is situated on the northern banks of the Yarra River, with its historic Victorian bridges. Melbourne attracts domestic and international visitors for its food and wine, café culture, thriving arts scene and the plethora of major national and international sporting events.

Some general key facts include:

- Tourism contributes over A\$16.8 billion annually to the Melbourne economy (Year Ended (YE) March 2020).
- Melbourne has a population of approximately 5.0 million people.
- Melbourne's population is expected to surpass Sydney by 2026, at 6.0 million people.
- The Melbourne-Sydney air route is the second busiest airline route globally.

The domestic market contributes 67.0% of visitor nights to Melbourne, with the international market contributing 33.0%. Melbourne's largest source markets in the YE March 2020 were NSW domestically, and China internationally.

Melbourne's visitor nights to all existing Hotels, Resorts, Motels, Serviced Apartments and Guest Houses (HRMSG) accommodation decreased by 2.7% in YE March 2020 (approximately 17.6 million visitor nights). The average length of stay in HRMSG accommodation was 2.4 nights for domestic visitors, while international visitors stayed an average of 4.6 nights in the YE March 2020.

EXISTING SUPPLY

The Inner Melbourne existing supply market comprises all hotel properties in Melbourne Central Business District (CBD), St Kilda Road, Fitzroy, Southbank, Docklands, Carlton, Parkville, North Melbourne, South Yarra, Prahran, Windsor, South Melbourne, West Melbourne, Richmond, Albert Park and Toorak.

The Inner Melbourne market has expanded considerably in recent years and now contains some 198 establishments with the majority being upscale and midscale classes of accommodation product. There are approximately 25,500 existing rooms with an average establishment size of 130 rooms.

FUTURE SUPPLY

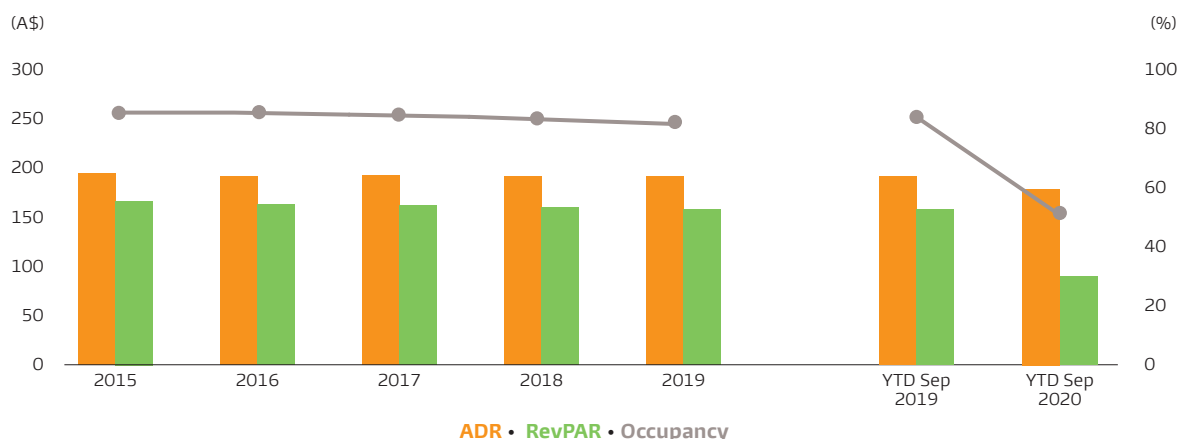
Since the COVID-19 outbreak, CBRE has reconsidered the supply pipeline for Melbourne and has taken a view that:

- Hotel developments which do not yet have planning approval are unlikely to proceed.
- The majority of hotel developments with planning approvals but have not commenced construction are likely to be placed on hold. Many are unlikely to proceed for an extended period.
- Projects which are under construction will proceed, but their completion dates will be extended as construction processes have slowed and ongoing construction finance will become a challenge for some developers.

Based on our research, there are 5,238 rooms which are under construction or likely to proceed, representing 20.4% of the current supply.

Of the new supply, majority are upscale (36.2%), followed by luxury (31.5%) and upper upscale (20.4%).

Melbourne Annual Hotel Performance



Source: STR, CBRE Hotels

HOTEL MARKET PERFORMANCE

Occupancy levels in Inner Melbourne had fallen since 2016 as a large amount of new room supply had entered the market which the market had not been able to fully absorb, despite relatively strong growth in demand over the same period.

RevPAR had remained relatively stable, ranging from A\$162.1 to A\$166.8 between 2016 and 2019. We expect that 2020 will be severely impacted by the COVID-19 outbreak. The YTD September RevPAR dropped to about A\$92.6, whilst average occupancy for the same period was approximately 51.0%. In percentage terms, this is a 42.4% decline in RevPAR from September 2019 and a 38.0% decline in occupancy for the same period.

Whilst occupancies between January and first half of March were healthy, the monthly occupancies in Melbourne fell to around 25.0% since April, before the further drop in the month of September where occupancy was 16.0%. Projected occupancy in Melbourne for 2020 is expected to reach between 35.0% and 40.0%. The overall 2020 ADR has also considered the dilutive impact of the bulk purchase of room nights by the government for the purpose of isolating new arrivals into Australia, which have been bought at a discount to typical room rates. The ADR for September 2020 was about A\$97.4 and A\$181.8 on a YTD basis. This reflects a 48.1% decline in ADR in comparison to September 2019 and approximately a 6.8% decline in comparison to the YTD September 2019 level.

This forecast considers the strong start to the year, and very low occupancies expected for the remainder of the year, taking into consideration the recent COVID-19 developments in Victoria with the stage four lockdown having a detrimental effect.

HOTEL MARKET OUTLOOK

We have forecast continued low occupancy and ADR levels in the first and second quarter of 2021 with expected growth in the second half of 2021. This forecast also considers the dilutive effect of the large amount of new room supply expected to enter the hotel market in 2021.

The ADR forecast accounts for the large amount of new room supply expected to enter the market. Whilst the new hotel stock is expected to achieve a rate premium when compared to the existing hotels, the overall impact of new supply is not expected to be accretive to ADR in its first year as all hotels will be competing for demand which is expected to remain at much lower levels than the market's historic performance.

From 2022 onwards, we expect occupancy levels to gradually increase and stabilise at the expected new market norm (post forthcoming supply increases) to be between approximately 75.0% and 77.0% by the end of 2023. ADR is anticipated to return to 2019 levels in 2023/24, assisted by the expected pent-up demand for travel from the business, education and leisure perspectives.

In terms of the market's overall recovery from the COVID-19 outbreak and the impact of the large supply increases, we do not expect RevPAR to return to the 2019 level of A\$162.0 until 2025/26 where it is forecast to sit between A\$160.0 and A\$165.0.

Sydney, Australia



SYDNEY TOURISM MARKET

Sydney is the most prestigious city in Australia, attracting visitors from all over the world who come to experience the unique blend of Australian culture that comes from the city's multiculturalism, beach culture and thriving, sophisticated metropolis. Long considered the business capital of Australia, Sydney's geographic proximity to Asia has also earned it the reputation as the "Gateway to Asia".

Some general key facts include:

- Tourism contributes over A\$20.0 billion annually to the Sydney economy.
- Sydney is the capital of NSW and has a population over 4.5 million.
- The largest proportion of Asia Pacific regional headquarters in Australia and 48.0% of the top 500 companies by revenue in Australia are based in Sydney.
- The city is one of the world's premier tourist destinations for attractions which include the Sydney Opera House, Harbour Bridge, world famous beaches and the Blue Mountains.

The domestic market contributes 59.3% of visitor nights to Sydney, with the international market contributing 40.7%. Sydney's largest source markets in the YE March 2020 were NSW domestically, and China internationally.

Sydney's visitor nights to all existing HRMSG accommodation decreased by 2.7% in YE March 2020 (approximately 19.4 million visitor nights). The average length of stay in HRMSG accommodation was 2.2 nights for domestic visitors, while international visitors stayed an average of 4.4 nights in the YE March 2020.

EXISTING SUPPLY

The supply of commercial accommodation establishments in Sydney has been relatively stable at 43,917 rooms over recent years with little opportunity for growth given the high barriers to entry.

There has been a slight increase in new properties, generally in metropolitan locations, which on top of softening macroeconomic conditions, has seen occupancy levels reduce from their historic high levels of 85.7% in November 2017.

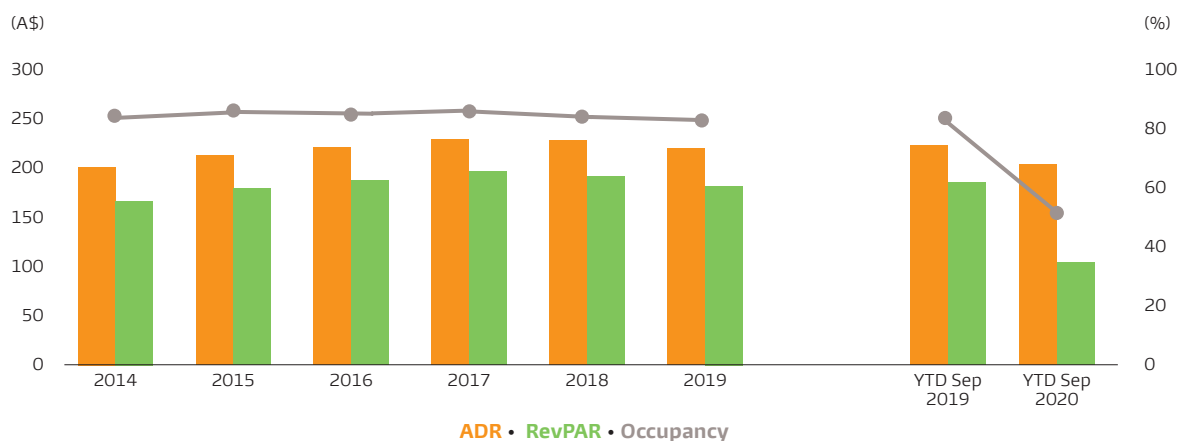
FUTURE SUPPLY

Since the COVID-19 outbreak, we have reconsidered the supply pipeline for Sydney and have taken a view that:

- The majority of hotel developments with planning approvals but have not commenced construction are put on hold at this time with many unlikely to proceed for an extended period.
- Projects which are under construction will proceed, but their completion dates will be extended as construction processes have slowed and ongoing construction finance will become a challenge for some developers.

Based upon CBRE's research, there are 3,746 rooms which are either under construction or put on hold. This represents an increase of 8.5% over the current stock level.

Sydney Annual Hotel Performance



Source: STR, CBRE Hotels

HOTEL MARKET PERFORMANCE

Occupancy levels in Sydney had fallen since 2017 from 85.7% to 82.5% in 2019 as new room supply had entered the market which the market had not yet been able to fully absorb, despite relatively strong growth in demand over the same period.

ADR had reduced slightly from A\$228.9 to A\$220.7 between 2017 and 2019, while RevPAR had dropped from A\$196.2 to A\$182.2 over the same period.

In 2020, the Sydney accommodation market has been severely impacted by NSW bushfires and COVID-19 pandemic. Sydney's YTD September 2020 occupancy was down to 51.9% from 83.1% in September 2019. ADR for the same period was A\$204.7, a decline from A\$222.9 in September 2019 and RevPAR was A\$106.3, down from A\$185.2 last year. These figures have been impacted by hotel closures and hotels utilised for hotel quarantine purposes.

HOTEL MARKET OUTLOOK

In 2021, CBRE forecasts occupancy to start recovering, sitting at approximately 69.0%. This forecast takes into account the dilutive effect of new room supply expected to enter the hotel market over the course of the year. ADR has been forecasted to improve in 2021, which is partly reflective of the anticipated change in segmentation as more corporate and leisure demand are expected compared to lower yielding bulk government demand in 2020. We have also considered the high quality of the new hotel supply expected to enter the market in 2021 which will likely generate good levels of demand (particularly from domestic travellers) at ADR levels that are accretive to the market ADR.

In 2022, occupancy levels are expected to reach 79.0% based upon the assumption that by this time, domestic and international demand will have rebounded post COVID-19 and that there will likely be a pent-up demand for travel in this year from the business, educational and leisure perspectives. ADR is forecast to sit at around A\$221.0 for this year which represents a 3.0% increase on 2021.

From 2023 onwards, CBRE expects occupancy levels to gradually increase with an expectation of Sydney achieving an occupancy level of around 81.0% in 2023. ADR is forecast to increase by 2.5% for 2023 growing above the 2019 calendar year levels on the back of higher quality new stock coming into the market and pent-up international demand.

In terms of the market's overall recovery from the COVID-19 outbreak and the impact of the new supply increases detailed previously, we do not expect RevPAR to return to the 2019 level of A\$182.0 until 2022/23.

Singapore



SINGAPORE TOURISM MARKET

Despite a tough global backdrop, international visitor arrivals to Singapore marked its fourth consecutive year of growth, receiving a total of 19.1 million visitors in 2019, according to statistics released by Singapore Tourism Board (STB). This marks a yoy increase of 3.3% and the robust growth was a result of myriad factors including the introduction of new tourist destination such as Jewel Changi Airport in April 2019, enhanced flight connectivity, hosting of key events such as Singapore Food Festival and collaboration with various industry partners such as Traveloka, to promote Singapore as a preferred destination.

The top 6 source markets for Singapore remained consistent in 2019. China continued to hold its position as the top source market, receiving a total of 3.6 million visitors, capturing a market share of 19.0%. This marked a yoy increase of 6.1%, riding on the back of aggressive marketing efforts such as STB's partnership with Alibaba targeting at Chinese travellers as well as enhanced flight connectivity between the 2 countries. In tandem with the growth in international visitor arrivals, total tourism receipts recorded a yoy increase of 2.8%, reaching approximately S\$27.6 billion in 2019.

However, the positive momentum could not be continued for 2020 due to the COVID-19 outbreak. Various measures including travel restrictions, lockdown, as well as closure of borders to short-term visitors were put in place by countries in an attempt to contain the outbreak. These unprecedented moves have posed enormous challenges for both local and global industries.

For 9 months into 2020, there were only roughly 2.7 million visitors, a drastic decline of 81.2% over the same period in 2019 when 14.3 million international visitors were received, according to STB. All key source markets recorded yoy declines, attributed to the ongoing global pandemic situation. China,

the top source market in 2019, saw the sharpest decline in the number of visitors to 342,000, down 88.0% yoy. Similarly, other key source markets such as Indonesia, Malaysia and India also recorded a decline of 80.1%, 83.0% and 83.9% respectively. As international travel come to a standstill, tourism receipts likewise recorded a yoy decline of 39.0% to S\$4.0 billion for first quarter of 2020.

EXISTING SUPPLY

According to CBRE's research, there were approximately 70,000 hotel rooms as at end 2019. The new additions to Singapore's hotel stock had been significant in the last decade, averaging at an annual addition of 2,700 rooms between 2010 and 2019 with stronger growth in the initial years. A total of 580 and 2,371 rooms were added to the market in 2018 and 2019 respectively, fewer as compared to the early 2010s, likely a result of Urban Redevelopment Authority guidelines to reduce proliferation of hotel rooms that lasted between 2014 to 2018.

Key openings in 2019 include the 130-room YOTELAIR Changi Airport, 3 of Far East's hotels in Sentosa, namely the 606-room Village Hotel Sentosa, the 193-room The Outpost Hotel and the 40-room The Barracks Hotel as well as the reopening of the brand new 115-room Raffles Hotel, amongst others.

FUTURE SUPPLY

Looking ahead, the hotel supply pipeline in Singapore is expected to remain muted in the near-term up to year 2022, with 2022 having the larger inventory. There will only be one hotel opening in 2020, which is the 198-room Laguna Dusit Thani Singapore slated for opening in the fourth quarter of 2020. Apart from hotel openings, the market witnessed the closure of 403-room Novotel Clarke Quay in July 2020 as it undergoes redevelopment to be Singapore's first Moxy hotel, with completion scheduled in 2025.

Additionally, the market also saw the closure of Six Senses Maxwell and Six Senses Duxton in end May 2020. Both hotels, owned by The Garcha Group, are expected to reopen under Marriott International's Autograph Collection in 2021.

In 2021 and 2022, key openings include the reopening of the 347-room Pan Pacific Orchard as well as the entry of 2 new brands to Singapore – the 204-room EDITION by Marriott as well as the 350-room Pullman Singapore located along Hill Street.

Beyond 2022, confirmed projects such as Mandai Resort (338-room), redevelopment of Novotel Clarke Quay to Singapore's first Moxy, Somerset Residences (serviced apartment with hotel licence) along with conversion of other developments are expected to come online. However, amid the global pandemic situation, it is likely that some projects will experience delays in construction, postponements or even cancellations.

HOTEL MARKET PERFORMANCE

Despite global headwinds, Singapore's hospitality market remained robust in 2019 and registered second consecutive year of growth. According to STR, market-wide RevPAR reached S\$231.5 in 2019, growing at 2.1% yoy. The growth was driven by an uptick in occupancy levels, from 83.8% in 2018 to 85.2% in 2019 while ADR levels grew by 0.4% yoy to S\$271.8 in 2019.

For YTD September 2020, hotel performance remained under immense pressure as COVID-19 lingers on. With travel restrictions implemented by other countries and Singapore shutting its borders to short-term visitors effective late March 2020, hotel performance for YTD September 2020 took a hit with RevPAR seeing a sharp decline of 56.7% against preceding period to S\$99.6. The decline was attributed to both lower occupancy and ADR levels, with ADR declining by 44.8% and occupancy by 18.3% against the preceding period. The decline in occupancy levels is partially

mitigated by business arising from stay-home notice and quarantine order as required by the government along with providing accommodation for Malaysian workers who were unable to return to Malaysia due to implementation of MCO in Malaysia. ADR was lower due to lower rates yielded by the government business.

HOTEL MARKET OUTLOOK

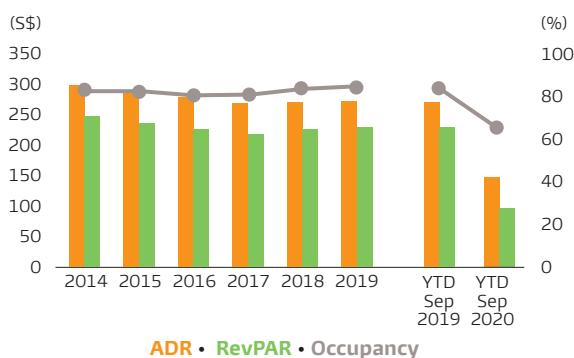
After having Singapore's border shut for close to 3 months since late March 2020, the government has introduced several fast/green-lane arrangements to facilitate essential and business travel with countries that have low COVID-19 transmission rate. Furthermore, as part of the plan to promote recovery in tourism, Air Travel Bubbles scheme has also been introduced, both unilateral (Vietnam, China and Australia) and bilateral (Hong Kong). All of the above mark the beginning of the recovery.

Apart from the abovementioned initiatives, S\$90.0 million has been set aside for tourism recovery under the Resilience Budget and S\$20.0 million by STB for marketing partnership programmes to help hoteliers and the industry tide through this challenging period. With international leisure travel unlikely to reopen anytime soon, attention has been diverted to Singaporeans to encourage domestic tourism as STB launches a S\$45.0 million 9-month marketing campaign to encourage local spending. One of the initiatives include a S\$100 voucher that will be given to Singaporeans aged 18 and above to spend on local attractions.

CBRE anticipates for market-wide RevPAR levels to gradually recover in 2021, supported by an uplift in ADR as hoteliers gradually move away from lower yielding bulk government business in 2020. Thereafter, on the back of Singapore's strong fundamentals, anticipation on gradual reopening of borders, coupled with the abated supply situation up to 2022, CBRE anticipates Singapore's hospitality industry to experience full recovery in 2023/24.

Even though a more prolonged recovery process is expected compared to the SARS outbreak in 2003, CBRE believes Singapore's long-term outlook will remain healthy and is likely to emerge stronger than before. This is riding on the back of a compelling pipeline of infrastructure and tourism offerings including Mandai Makeover, rejuvenation of Sentosa and Pulau Brani, new tourism hub at Jurong Lake District, Changi Airport Terminal 5 and the expansion of both Integrated Resorts. While the construction of projects such as Terminal 5 has been postponed amid the pandemic, projects will still be completed nonetheless. The pandemic hasn't changed the government's commitment to fulfilling mid to long-term tourism and infrastructure plans for Singapore.

Singapore Annual Hotel Performance



Source: STR, CBRE Hotels

Edinburgh, UK



EDINBURGH TOURISM MARKET

Edinburgh has a well-established global reputation as a tourist destination and centre for commerce that supports strong trading performance in the hotel sector.

Edinburgh's tourism market has experienced a transformation in scale over the last 25 years with substantial new infrastructure helping to support more established international events.

The Edinburgh International Conference Centre, Festival Theatre Edinburgh, Dynamic Earth and Royal Yacht Britannia are ensuring those visiting the city for its historical importance and year-round festivals, which attract an estimated 4.0 million visitors per annum, stay longer and spend more throughout the year.

Edinburgh Fringe Festival, which takes place across 323 venues in August, attracted around 3.0 million visitors in 2019 alone. Edinburgh Castle attracted an average of 2.0 million visitors in 2019.

The city is one of the most popular destinations for domestic city breaks, while international visitors often see it as the gateway to Scotland and use it as a base from which to explore the wider territory. The growing number of domestic and international visitors to Edinburgh continues to outperform other parts of Scotland.

Over 70.0% of Edinburgh's overseas visitors are leisure travellers, which is more than in any other city of the UK, including Glasgow (54.5%) and London (50.7%).

Apart from being a key leisure tourism market, Edinburgh is a historically important financial and business centre having major presences from the Royal Bank of Scotland, Lloyds Banking Group, Aegon, Aberdeen Standard, Virgin Money and Tesco Bank.

The Scottish's capital is the preferred conference destination in the UK, after London and this sector is estimated to generate around £300 million a year for the city region.

Due to COVID-19, Tourism Economics forecasts that the number of international visitors to Edinburgh will fall from 1.8 million in 2019 to approximately 0.7 million in 2020, reflecting a 62.7% decline. In addition, domestic visitors will decrease by 40.5% to approximately 0.3 million.

EXISTING SUPPLY

According to CBRE's research, existing hotel supply in the city of Edinburgh comprises approximately 16,956 rooms across 252 hotels, averaging 67 rooms per hotel. Current supply comprises a range of accommodation from budget to 5-star options.

Supply has increased at an average rate of 3.6% per annum since 2011, with 9 new openings since January 2019 (1,055 rooms). The most recent, and largest, was the Yotel Edinburgh on Queen Street within the city centre. A boutique budget offering, the Yotel has added 276 bedrooms to the current supply.

Other notable openings included the 230-bedroom Moxy Edinburgh Airport. The aparthotel market remained strong in Edinburgh as well, with the opening of the 128-bedroom Wilde by Staycity in December 2019.

FUTURE SUPPLY

In terms of future supply, there is a substantial number of hotels in the pipeline, but they are unlikely to all come to the market due to the disruption caused by the COVID-19 pandemic. A total development pipeline of 78 projects, which if completed, would add 8,004 rooms to the

current supply. Of this, there are 13 projects due to complete by December 2021, bringing 1,969 bedrooms to the market.

Edinburgh has an undersupply of 5-star accommodation. However, 2 new developments will go some way to rectify this. Forming part of the St James Centre redevelopment, the W Hotel Edinburgh, which is currently under construction and is due to complete in August 2022, will bring an additional 253 luxury bedrooms into the capital. In addition, the Virgin Hotel, due to complete in June 2021, will offer 225 bedrooms to the market.

HOTEL MARKET PERFORMANCE

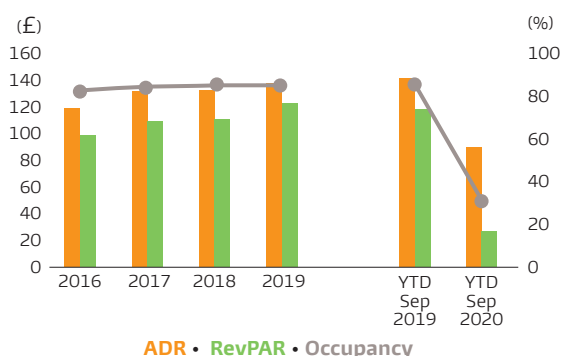
Pre COVID-19, the diverse demand drivers in Edinburgh assist in limiting seasonality, with high occupancy levels all year round, only dropping below 80.0% for 4 months of the year, typically from December to March.

RevPAR grew from £98.3 in 2016 to £114.7 in 2019, which was mainly driven by 14.5% growth in ADR (£118.7 compared to £135.9).

Despite increasing cost pressures, which rose by 4.4% in 2019, the market has enjoyed robust levels of revenue and profit growth over the last 5 years.

According to the latest Hotstats data, due to COVID-19, RevPAR for Edinburgh hotels decreased by 76.4% from £120.8 to £28.5 YTD September 2020, primarily driven by a sharp fall of 62.3% in occupancy (31.8% YTD September 2020 vs. 84.5% YTD September 2019).

Edinburgh Annual Hotel Performance



Source: Hotstats, CBRE

HOTEL MARKET OUTLOOK

Historically, Edinburgh has substantially outperformed all other cities in Scotland and the majority of regional centres across the UK and Ireland. On an ADR basis, London has been the only city achieving higher rates than Edinburgh.

Due to the COVID-19 outbreak, the Edinburgh International Festival Fringe and other summer events were cancelled, which will slow down the recovery despite travel restrictions having been lifted. Against the backdrop of reduced demand, the substantial development schemes of over 1,238 bedrooms currently under construction will further intensify competition in the future. Nevertheless, for hotels in good locations in Edinburgh, threats posed by the increased pipeline are likely to be minimal as Edinburgh remains a desirable destination for both visitors and investors alike.

Based on forecasts by Tourism Economics, domestic demand for UK hotels is expected to recover to 2019 levels by 2022, with international demand not expected to return to 2019 levels until at least 2024. Taking into the consideration increasing supply in the regional UK hotel market, negative RevPAR growth of around 60.0% is forecast in 2020.

Based on industry forecasts and CBRE's in-house analysis, demand is expected to recover with a strong growth rate in excess of 70.0% in 2021, resulting in RevPAR increase of around 75.0% in 2021. Demand for the UK regional hotels is forecast to drop by 50.0% in 2020, resulting in 60.0% decrease in RevPAR. Compared to the significant drop for London hotels, the resilience of the UK regional hotels is primarily supported by the UK domestic demand. With the lifting of lockdown restrictions both domestically and internationally, occupancy of the UK regional hotels is expected to achieve approximately 65.0% yoy growth in 2021 whereas ADR growth is forecast to be around 4.0%. As a result, yoy RevPAR growth is forecast to be approximately 70.0% in 2021. However, at this growth rate, RevPAR in 2021 is anticipated to account for less than 70.0% of what has been achieved in 2019. In general, RevPAR of Edinburgh hotels is forecast to return to 2019 levels in 2024.

Glasgow, UK



GLASGOW MARKET OVERVIEW

Glasgow has experienced significant growth in recent years, building on the success of the 2014 Commonwealth Games. Utilising the infrastructure that was created, the city has managed to attract other large sporting events and played joint hosts to the European Athletic Championships in 2018 with Berlin.

The new 12,000 capacity SSE Hydro has also been a great success with a spike in revenue and occupancy evident at nearby hotels when the venue plays host to larger acts and events.

The city is also home to the Royal Conservatoire of Scotland, the Theatre Royal and scores of smaller internationally famous music and event venues which help to drive leisure demand.

Building upon solid foundations, the city of Glasgow has reinvented itself as a modern and vibrant cultural hub which is attracting not only new leisure customers but also new corporate occupiers.

Major corporate institutions such as Barclays Bank are bringing jobs to the city through the creation of a new hub on the southside of the Clyde. Further, KPMG has plans to create a new hub within its existing office on St Vincent Street which is expected to generate up to 400 new jobs.

Coupled with good existing demand from corporate clients for room nights and conference and events space, the Glasgow Hotel market has been a key target market for a number of operators and this has led to a surge in supply in recent years.

However, due to the COVID-19 pandemic, Tourism Economics forecasts that the number of international visitors to Glasgow will fall from 525,800 in 2019 to 178,900 in 2020, reflecting a 66.0% decline yoy. In addition, domestic visitors are expected to decrease by 41.8% to approximately 1.1 million.

SUPPLY AND PIPELINE OVERVIEW

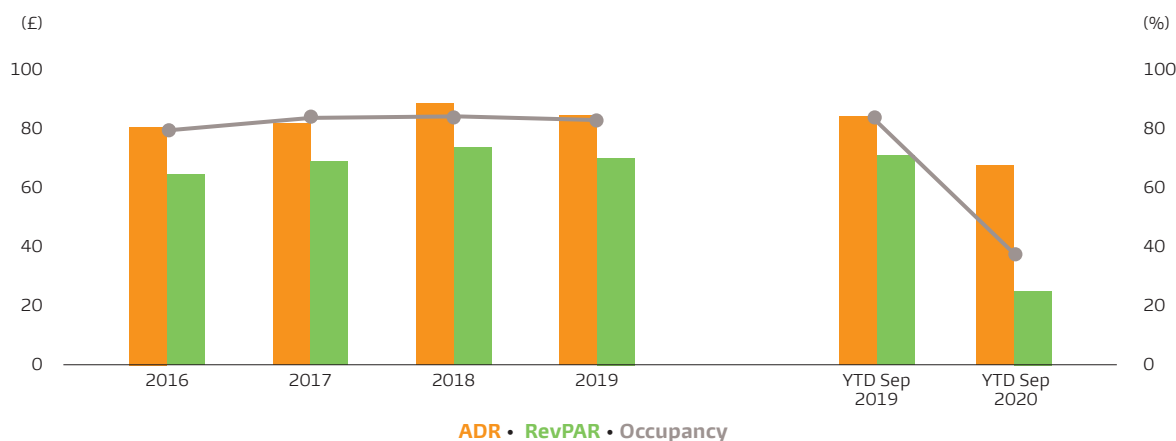
Supply in Glasgow has grown by some 2,176 bedrooms across 19 hotels since 2015. The largest opening to date is the 374-bedroom Motel One which commenced trading in 2018, followed by the 174-bedroom Radisson Red in 2018, and the 181-bedroom Moxy Glasgow Merchant City in 2018.

The development pipeline remains strong, with 50 hotel projects identified and offering 6,964 bedrooms. However, many have either been deferred or are still awaiting planning. There are 8 projects which are scheduled to open by December 2021. Once completed, they will provide an additional 1,852 bedrooms across a variety of brands.

These include the 300-bedroom Maldron Glasgow due to open in June 2021, the 294-bedroom Clayton Glasgow due to open in October 2021 and the 216-bedroom Courtyard Glasgow SEC due to open in July 2021.

These hotels are currently under construction and once open, will increase the competition in the market and will put downward pressure on occupancy and ADR of hotels in the local market. Of the 8 hotels to be launched within the next year, only the 43-unit George Street Complex Apartments is independently branded.

Glasgow Annual Hotel Performance



Source: Hotstats, CBRE Hotels

HOTEL MARKET PERFORMANCE

Glasgow hotels experienced strong yoy growth in 2018, achieving a RevPAR increase of 7.0% between 2017 and 2018. However, due to the increasing supply, RevPAR of hotels in Glasgow declined by 5.4% in 2019, primarily driven by the falling room rates.

According to Hotstats, as at YTD September 2020, RevPAR for Glasgow hotels decreased yoy by 66.4% from £71.6 to £24.0, primarily driven by a sharp fall in occupancy from 84.2% to 35.9%.

HOTEL MARKET OUTLOOK

A significant portion of demand for Glasgow hotels is generated by corporates, conferences and people attending entertainment events held at the Scottish Event Campus, which includes the SSE Hydro. Hence, it is expected that Glasgow market will have a slower recovery than other regional cities in the UK post COVID-19. As corporate budgets are likely to be reduced, hotels that are reliant on revenues generated by the corporate segment and meetings, incentives, conference and events (**MICE**) business are likely to be hit harder.

According to forecasts by Tourism Economics, domestic demand for the UK hotels is expected to recover to 2019 levels by 2022 with international demand not expected to return to 2019 levels until at least 2024.

Based on industry forecasts and CBRE's in-house analysis, demand for the regional UK hotels is forecast to drop by 50.0% in 2020, resulting in 60.0% decrease in RevPAR. Compared to the significant drop for London hotels, the resilience of the regional UK hotels is primarily due to domestic demand. With the lifting of lockdown restrictions both domestically and internationally, occupancy of the regional UK hotels is expected to achieve approximately 65.0% yoy growth in 2021 whereas ADR growth is forecast to be around 4.0%. As a result, RevPAR yoy growth is forecast to be approximately 70.0% in 2021. However, at this growth rate, RevPAR in 2021 is anticipated to account for less than 70% of pre-COVID levels. In general, RevPAR of Glasgow hotels is forecast to return to 2019 levels post-2024, taking into the consideration of increasing supply in the Glasgow market.

London, UK



LONDON TOURISM MARKET

According to the IMF, the UK economy is facing its sharpest downturn in a century, affected by the potential and existing impacts of the outbreak of COVID-19 and ongoing uncertainty around the terms of Brexit and future trading arrangements.

Oxford Economics forecast the UK economy to decline significantly by 10.8% in 2020, followed by a strong recovery in 2021, with forecast growth of 15.5%. According to the Office for National Statistics, the UK GDP experienced a record decline of 20.4% in the second quarter of 2020, the worst slump of any major European economy in the second quarter of 2020.

The latest forecast made by VisitBritain, as at 25 August 2020, predicts that inbound tourism to the UK in 2020 will decline by 73.0% to 11.0 million visitors and tourist spend will decline by 79.0% to £6.0 billion.

In 2020, the number of international tourists visiting London is forecast to decrease by 60.5%, down from 16.2 million to 6.4 million, with average per night spends anticipated to decrease by 83.7% yoy to £119.6 per visitor. On the domestic front, visitor numbers are forecast to decrease by 40.1% in 2020 compared to 2019.

EXISTING SUPPLY

The London hotel market comprises an estimated 1,819 hotels with 164,179 bedrooms, representing around 23.8% of the overall UK room supply. The average room supply growth was around 2.2% per annum from 2015 to 2019. Inner London, including the City of London, still has the greatest concentration of stock; being home to 129,251 bedrooms across 1,691 hotels.

London has a greater weight of branded properties compared to other regions of the UK. Premier Inn (including hub by Premier Inn) is now the most ubiquitous brand, having grown to a total of 95 hotels providing 14,462 bedrooms, which forms 8.8% of the entire room supply within the capital.

Development in the branded budget sector continued apace between 2016 and 2020, accounting for around 33.3% of the total London supply increase, which included 53 hotels offering 5,992 bedrooms. Upscale class hotels have also seen a significant increase in the last five years, increasing by 22.7% (equating to 36 hotels with 4,081 bedrooms), driven by the rapid growth of branded hotels.

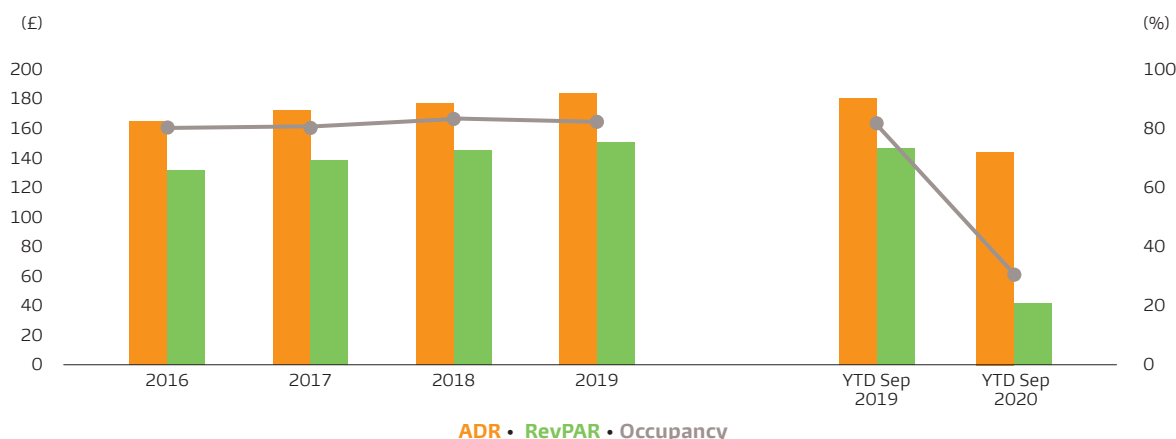
In 2018, increasing demand at 4.1% for London hotels outpaced room supply at 2.0%. However, this trend converged in 2019 with both demand and supply rate achieved at 2.0%.

FUTURE SUPPLY

Average room supply growth is projected to be 3.3% per annum in the period from 2020 to 2022, led by an estimated 4.0% increase in 2020, although due to COVID-19 disruptions, some hotel developments are likely to be delayed or scrapped. The development pipeline is focused on Inner London although Outer London has experienced strong growth in recent years due to limited development opportunities available within the Inner-London boroughs.

The popularity of the serviced apartment sector continues to strengthen in London as well, with a 4.9% rise in room numbers in 2019 (11 new openings with 1,396 rooms). New openings include the 300-room Wilde Aparthotels by Staycity on the Strand and the 300-room Citadines Wembley, which is due to open in Q1 2021. The

London Annual Hotel Performance



Source: Hotstats, CBRE

landscape of the serviced apartment sector has changed dramatically over the past decade as operators have transitioned into adopting a more flexible, hotel-oriented approach to marketing properties, in contrast to the original longer stay residential models.

HOTEL MARKET PERFORMANCE

London hotels had experienced strong growth in 2019, achieving a RevPAR increase of 3.2%. However, escalating payroll costs had seen profit margins across the industry being squeezed. London was not exempted from this, with payroll costs rising by 5.5% in 2019.

Pre COVID-19, London hotels remained highly profitable; GOP increased from £89.0 to £90.0 per available room between 2018 and 2019; an increase of 1.0%.

According to Hotstats, as at YTD September 2020, RevPAR for London hotels decreased by 73.1% from £147.8 to £39.8, primarily driven by a sharp fall in occupancy from 81.6% to 27.9% on a yoy basis.

HOTEL MARKET OUTLOOK

Based on the current trading data available, London hotels are set to experience a sharper decline in trading performance compared to the regional UK hotels due to its heavy reliance on international tourism. As corporate budgets are likely to be reduced, hotels that rely on revenues generated by the corporate segment and MICE business are likely to be hit harder. Nevertheless, once COVID-19 is contained and international travel restrictions are eased, the London market is anticipated to rebound strongly and recover to its pre-COVID level faster than the majority of regional markets.

Based on forecasts by Tourism Economics, domestic demand for the UK hotels is expected to recover to 2019 levels by 2022 with international demand not expected to return to 2019 levels until at least 2024. Taking into the consideration the increasing supply in London, negative RevPAR growth in the region of 75.0% is forecast in 2020.

Based on industry forecasts and CBRE's in-house analysis, whilst demand for London hotels is forecast to be -65% in 2020, occupancy for London hotels is expected to recover with a strong yoy growth rate in excess of 95.0% in 2021 whereas ADR growth is forecast to be in the region of 10.0%. As a result, yoy RevPAR growth is forecast to be approximately 115.0% in 2021, resulting in a RevPAR of £70.0, which is approximately half of what has been achieved in 2019. Overall, taking into consideration forecasts of tourism volume made by VisitBritain, recovery of major airport passenger volume in the UK predicted by airports, and the macroeconomic data of the UK, RevPAR of London hotels is forecast to return to 2019 levels in 2024.

Kobe, Japan



KOBE TOURISM MARKET

The number of tourists in Kobe in 2019 increased by 0.7% compared to the previous year. The main reason for the increase was due to the Golden Week, a long national holiday, being 10 days, which was longer compared to the previous years.

According to the tourist trend survey by Kobe, approximately 80.0% of tourists were on a day trip and a large percentage of them were from the Kinki area. As for the age composition of the tourists, those in their 30s made up the largest group; however, those over 40 accounted for 50.0%.

Most of the guests in Hyogo prefecture were Japanese, with domestic visitors being stable since 2015 and slightly increasing in 2019.

About 40.0% of guests in Hyogo prefecture stay for business trip purposes. However, the number of guests for tourism purposes has been increasing yoy, led by inbound tourists.

In Japan, the number of COVID-19 cases surged from the end of March 2020, and the Japanese government declared a state of emergency in 7 prefectures, including Tokyo and Osaka, on 7 April 2020, and expanded the declaration to the whole country on 16 April 2020, in an attempt to manage the situation. Partly thanks to that, the number of people infected with COVID-19 began to decrease steadily from mid-May, and the declaration was cancelled in 39 prefectures on 14 May 2020 and in all remaining areas, including Tokyo and Osaka, on 25 May 2020. However, the situation still requires continuous monitoring and the need for caution remains.

Due to the impact of the COVID-19 outbreak, the number of overnight visitors in Kobe from January to July 2020 dropped by 53.0% yoy. However,

there has been a gradual improvement in numbers since June, even though there was a drop of 36.0% yoy in July.

The Japanese Government has started a 'Go To Travel' campaign since October 2020, encouraging its residents to travel throughout Japan by reimbursing 35% of the cost of travel up to ¥20,000 per stay per person. The number of tourists and lodgers in Kobe is expected to increase due to the campaign.

EXISTING SUPPLY

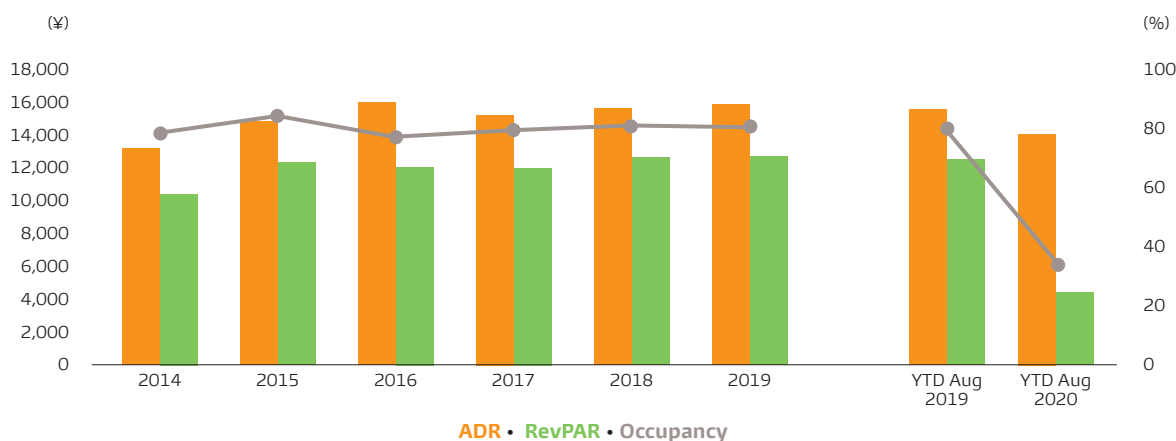
Both the numbers of hotels and guest rooms in Kobe have been on a slightly upward trend since 2011. Most of the recent new supply has been limited-service hotels. There are only 5 full-service hotels in Kobe, with 4 of them located in the seaside area and most were built in the 1980s or 1990s.

FUTURE SUPPLY

Rapid growth in inbound tourist has spurred the development of new hotels across Japan until the outbreak of COVID-19. However, this is expected to slow down due to the pandemic.

As for the new supply of hotels in Kobe that can be confirmed, 4 new openings are planned. They are limited-service hotels located in the surrounding area of Sannomiya Station. According to STR, there are approximately 50 hotels with an estimated 9,000 rooms in Kobe. As a percentage of existing supply, the new supply in Kobe is lower than those in other major Japanese cities. Furthermore, majority of the new supply are limited-service hotels.

Kobe Annual Hotel Performance



Source: STR, CBRE Hotels

HOTEL MARKET PERFORMANCE

According to the 'Weekly Hotel and Restaurant' published by Ohta Publications Co. Ltd., the occupancy of Kobe had been rising until 2015. This was due to the spillover of guests from Osaka as the city's supply could not meet the demand. However, along with the increased hotel supply in Osaka, occupancy in Kobe has been on a downward trend since 2016. More recently, occupancy in Kobe decreased in 2018 impacted by natural disasters, such as typhoons and earthquakes. However, occupancy levels increased slightly in 2019 due to the effect of the Rugby World Cup.

According to STR, the average occupancy in Kobe fell to 32.3% for YTD August 2020, compared to 79.9% over the same period in 2019, as a result of COVID-19 outbreak. Similarly in the same period, ADR recorded a yoy decline of 10.1% to ¥14,021.1. Consequently, overall RevPAR levels reached ¥4,524.6 for YTD August 2020, a yoy decline of 63.7%.

HOTEL MARKET OUTLOOK

The hotel market has been largely affected by the COVID-19 outbreak. We consider a recovery process from the impact of the pandemic in Japan as follows:

- The recovery of the Japanese hotel market would progress gradually. Full recovery is not expected until the development of vaccines and medication.
- Domestic demand, which accounts for about 80% of total accommodation guests, will recover first, especially business travel demand. Thereafter, Japanese short-distance travel and nature/resort-oriented tourism which involves no crowd and high-end hotels are expected to recover.

- The Tokyo Olympics and Paralympic Games could serve as a stimulus for the recovery of inbound demand and strengthen the pace of recovery.

As for Kobe hotel market, it has not sufficiently benefited from the growing number of inbound tourists to Japan as Kobe Airport caters primarily to domestic flights and very few selective charter international flights. However, the operation rights of the airport were privatized in 2018, with Kansai Airport taking over the entire operation of the 3 airports, Kansai International Airport, Itami Airport and Kobe Airport. Accordingly, the regulations of Kobe Airport were eased, and it was decided that the number of departures and arrivals of the national airline could increase. Considering the limited capacity at Kansai International Airport and the possibility that the Airport cannot accommodate all the visitors to the Osaka Expo, the authority will also expand the hours of departures and arrivals of Kobe Airport by 2025. Furthermore, the service of international airlines for the Osaka Expo in 2025 is being considered. Once COVID-19 ends and the international airline services commence at Kobe Airport, it is expected that the number of inbound tourists to Kobe will increase.

Kuala Lumpur, Malaysia



KUALA LUMPUR TOURISM MARKET

Malaysia welcomed a total of 26.1 million tourists in 2019, in a steady growth of 1.0% yoy, and attracted significant tourist receipts totalling to RM86.1 billion. ASEAN arrivals continued with its robust growth, while other international markets such as China, India, South Korea, Japan, the Philippines and Vietnam also reported yoy growth. Apart from the significant growth from China and India arrivals, the diversion of tourists away from the riot in Hong Kong to other ASEAN destinations had added to the increase in tourist arrivals in Malaysia. Zooming into Kuala Lumpur (KL), the state received a total of 22.6 million domestic tourists in 2019, a steady growth of 18.1% yoy, with total domestic tourist receipts totalling to RM12.1 billion. KL remains a strong domestic tourism destination in view of improved infrastructure and Ringgit volatility that encourage local trips.

With the target of 30 million tourist arrivals set for the Visit Malaysia 2020 (VM2020) campaign, the government has extended the Electronic Travel Registration and Information so as to accommodate more tourists, contributing to the significant growth in China and India arrivals.

However, the COVID-19 pandemic has affected the overall tourist arrivals. Tourist arrivals in January to June 2020 dropped by 68.2% yoy, as the spread of COVID-19 led to a ban on international flights. The tourist arrivals especially from China slowed down in the first quarter of 2020 since the Chinese New Year. This was followed by travel restrictions in the second quarter of 2020 with limited foreign tourist arrivals. As part of the recovery path, the government has been focusing on domestic tourism with campaigns launched to replace VM2020.

EXISTING SUPPLY

Out of the overall KL supply, 40.1% are located within the primary area, well-distributed within tourist destinations and shopping districts such as Bukit Bintang and KLCC enclaves. On the back of the stable growth in the KL tourism market in the recent years, the KL hotel market has seen the entry of notable luxury brands including St. Regis, Four Seasons, Kempinski and Jumeirah hotel.

The number of hotel rooms totalled 42,583 rooms by 146 hotels as at 2019, reflecting a 1.6% yoy growth in supply. Notable new openings included EQ Hotel in the city centre, whilst, Four Points by Sheraton Chinatown, Citizen M Hotel and Best Western Bangsar Trade Centre are located within the fringe of Kuala Lumpur. The supply growth slowed down in 2019 with 656 rooms after the supply hike in 2016 to 2018 averaging at 2,200 rooms annually.

The local hotel industry has been severely impacted by the pandemic with most hotels in KL experiencing low occupancy averaging at 20.0% and operating partially after the MCO started on 18 March 2020. The pandemic has affected the hotel operations and some hotels have ceased operations or closed temporarily to undergo major renovations. For instance, Parkroyal KL is currently closed for renovation works, Sheraton Imperial KL has ceased operations until December 2020 and G-Tower Hotel has ceased operations altogether after suffering the losses for years. Following the closure of G-Tower Hotel (180 rooms) and no new hotel opening as at first half of 2020, the total hotel and room stock in KL comprises 145 hotels and 42,403 rooms.

FUTURE SUPPLY

With travel restrictions to be continued until the end of 2020, new hotel supply in KL is expected to remain limited, with close to 7,321 rooms or 23 hotels in the pipeline until 2023. New hotel openings and completions have been delayed as the construction works were halted during MCO period. With the postponed opening of INNSIDE KL in August 2020 and followed by Fairfield by Marriott by end of 2020, KL is expecting a completion of 448 rooms, totalling 42,851 rooms in 2020.

Out of the incoming 7,371 rooms supply by 2023, 39.8% of the supply is contributed by upscale hotel brands, including Crowne Plaza Hotel and So Sofitel Kuala Lumpur@ Oxley Tower, followed by another 29.6% of luxury brands, which includes Park Hyatt @ PNB 118, Kempinski @ 8Conlay, Canopy by Hilton@ Bukit Bintang City Centre and Jumeirah Kuala Lumpur @ Oxley Tower.

HOTEL MARKET PERFORMANCE

The COVID-19 outbreak has cast a shadow over the hotel performance in KL. Most of the hotels recorded low occupancies in the past few months, especially those focusing on business travellers and foreign tourists. The hotel occupancies in KL have decreased by an average of 52.3% yoy to 31.6% as at YTD June 2020, marking the lowest occupancy in the past decades. The room rate was affected too, down 11.7% to RM 311.6 as at YTD June 2020.

During the first quarter of 2020, overall occupancy had fallen between February and March due to the onset of the pandemic globally. Hotels were then allowed to resume their business gradually starting in April subject to adherence to the standard operating procedures. The midscale and upscale hotels started to pick up after a steep decline during MCO period, with average occupancies at 19.0% and 14.4% respectively, catering to most of the local business travellers and quarantine groups. Significant discounts were

noted in room offerings, mainly in the midscale and upscale segments, resulting in a decline of ADR by 34.5% to 40.5% respectively in the second quarter of 2020. Notably, serviced apartments are relatively stable in terms of occupancy and room rate at 17.9% and RM 254.0 respectively in second quarter of 2020, catering mainly to expatriates who were stranded in Malaysia during the MCO. In August 2020, both occupancy and hotel room rates gradually improved as more hotels resumed operations but still yet to reach the pre-COVID-19 performances.

As the hotel sector is slowly making inroads to recovery, most hotels have resumed their operations by phases and targeting the local guest market by offering attractive packages at discounted room rates. A short-term downward pressure on the hotel performance is expected, which could lead to major drops in hotel room rates to boost occupancy.

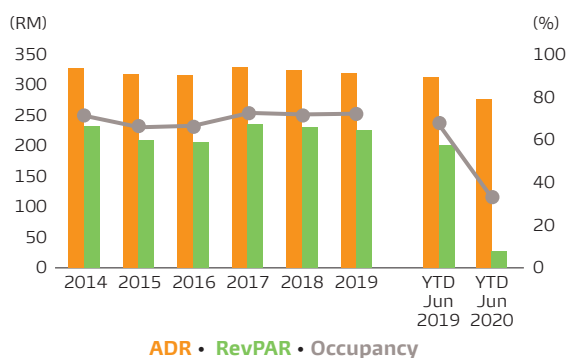
HOTEL MARKET OUTLOOK

Malaysia hotel sector has been adversely impacted by the COVID-19 pandemic and the targeted tourist arrivals for VM2020 will not be realizable as the regional travel remains at standstill. As the movement control restrictions are eased and inter-state travel is now allowed, the industry has put its bet onto the year-end holidays by domestic tourists and focus on the local market. This helps in business recovery temporarily until the international travel restriction is lifted. The market saw slow recovery during the MCO period from July to September, with occupancy of 30.2% recorded, an improvement of 35.7%, quarter on quarter (qoq). RevPAR, similarly, improved to RM 64.3, an increase of almost 38.1% qoq. Despite the qoq improvement, both the occupancy and RevPAR performed poorly yoy.

The hotel performance remains subdued and the hotel operators are striving to breakeven until the market recovers by 2021. The hotel investors are still in a “wait-and-see” mode.

Continuing tax relief from the government and attractive room packages by the hoteliers are important to boost certain recoveries in the tourism sector.

Kuala Lumpur Annual Hotel Performance



Source: STR, CBRE Hotels

Dresden, Germany



DRESDEN TOURISM MARKET

As the state capital of Saxony, Dresden's demand is driven by its status as the political, administrative, educational and economic focus for Saxony. The strength of the chemical, pharmaceutical, nanotechnology and life science industries helps drive corporate demand while the city's history and focus on art and culture provides a balance of leisure demand.

In 2019, Dresden's commercial establishments recorded 2.3 million arrivals and 4.7 million overnight stays, recording an increase of 3.1% in arrivals and 1.6% in overnights compared to 2018 figures. The average length of stay in hotels has remained relatively stable over the past 3 years at around 2.0 days.

The city recorded increasing interest by travellers from 2010 to 2019, with arrivals and overnight stays to accommodation establishments increasing by a compound annual growth rate (CAGR) of 3.7% and 3.2% respectively. However, due to the COVID-19 pandemic, for YTD July 2020, the city recorded a total of 625,800 visitors and 1.3 million overnight stays in all establishments, a decline of 48.7% and 46.8% respectively compared with 2019.

Dresden has a domestic-driven market, with almost 80% of all overnight stays being generated by German guests in 2019. This dominance of German tourism in Dresden has remained relatively stable since 2012. The major international source market in 2019 was the United States with around 83,000 overnight stays (-4.4% yoy), followed by Poland (73,900, +7.3%), Switzerland (71,700, -4.7%) and Austria (68,900, -4.1%). The Czech Republic registered the largest increase in overnight stays compared to 2018 (+7.6%).

Tourism demand came almost to a standstill in mid-March when the COVID-19 outbreak started to profoundly impact Germany. The country had

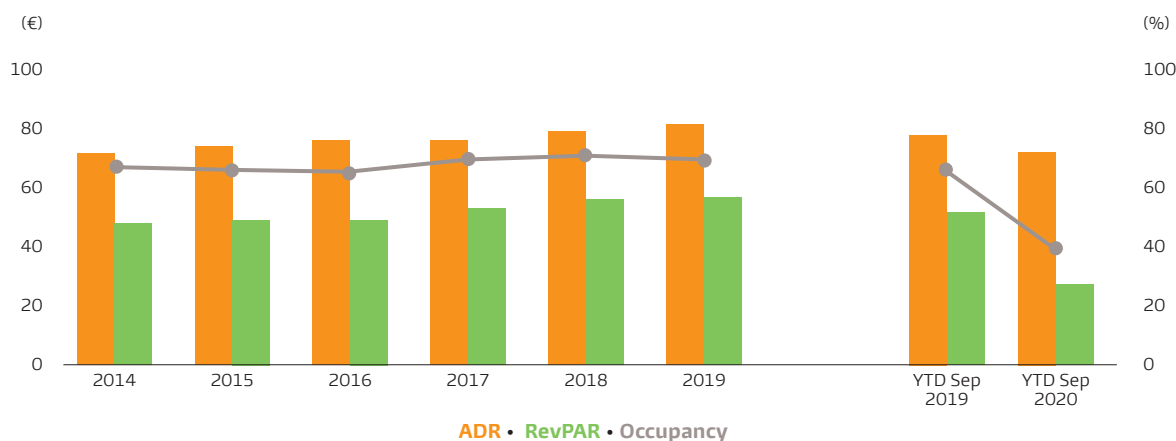
implemented rules and regulations to contain the spread of the virus. Hotels were no longer allowed to accept bookings from leisure travellers. Travel within the EU is only possible from mid-June 2020 since the European Commission and the Schengen Associated States lifted internal border controls. From 1 July 2020, the restrictions were removed on non-EU countries and the EU has opened its external borders to a selected group of countries based on their COVID-19 records. This list is updated frequently.

Dresden Airport recorded a decrease in passenger numbers of 9.3% in 2019, which was mainly due to the insolvency of the airline Germania. However, the COVID-19 pandemic has further impacted air travel significantly. YTD July 2020 figures showed a decrease of 70.1% compared to the same time as the previous year. Several airlines tried to compensate for the loss of flights due to the insolvency of Germania but could not completely cover the loss. Corendon Airlines announced regular flights to Egypt while Eurowings have extended their connections to other major German cities. Low-cost carrier Ryanair started offering flights from Dresden to London since the end of 2019. Following the enforced break induced by COVID-19, Dutch airline KLM has resumed flights to Dresden 5 times a week as of August 2020. It planned to increase to 6 times a week in September and resumed to daily service from October 2020 onwards.

EXISTING SUPPLY

According to the Statistical Office of Saxony, in 2019, Dresden's hotel market comprised 103 properties (including hotels and hotel garnis) with a total of around 20,800 beds. Between 2010 and 2019, hotels and hotel garnis recorded a CAGR of -0.5% and 2.0% respectively in terms of number of establishments and bed supply. YTD July 2020 figures show a rather stable development with a slight yoy decrease of 1.9% in hotels and yoy increase of 0.9% in beds.

Dresden Annual Hotel Performance



Source: STR, CBRE Hotels

Recent openings include the 'Super 8 Dresden' that opened in the third quarter of 2019. Furthermore, refurbishment works at the A&O Dresden and the Steigenberger Hotel de Saxe were completed in the fourth quarter of 2019. The extension of Hotel Suitess was completed in the third quarter of 2019 and the former Art'otel underwent a refurbishment and reopened as 174-guestroom 'Penck Hotel Dresden' in second quarter of 2019.

FUTURE SUPPLY

Similar to many other German cities, the development pipeline represents a significant increase in room count. Approximately 1,600 rooms are currently under construction or in the planning phase in Dresden, scheduled to be added to the market by the end of 2022, which makes up approximately 13.0% of the existing hotel room supply. The new supply will be a mixture of economy, midscale and upscale hotels, while economy hotels make up 46.0% of new supply.

Scheduled key openings in Dresden include two Prizeotels, the 125-room Dresden Mitte and the 213-room Dresden City, to be opened in third quarter of 2021 and fourth quarter of 2022 respectively. In addition, a Meininger Hotel with 173 rooms is planned to open in second quarter of 2021. Furthermore, there is a plan for a Hampton by Hilton on Ringstrasse by Foremost Hospitality. The hotel project with approximately 200 bedrooms is currently in the final planning phase and scheduled to open in first quarter of 2023.

HOTEL MARKET PERFORMANCE

Over the period under review, Dresden witnessed five years of consecutive RevPAR growth with a CAGR of 3.4% between 2014 and 2019. In 2019, RevPAR grew by 1.4% compared to 2018 levels amounting to €57.1 which is particularly due to an increase in ADR by 2.5%. In 2019, ADR recorded an all-time high of €81.3 whilst occupancy reached

70.2% which was the second highest on record since 2010.

YTD September 2020 showed a sharp decrease in occupancy by 42.8% yoy to 39.3% which was due to COVID-19 causing lockdown and travel restrictions. Coupled with a decline in ADR by 6.4% to €73.8, RevPAR declined by 46.4% yoy to €29.0.

HOTEL MARKET OUTLOOK

The trend for the hotel market for the remaining months in 2020 is expected to remain gloomy, reflecting the impact of COVID-19 on business. CBRE looks at the impact of the virus as a potentially mid-term pandemic and believes that domestic demand will be impacted for an estimated period of 9 months with a return to some degree of normalised levels in the second half of 2021. The return of international demand is likely to lag domestic and highly depends on the further easing of national border closures, opening of travel routes and availability of flights. On a positive note, the city of Dresden is predominantly driven by domestic demand (approximately 80.0% in 2019). This is encouraging as CBRE expects domestic demand to pick up faster than international demand. Moreover, the majority of international demand to Dresden is coming from neighbouring Poland, Switzerland, Austria and the Netherlands.

The federal state of Saxony has set up the 'Tourism strategy 2020' with a particular focus on Dresden and its surroundings, which are known as 'Sächsisches Elbland', a dense tourist area. This strategy aims at promoting this unique selling point of an attractive city with an appealing surrounding area to serve as a competitive advantage; and at making the entire area a comprehensive and well-performing destination with mutual benefits for both the city of Dresden and the Elbland.

BOARD OF DIRECTORS



LAW SONG KENG, BBM, 75

Chairman, Non-Executive and Independent Director

REIT MANAGER

Date of appointment as Director:

10 June 2014

Length of service as Director

(as at 30 September 2020):

6 years 3 months

TRUSTEE-MANAGER

Date of appointment as Director:

10 June 2014

Length of service as Director

(as at 30 September 2020):

6 years 3 months

BOARD COMMITTEES SERVED ON

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

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Science in Mathematics (First Class Honours), University of Singapore
- Master of Science in Actuarial Science, Northeastern University, Boston, USA
- Advanced Management Programme at Harvard University
- Fellow of the Society of Actuaries, USA

PRESENT DIRECTORSHIPS IN OTHER COMPANIES (AS AT 30 SEPTEMBER 2020)

Listed companies

- IFS Capital Ltd
- Great Eastern Holdings Ltd

Listed REITs/Trusts

- Nil

Others

- Concord Insurance Company Limited

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS)

- Nil

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS (FROM 1 OCTOBER 2017 TO 30 SEPTEMBER 2020)

- Nil

PAST MAJOR APPOINTMENTS

- Managing Director and CEO, Overseas Assurance Corporation Ltd
- Deputy Managing Director (Administration and Insurance) and Insurance Commissioner, Monetary Authority of Singapore
- Chairman of Singapore Insurance Institute, and President of Singapore Actuarial Society, Life Insurance Association and the General Insurance Association
- Board member of Inland Revenue Authority of Singapore, Singapore Deposit Insurance Corporation, Central Provident Fund Board and Manulife (Singapore) Pte Ltd

OTHERS

- Awarded Public Service Star (BBM)

**CHUA PHUAY HEE, 67**

Non-Executive and
Independent Director

REIT MANAGER

Date of appointment as Director:
10 June 2014

**Length of service as Director
(as at 30 September 2020):**
6 years 3 months

TRUSTEE-MANAGER

Date of appointment as Director:
10 June 2014

**Length of service as Director
(as at 30 September 2020):**
6 years 3 months

BOARD COMMITTEES SERVED ON

- Nil

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Science in Mathematics (First Class Honours), Nanyang University
- Master of Science in Actuarial Science, Northeastern University, Boston, USA

PRESENT DIRECTORSHIPS IN OTHER COMPANIES (AS AT 30 SEPTEMBER 2020)**Listed companies**

- Nil

Listed REITs/Trusts

- Nil

Others

- Temasek Life Sciences Laboratory Limited
- Lu International (Singapore) Financial Asset Exchange Pte Ltd
- Yihai Kerry Arawana Oils, Grains & Food Co., Ltd

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS)

- Nil

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS (FROM 1 OCTOBER 2017 TO 30 SEPTEMBER 2020)

- Perennial Real Estate Holdings Limited

PAST MAJOR APPOINTMENTS

- Executive Director for finance, risk management, IT and corporate services, Wilmar International Limited
- Board Member, Wilmar International Limited
- Board Member, Industrial Bank Co., Ltd. – listed on Shanghai Stock Exchange
- Independent Director, Eltech Electronics Limited
- Chief Financial Officer and Chief Risk Officer, Keppel TatLee Bank
- Executive Vice President, Tat Lee Bank
- Director of Securities Industry, Monetary Authority of Singapore

OTHERS

- Nil

**LIEW CHOON WEI, 66**

Non-Executive and
Independent Director

REIT MANAGER

Date of appointment as Director:

10 June 2014

Length of service as Director

(as at 30 September 2020):

6 years 3 months

TRUSTEE-MANAGER

Date of appointment as Director:

10 June 2014

Length of service as Director

(as at 30 September 2020):

6 years 3 months

BOARD COMMITTEES SERVED ON

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

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Fellow of the Association of Chartered Certified Accountants, UK (Retired)
- Chartered Accountant of Singapore

PRESENT DIRECTORSHIPS IN OTHER COMPANIES (AS AT 30 SEPTEMBER 2020)**Listed companies**

- Halcyon Agri Corporation Ltd
- F J Benjamin Holdings Ltd
- The Hour Glass Limited

Listed REITs/Trusts

- Nil

Others

- Nil

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS)

- Nil

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS (FROM 1 OCTOBER 2017 TO 30 SEPTEMBER 2020)

- Nil

PAST MAJOR APPOINTMENTS

- Retired Partner of Ernst & Young Singapore; Head of Ernst & Young Singapore's Real Estate Industry Group
- Chairman of Internal Audit Committee, Kuok (Singapore) Ltd

OTHERS

- Nil



DAVID WONG SEE HONG, 67

Non-Executive and
Independent Director

REIT MANAGER

Date of appointment as Director:

10 June 2014

Length of service as Director

(as at 30 September 2020):

6 years 3 months

TRUSTEE-MANAGER

Date of appointment as Director:

10 June 2014

Length of service as Director

(as at 30 September 2020):

6 years 3 months

BOARD COMMITTEES SERVED ON

- Audit, Risk and Compliance Committee (Chairman)
- 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 2020)

Listed companies

- China Merchants Bank Co., Ltd

Listed REITs/Trusts

- EC World Asset Management Pte Ltd, Manager of EC World REIT

Others

- HDR Global Trading Limited

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 2017 TO 30 SEPTEMBER 2020)

- Nil

PAST MAJOR APPOINTMENTS

- Deputy Chief Executive, Bank of China (Hong Kong) Group
- 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

OTHERS

- Held various senior positions in ABN AMRO Bank, including Corporate Executive Vice President and Country Executive; Regional Head of Financial Markets; Country Executive in Singapore; and Managing Director of the Hong Kong Branch



**PANOTE SIRIVADHANABHAKDI, 42**

Non-Executive and
Non-Independent Director

REIT MANAGER

Date of appointment as Director:
10 June 2014

**Length of service as Director
(as at 30 September 2020):**
6 years 3 months

TRUSTEE-MANAGER

Date of appointment as Director:
10 June 2014

**Length of service as Director
(as at 30 September 2020):**
6 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 2020)****Listed companies**

- Frasers Property Limited
- Frasers Property (Thailand) Public Company Limited (formerly known as Ticon Industrial Connection 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

- Beer Thip Brewery (1991) Co., Ltd.
- Blairmhor Distillers Limited
- Blairmhor Limited
- Frasers Property Australia Pty Limited
- Golden Land Property Development Public Company Limited (Vice Chairman)*
- InterBev (Singapore) Limited
- International Beverage Holdings (China) Limited
- International Beverage Holdings Limited
- International Beverage Holdings (UK) Limited
- Sura Bangyikhan Group of Companies

**MAJOR APPOINTMENTS (OTHER
THAN DIRECTORSHIPS)**

- Frasers Property Limited (Group Chief Executive Officer)
- Singapore Management University (Director/Board of Trustees)
- Real Estate Developers' Association of Singapore (REDAS) (Management Committee)

**PAST DIRECTORSHIPS IN
LISTED COMPANIES HELD
OVER THE PRECEDING 3 YEARS
(FROM 1 OCTOBER 2017 TO
30 SEPTEMBER 2020)**

- Berli Jucker Public Company Limited

PAST MAJOR APPOINTMENTS

- Chief Executive Officer of Univentures Public Company Limited

OTHERS

- Nil

*Delisted from Stock Exchange of Thailand on 11 August 2020



KOH TECK CHUAN, 60
Non-Executive and
Non-Independent Director

REIT MANAGER

Date of appointment as Director:

21 May 2019

Length of service as Director

(as at 30 September 2020):

1 year 4 months

TRUSTEE-MANAGER

Date of appointment as Director:

21 May 2019

Length of service as Director

(as at 30 September 2020):

1 year 4 months

BOARD COMMITTEES SERVED ON

- Nil

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Master of Business Administration, National University of Singapore
- Bachelor of Engineering (Civil), 2nd Class Upper Division, National University of Singapore

PRESENT DIRECTORSHIPS IN OTHER COMPANIES (AS AT 30 SEPTEMBER 2020)

Listed companies

- Nil

Listed REITs/Trusts

- Nil

Others

- ALPS Pte. Ltd. (formerly known as Agency for Healthcare Supply Chain Pte. Ltd.)
- Blingsq Pte Ltd

MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS)

- Chief Executive Officer, Frasers Hospitality, Frasers Property Limited
- Chief Executive Officer, Frasers Hospitality Pte. Ltd.
- Chief Executive Officer, Frasers Hospitality International Pte. Ltd.

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS (FROM 1 OCTOBER 2017 TO 30 SEPTEMBER 2020)

- Nil

PAST MAJOR APPOINTMENTS

- CEO and Executive Director, MCL Land Limited

OTHERS

- Nil

MANAGEMENT TEAM

COLIN LOW

Chief Executive Officer

Colin is Chief Executive Officer of the Managers. He is responsible for FHT's overall business, investment and operational strategies.

Colin has nearly 20 years of experience in investment and corporate business development, covering the hospitality, retail and other real estate asset classes. Prior to his current appointment, Colin was with CBRE, a global commercial real estate services company, as Head of Hotel Investment Properties for EMEA (Europe, the Middle East and Africa). Based at CBRE's London office, he was in charge of its hotel transactional business across the EMEA region.

Before that, Colin was Senior Vice President, Head of Investment at FHT, responsible for identifying and evaluating potential acquisitions of hotels and serviced residences, and for related investments and divestments. He was also Director of Business Development at Frasers Hospitality Pte. Ltd., overseeing its business development and investments across the Asia-Pacific region.

Previously, Colin has held other positions relating to investments and business development at CapitaLand Mall Asia Limited, AIG Global Real Estate Investments and The Ascott Group Limited. He started his career with United Overseas Bank's corporate banking division, specialising in real estate lending.

Colin currently sits on the Board of the Singapore Hotel Association and is also a member of the Regulatory Sub-committee of the REIT Association of Singapore.

Colin holds a Bachelor of Social Science (Honours) degree in Economics from the National University of Singapore.

ERIC GAN

Chief Financial Officer

Eric is responsible for FHT's financial and capital management. He has over 20 years of experience in financial reporting, corporate finance, treasury management, audit, taxation and company secretarial matters.

Prior to joining FHT, Eric was Chief Financial Officer of OUE Hospitality REIT Management Pte. Ltd., the REIT Manager of OUE Hospitality Real Estate

Investment Trust, from August 2014 to September 2018. Before that, he was Chief Financial Officer 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 the real estate, manufacturing and food businesses, where he held key positions such as Senior Vice President, Company Secretary and Chief Financial Officer.

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

JASON LEONG

Senior Vice President, Head of Investment

Jason heads the investment function and is responsible for optimising FHT's portfolio through asset acquisitions and portfolio rebalancing. His experience in hospitality real estate investment and business development spans more than 13 years.

Jason was previously FHT's Deputy Head of Investment. Prior to the formation of FHT, he was Deputy Director of Business Development at Frasers Hospitality Pte. Ltd., heading its business development and investments across the Southeast Asia and Australia regions.

Jason has extensive overseas working experience. He was stationed in New York, USA with the Overseas Singaporean Unit at the National Population and Talent Division, Prime Minister's Office. Before that, he worked for The Ascott Group Limited in business development and investment. He started his career with International Enterprise Singapore and had a 3-year stint as its Center Director in Manila, Philippines.

Jason holds a Bachelor of Social Science (Honours) degree in Economics from the National University of Singapore.

CARIS ANG

**Vice President,
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 the portfolio income through working with the various hotels and service residence operators. She is also responsible for identifying and implementing asset enhancement initiatives that are yield accretive.

Prior to her current appointment, Caris 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 SGX-listed 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

**Vice President,
Head of Investor Relations**

Sandy is FHT's key point of contact for the investment community and the media. She is responsible for developing and presenting a consistently applied investment message to the investment community on behalf of FHT. She monitors, analyses and presents to the Board and management the opinions of the investment community on FHT's performance and corporate actions. She is also responsible for its sustainability reporting.

Sandy has over 20 years of experience in investor relations and corporate communications. Prior to her current appointment, she was Vice President of Corporate Relations at SATS Ltd, overseeing its investor and media relations functions. Before that, she has 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 holds a Bachelor of Business Administration degree from the National University of Singapore.

CHRISTINE CHUA

**Vice President,
Deputy Head of Investment**

Christine is responsible for the implementation of FHT's investment strategies, including the identification and evaluation of potential acquisitions and divestments of hospitality assets. Prior to her current appointment, she was Director of Business Development at Frasers Hospitality Pte. Ltd., leading the investments and management business of Frasers Property Limited's hospitality division in Southeast Asia and Australia regions.

Previously, Christine was with Keppel Land Limited, overseeing investment and divestment activities in its Regional Investments division. She has over 15 years of experience in various real estate functions including development, investment, hospitality management business, and marketing and leasing. She started her career in International Enterprise Singapore, working closely with industry clusters to promote overseas investments and was part of the Free Trade Area negotiations team.

Christine holds a Master of Science in Real Estate and a Bachelor of Social Science (Economics) from National University of Singapore.

LIM WAI QUAN

Vice President, Finance

Wai Quan is responsible for the financial matters of the REIT Manager and FHT.

Prior to her current appointment, Wai Quan was Finance Manager at Internet Technology Group Limited (formerly listed on the Singapore Exchange). She was responsible for the group's financial and management reporting, and accounting operations. Before that, she was Audit Manager with Ernst & Young LLP, Singapore.

Wai Quan is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a fellow member of Association of Chartered Certified Accountants. She holds a Bachelor of Accountancy (Honours) degree from University of Hertfordshire, United Kingdom.

SHERLY VERONICA
Assistant Vice President,
Asset Management

Sherly is responsible for the asset management of FHT's portfolio. Her role includes overseeing the execution of properties business plan and working with property management teams and operators to optimise portfolio performance. She is also responsible for identifying and implementing yield accretive asset enhancement initiatives.

Prior to her current appointment, Sherly was Cluster Financial Controller for AccorHotels Australia, responsible for managing finance and accounting operations for all properties within the portfolio. She was also with Shangri-La Hotels, overseeing group consolidation reporting for Australia. She started her career at Ernst & Young Indonesia with its Assurance Service team.

Sherly holds a Masters in Applied Finance from the Macquarie University, Australia, a Bachelor of Economic degree from Universitas Pelita Harapan, Indonesia and a Certificate in Hotel Real Estate Investments and Asset Management from Cornell University. She is also a Certified Public Accountant with CPA Australia.

RITA KAONANG
Manager, Investment

Rita is part of the investment team responsible for growing FHT's portfolio size through acquisition of new hospitality assets.

Before her current appointment, Rita was Investment Analyst at Lendlease Investment Management Pte. Ltd. where she was involved in investment and asset management of private equity funds invested primarily in retail assets in Singapore. During her time there, Rita was responsible for running commercial analysis for various asset enhancement initiatives for the funds' portfolio and ensuring the funds optimised their long-term returns.

Prior to Lendlease, Rita was with Carlson Rezidor Hotel Group, covering business strategy and development. She started her career as an Economist in the Ministry of Trade and Industry.

Rita holds a double degree in Economics and Business Management (Finance) from Singapore Management University.



▲ The Westin Kuala Lumpur



PORTFOLIO SUMMARY

Property	Purchase Price (million)	Valuation as at 30 September 2020 (million)	FY2020 Occupancy	FY2019 Occupancy
Novotel Melbourne on Collins	A\$237.0	A\$226.0	49.7%	89.7%
Novotel Sydney Darling Square	A\$66.0	A\$108.0 ¹	45.6%	83.8%
Sofitel Sydney Wentworth	A\$224.0	A\$270.0	68.4%	86.7%
Fraser Suites Sydney	A\$103.5	A\$122.0	63.4%	88.9%
InterContinental Singapore	S\$497.1	S\$506.0	78.1%	86.1%
Fraser Suites Singapore	S\$327.0	S\$292.0	73.4%	88.7%
ibis Styles London Gloucester Road	£17.0	£19.2	38.7%	85.6%
Park International London	£39.3	£38.6	38.9%	91.5%
Fraser Place Canary Wharf London	£31.5	£38.3	46.5%	87.7%
Fraser Suites Edinburgh	£11.5	£14.0	55.1%	94.5%
Fraser Suites Glasgow	£7.5	£9.2	56.9%	89.5%
Fraser Suites Queens Gate London	£46.3	£54.3	47.6%	92.0%
ANA Crowne Plaza Kobe	¥11,200.0	¥15,900.0	41.0%	76.8%
The Westin Kuala Lumpur	RM455.0	RM385.0	34.4%	81.7%
Maritim Hotel Dresden	€58.4	€61.7	NA ²	NA ²

Top 10 Tenants	Industry	Percentage of Gross Revenue ⁵
River Valley Apartments Pte Ltd	Serviced residence	15.0%
BCH Hotel Investment Pte Ltd	Hotel	13.8%
Ananke Holdings Pty Ltd	Hotel	12.9%
K.K. Shinkobe Holding	Hotel	11.5%
Maritim Hotelgesellschaft mbH	Hotel	10.0%
Frasers Townhall Residences Operations Pty Ltd	Serviced residence	7.4%
JBB Hotels Sdn Bhd	Hotel	7.2%
Frasers Sydney ML Hotel Pty Ltd	Hotel	5.6%
Fairdace Limited	Serviced residence	5.4%
P I Hotel Management Limited	Hotel	5.1%

GR for FY2020 (million)	GR for FY2019 (million)	Master Lessee	Fixed Rent per Annum (million)	Variable Rent per Annum
A\$22.2	A\$36.1	FH-BT NMCS Operations Pty Ltd	A\$5.88	86.0% GOP less Fixed Rent plus FF&E reserve ³
A\$4.0	A\$6.8	Frasers Sydney ML Hotel Pty Ltd	A\$2.5	84.0% GOP less Fixed Rent plus FF&E reserve ³
A\$9.3	A\$14.1	Ananke Holdings Pty Ltd	A\$6.0	83.0% GOP less Fixed Rent plus FF&E reserve ³
A\$5.4	A\$9.6	Frasers Townhall Residences Operations Pty Ltd	A\$4.2	20.0% GOR + 54.5% GOP less Fixed Rent plus FF&E reserve ³
S\$9.3	S\$19.3	BCH Hotel investment Pte Ltd	S\$8.0	76.0% GOP less Fixed Rent plus FF&E reserve ³
S\$10.2	S\$12.9	River Valley Apartments Pte Ltd	S\$7.7	20.0% GOR + 59.0% GOP less Fixed Rent plus FF&E reserve ³
£0.6	£1.0	PI Hotel Management Limited	£0.6	91.5% GOP less Fixed Rent plus FF&E reserve ³
£1.3	£3.1	PI Hotel Management Limited	£1.3	91.5% GOP less Fixed Rent plus FF&E reserve ³
£1.5	£3.3	Fairdace Limited	£1.4	20.0% GOR + 65.0% GOP less Fixed Rent plus FF&E reserve ³
£0.5	£1.4	Frasers (St Giles Street) Management Limited	£0.5	20.0% GOR + 45.0% GOP less Fixed Rent plus FF&E reserve ³
£0.5	£1.0	Fairdace Limited	£0.4	20.0% GOR + 50.0% GOP less Fixed Rent plus FF&E reserve ³
£1.8	£3.9	39QGG Management Limited	£1.8	20.0% GOR + 67.0% GOP less Fixed Rent plus FF&E reserve ³
¥605.2	¥1,341.1	Hotel: K.K. Shinkobe Holding Retail: Y.K. Toranomom Properties	¥600.0	77.8% GOP less Fixed Rent plus FF&E reserve ³
RM14.8	RM18.8	JBB Hotels Sdn Bhd	RM14.8	78.5% GOP less Fixed Rent plus FF&E reserve ³
€4.4	€4.6	Maritim Hotelgesellschaft mbH	NA ²	

Tenancy

As at 30 September 2020, there are 15 master leases for FHT's investment properties⁴. The weighted average lease expiry (**WALE**) of FHT's investment properties (excluding the master lease for Novotel Melbourne on Collins) was 13.7 years.

The WALE is 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 2020, 3 of the 15 master leases would be maturing in the next 5 years.

1 Excludes ROU assets recognised under FRS 116 (adopted with effect from 1 October 2019). Including ROU assets, the valuation as at 30 September 2020 is A\$111.0 million.

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

3 Furniture, fixtures and equipment (**FF&E**) reserve not utilised and carried forward to the following year, if any.

4 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.

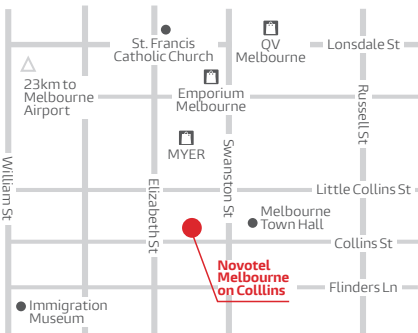
5 Based on the GR derived from the 15 master leases and excludes the GR from the Novotel Melbourne on Collins management contract for FY2020.

ASSET PROFILE

Novotel Melbourne on Collins Australia

No. of Rooms
380

Address
270 Collins Street
Melbourne VIC3000
Australia



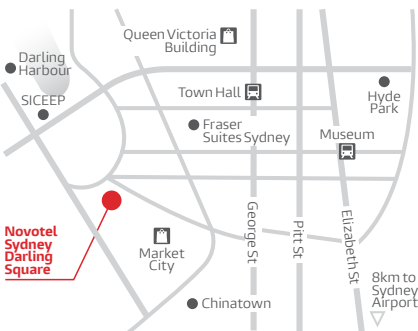
Located in the heart of Melbourne CBD, Novotel Melbourne on Collins is minutes away from the city's main shopping district. The hotel is within walking distance to Melbourne's theatre district, including Her Majesty's Theatre and Princess Theatre, and The National Gallery of Victoria. It is also within 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, restaurant, bar and fitness centre. It is situated directly above the newly refurbished St. Collins Lane mall.

Novotel Sydney Darling Square Australia

No. of Rooms
230

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.

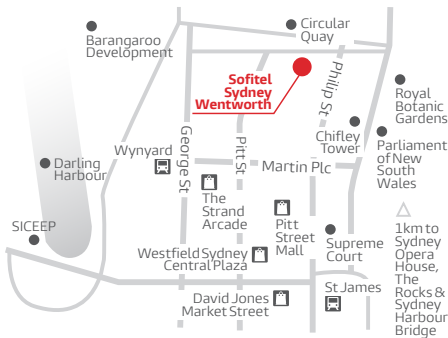
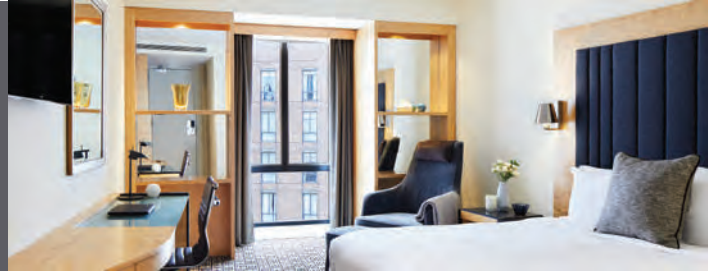
The hotel has an all-day dining restaurant and a lobby bar, and 6 meeting rooms, providing an ideal setting for corporate luncheons and business meetings. It also has a restaurant, PumpHouse, which is a heritage-listed microbrewery offering a list of more than 100 craft and premium brews and Australian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

Sofitel Sydney Wentworth

Australia

No. of Rooms
436

Address
61-101 Phillip Street,
Sydney, NSW 2000,
Australia



Sofitel Sydney Wentworth is an iconic heritage-listed hotel located in the heart of Sydney's CBD. Nestled among the city's prominent buildings including the Australian Stock Exchange and Chifley Tower, the hotel is within walking distance of major tourist attractions such as the Royal Botanic Gardens, Sydney Opera House, Sydney Harbour Bridge, Circular Quay, Hyde Park and Pitt Street Mall.

Sofitel Sydney Wentworth also offers easy access to public transport. Located approximately 200 metres away is Martin Place train station, which provides services to Bondi Junction, Town Hall, and Central Station. The Circular Quay bus, rail,

and ferry terminuses are also within walking distance.

Built in 1966, Sofitel Sydney Wentworth was the city's first international hotel. Its distinctive horseshoe design is a familiar and significant architectural landmark in Sydney. Its huge copper canopy over the entrance was one of the largest completely fabricated copper awnings in the world, at the time of its construction.

Sofitel Sydney Wentworth features 436 guest rooms and suites, a lobby bar, restaurant, club lounge and substantial conference facilities, including one of the largest pillarless ballrooms in Sydney.

Fraser Suites Sydney

Australia

No. of Rooms
201

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 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 it is directly connected to Regent

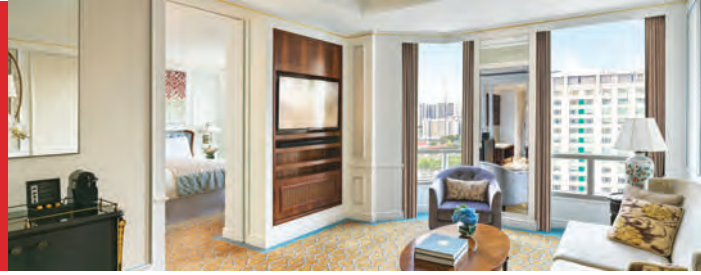
Place, a 3-storey retail plaza with a myriad of F&B outlets. Fraser Suites Sydney features 201 apartments comprising studio and 1-bedroom apartments and 2 penthouses. Each unit is fully furnished with spacious living areas and affords panoramic views of the city's skyline.

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

InterContinental Singapore

No. of Rooms
406

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.

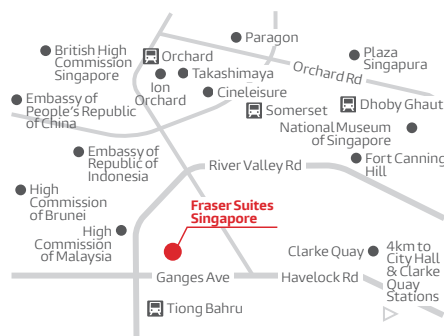
Situated approximately 2 km from the CBD, the hotel is close to key tourist hubs such as Orchard Road, Chinatown and Marina Bay. It sits above the Bugis Mass Rapid Transit station, which provides convenient access to attractions around Singapore.

InterContinental Singapore is the only luxury hotel in Singapore with rooms in a shophouse style setting, preserving its Peranakan heritage. Completely refurbished in 2016, the 16-storey hotel offers 406 guest rooms, meeting rooms, a gymnasium, swimming pool, an all-day-dining restaurant, a Chinese restaurant and a Japanese restaurant. The hotel has ample parking, which is a shared facility within Bugis Junction.

Fraser Suites Singapore

No. of Rooms
255

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.

Its unit sizes range from 50 sqm for a 1-bedroom to 350 sqm for a penthouse. Each unit is fully furnished with separate living,

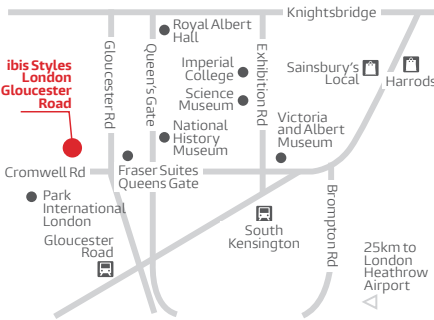
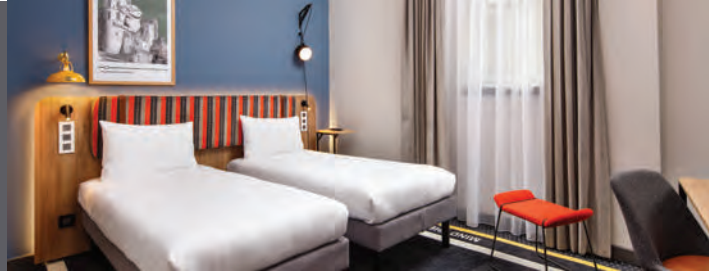
dining, kitchen and bedroom areas, as well as a state-of-the-art home entertainment system. Fraser Suites Singapore offers a wide range of recreational and business facilities, including an extensive indoor and outdoor playzone, a 24-hour fully equipped gymnasium, a jet pool, a swimming pool, steam and sauna facilities.

ibis Styles London Gloucester Road

UK

No. of Rooms
84

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 in 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, 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.

Park International London

UK

No. of Rooms
171

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 gymnasium and a business centre.

Fraser Place Canary Wharf London

UK

No. of Rooms
108

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 lively 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 with each floor having only 4 to 8 units. The sizes of the serviced residence 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.

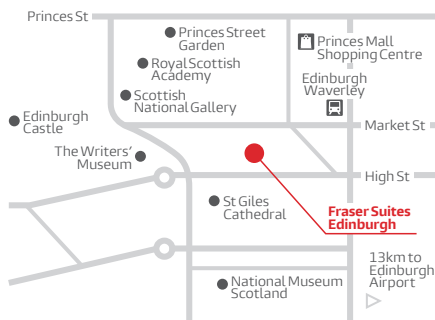
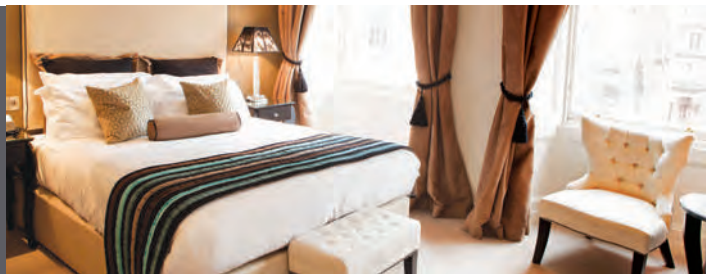
Fraser Place Canary Wharf London also has a 24-hour gymnasium and a full-service business centre.

Fraser Suites Edinburgh

UK

No. of Rooms
75

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 opens 24 hours.

Fraser Suites Glasgow

UK

No. of Rooms
98

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.

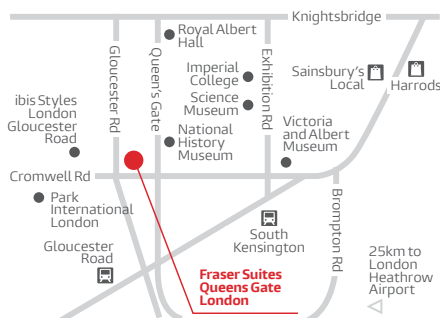
Fraser Suites Glasgow is set in a restored 1850s building which has a classic Victorian Scottish façade. It once housed the city's bank and now comprises 5 storeys with 98 rooms. The unit sizes range from 41 sqm for a studio apartment to 59 sqm for a 2-bedroom apartment and each unit comes fully furnished with a kitchenette. The serviced residence offers a 24-hour gymnasium, self-service laundry and a meeting room.

Fraser Suites Queens Gate London

UK

No. of Rooms
105

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.

The 7-storey serviced residence is housed in a preserved 19th century historical building and features elegant interiors and a dining conservatory. It offers 105 rooms, ranging from studio deluxe units to 2-bedroom deluxe units.

Fraser Suites Queens Gate London offers a range of recreational and business facilities such as a gymnasium 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.

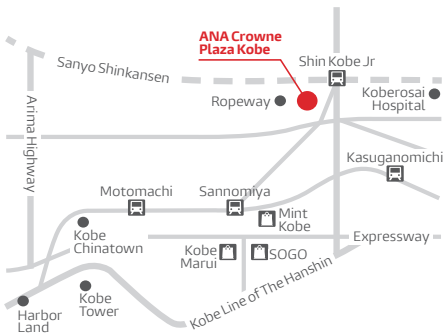


ANA Crowne Plaza Kobe

Japan

No. of Rooms
593

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



ANA Crowne Plaza Kobe is located close to the centre of Kobe, 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-bedrooms to 125 sqm club suites, and a wide range of recreational and business facilities, including a health and fitness centre

and a business service centre. The health and fitness centre is equipped with a gymnasium 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 persons. 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 including fashion, gift and convenience shops, a theatre and a supermarket.

The Westin Kuala Lumpur

Malaysia

No. of Rooms
443

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 directly opposite the Pavilion mall, which has more than 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 gymnasium, 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

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. In close proximity to the city centre as well as the Dresden Zwinger and Semper Opera, the hotel can easily be reached from the Dresden International Airport, located just 10 km away.

Maritim Hotel Dresden features 328 guest rooms, a restaurant, bar, gymnasium and underground car park. The hotel does not have any conference space as it is adjoining to the congress centre which has a capacity of 8,600 sqm for up to 6,800 delegates.

SUSTAINABILITY

BOARD STATEMENT

The COVID-19 outbreak has had far-reaching impact on economies, businesses and people on an unprecedented scale. With international travel largely in a standstill due to exceptional lockdown measures and border closures imposed by governments of a great number of countries, the last 9 months have been most challenging for the hospitality industry and for FHT.

Notwithstanding, we continue to focus on key areas of sustainability including carbon and energy, waste and recycling, and building certifications. We have also worked alongside our hotel and serviced residence operators, business partners, employees and other key stakeholders to promote good ESG practices and create shared value. In many ways, our commitment to sustainability has been reinforced as we took this opportunity to review our approach and accelerate our efforts.

We are cognizant of the shift in customer preferences and expectations on how businesses should operate. We recognise the need to respond swiftly and proactively to this shift and operate a greener, more sustainable business in order for FHT to remain competitive and viable in the long-term.

Together with Frasers Property, we have strengthened our sustainability strategy and set our goal to achieve carbon neutral status by 2050. Work plans and timelines for priority areas have been developed to set us focused on realising our goal.

FHT's sustainability agenda is executed by the Sustainability Task Force comprising the management team of the REIT Manager. The Board, supported by the Sustainability Task Force, reviews ESG issues of priority to FHT and oversees the management and monitoring of our ESG performance pertaining to these issues.

FHT's Sustainability Report is now in its 6th instalment and we invite you to read on to find out more about our sustainability progress in 2020. We would like to extend our appreciation to those who have been together with us on this journey and we look forward to sharing our future achievements with you.

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





THE YEAR AT A GLANCE

Acting Progressively



Complied with all relevant laws, rules and regulations



Reported zero confirmed incidents of bribery and corruption



Mapped out work plans and timeline for green building certification

Consuming Responsibly



Expanded the tracking and reporting of waste data from 8 to 10 properties



Achieved recycling rate of 13.2%, up from 11.8% reported last year



Made good progress in eliminating single-use plastics across properties

Focusing on People



Adopted and aligned practices to the new Group Diversity and Inclusion Policy



Adopted and aligned practices to the new Group Corporate Social Responsibility Policy



Achieved 49 training hours per employee in 2020, above the target of 40 hours

MAKING SUSTAINABILITY OUR CORE CAPABILITY

At FHT, sustainability is more than just risk management. It is our way of enhancing our resilience and future-proofing our business in a responsible manner. With operational footprint in various geographies, we recognise the importance of having an overarching framework to achieve our sustainability objectives.

As part of Frasers Property, FHT's sustainability strategy is closely aligned with the Group's Sustainability Framework. We are guided by the 3 pillars of the framework, namely Acting Progressively, Consuming Responsibly and Focusing on People. Our approach towards sustainability is largely centred on the 13 ESG focus areas under these pillars, and yet adapted to suit our hospitality business and operations.

In keeping pace with growing concerns on global sustainability issues, Frasers Property has reinforced its commitment to sustainability in 2020 by establishing 5 long-term group goals:

- To be a net zero carbon corporation by 2050
- To be climate-resilient and establish adaptation and mitigation plans by 2024
- To green-certify 80% of its owned and managed assets by 2024
- To fund majority of its sustainable asset portfolios with green/sustainable financing by 2024
- To train all its employees on sustainability by 2021

To support these goals, we have identified key goals and targets to drive our sustainability agenda across our portfolio. We have started developing action plans to achieve our goals, and tracking the performance of our actions to ensure that we are on track.

GROUP SUSTAINABILITY FRAMEWORK



MANAGING SUSTAINABILITY

To achieve our sustainability goals, effective management is critical in ensuring that our approach is aligned with our goals. We work closely with our Sponsor on our sustainability strategies. We are guided by the Group's sustainability agenda which is driven by the Sustainability Steering Committee (**SSC**).

The SSC is chaired by the Group CEO, Mr Panote Sirivadhanabhakdi, and its members comprise the top management as well as the CEOs of Frasers Property's business divisions and REITs. The SSC is responsible for reviewing and assessing the Group's sustainability goals and performance, and is supported by the Group Sustainability Team, the Project Management Office and the Global Sustainability Taskforce which is made up of middle management representatives across business divisions and REITs including FHT.

The Global Sustainability Taskforce drives and implements the Group's sustainability agenda, and monitors the Group's sustainability performance against key performance indicators.

FHT has its dedicated Sustainability Task Force comprising the CEO and the department heads of Asset Management, Finance, Investment and Investor Relations. The Asset Management team and the General Managers of the hotels and serviced residences are responsible for tracking each property's sustainability performance against identified indicators.

STAKEHOLDER MANAGEMENT

At FHT, key stakeholder groups who are impacted by our business and activities have been identified. During the year, we continued to engage them proactively through multiple platforms. Their valuable feedback helped us understand the sustainability issues that matter to them which in turn guided us in our sustainability strategy and efforts.

Together with the Group, we support the following global sustainability movements:

- A signatory to the United Nations Global Compact
- GRESB
- Paris Agreement of the United Nations Framework Convention on Climate Change
- Tripartite Alliance for Fair and Progressive Employment Practices (**TAFEP**)

Key Stakeholders	Key Topics of Concern
Customers and Guests	<ul style="list-style-type: none"> • Customer satisfaction • Quality of facilities and services • Health and safety
Investment Community and Stapled Securityholders	<ul style="list-style-type: none"> • Financial and operational performance • Business strategy and outlook • Acquisitions and divestments • Capital and risk management • Corporate governance
Hotel and Serviced Residence Operators	<ul style="list-style-type: none"> • Asset management and enhancement initiatives • Business opportunities • Property maintenance programmes • ESG practices
Employees	<ul style="list-style-type: none"> • Compensation and benefits • Employee development and retention • Employee satisfaction • Employee well-being • Occupational health and safety • Environmental impact • Organisation updates
Local Community	<ul style="list-style-type: none"> • Social and community projects • Business impact on the environment and society
Regulators and Non-governmental Organisations	<ul style="list-style-type: none"> • Regulatory compliance • Corporate governance • Regulatory and industry updates and trends

Mode of Engagement	Frequency of Engagement
<ul style="list-style-type: none"> Bilateral communications Guest satisfaction surveys Events 	<ul style="list-style-type: none"> Throughout the year Throughout the year Throughout the year
<ul style="list-style-type: none"> Results briefings, earnings calls and post-results investor luncheons Annual General Meeting Local and overseas investor conferences and roadshows Bilateral communications via emails, calls, company visits and site visits Corporate website 	<ul style="list-style-type: none"> Quarterly Annually Throughout the year As and when requested Throughout the year
<ul style="list-style-type: none"> Regular site meetings Discussions via calls and emails ESG performance data collection and review 	<ul style="list-style-type: none"> Throughout the year Throughout the year Monthly
<ul style="list-style-type: none"> Performance appraisals Training, including courses, seminars, webinars and orientation for new staff Employee feedback and employee satisfaction survey 	<ul style="list-style-type: none"> Annually – All employees received reviews in 2020 Throughout the year – In 2020, 49 training hours per employee was achieved As and when required – Due to COVID-19, the annual Voices of Frasians survey was not conducted; in its place was a group-wide pulse survey to seek employees' feedback on flexible working arrangements Annually
<ul style="list-style-type: none"> Fraser's Property Health and Safety Month and Environment Month Team bonding activities, sports, volunteering, Family Day, Annual Dinner and Dance and other social events Internal communications via emails, the intranet, newsletters and townhall meetings 	<ul style="list-style-type: none"> Throughout the year Throughout the year
<ul style="list-style-type: none"> Community engagement activities across all properties 	<ul style="list-style-type: none"> Throughout the year
<ul style="list-style-type: none"> Briefings, discussions and consultations Participation in relevant industry associations 	<ul style="list-style-type: none"> Throughout the year Member of the REIT Association of Singapore (REITAS) Member of Securities Investors Association (Singapore) CEO of the REIT Manager, Mr. Colin Low, is a Board Member of the Singapore Hotel Association and a Member of the Regulatory Sub-Committee of REITAS


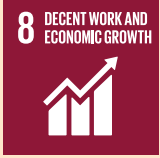











MATERIALITY ASSESSMENT

FHT has 8 ESG material factors, namely Economic Performance, Anti-corruption, Energy and GHG Emissions Management, Water Management, Waste Management, Customer Experience, Talent Recruitment and Retention, and Employee Well-being and Empowerment.

We review these material factors on an ongoing basis to ensure their relevance to our business and alignment with our sustainability goals. The review process is guided by the Global Reporting Initiative (GRI) Principles of Materiality and takes into consideration the global and hospitality industry

specific trends as well as our Group goals. We conclude that these material factors remain relevant to FHT.

The table below shows how our material factors correspond to the Group Sustainability Framework and the relevant United Nations Sustainable Development Goals (UNSDGs). It also shows our material factor boundaries, where significant impacts occur for each of our material factors and where we have caused or contributed to the impacts through our business relationships.

Group Sustainability Framework Pillars	Corresponding UNSDGs	FHT's Material Factors
<p>Acting Progressively</p> 	  	<p>Economic Performance</p> <hr/> <p>Anti-corruption</p>
<p>Consuming Responsibly</p> 	   	<p>Energy and GHG Emissions Management</p> <hr/> <p>Water Management</p> <hr/> <p>Waste Management</p>
<p>Focusing on People</p> 	  	<p>Customer Experience</p> <hr/> <p>Talent Recruitment and Retention</p> <hr/> <p>Employee Well-being and Empowerment</p>

Materiality Rationale	Material Factor Boundaries		
	FHT/ REIT Manager	Suppliers/ Contractors	Properties
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.	✓		
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.	✓	✓	✓
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.			✓
Water is a limited natural resource. It is essential to manage our water consumption to reduce unnecessary usage.			✓
As our operations generate various types of waste, proper waste management is key in preventing adverse impact on the local environment and public health.			✓
Customer experience is a vital aspect in determining the success of our business. It is our utmost priority to meet and even exceed the expectations of our customers and guests.			✓
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.	✓		
Employees are at the heart of hospitality operations. It is vital to ensure our hotel and serviced residence operators value the well-being of property staff by providing a conducive and safe working environment. In turn, a motivated workforce can better deliver positive, memorable experiences to our customers and guests.	✓		✓



ACTING PROGRESSIVELY

OUR PRIORITIES



We are committed to upholding high standards of integrity and integrating effective corporate governance practices into our business decision-making process to manage our risks.

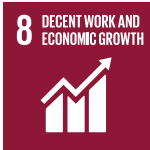


OUR APPROACH



- Robust policies drive our sustainability approach to enhance business resilience and deliver our business and sustainability objectives.
- Pursue green building certifications and adopt responsible practices across our business.

OUR GOALS AND PROGRESS



Focus Areas	Our Goals	Our Progress in 2020	Contribution to UNSDGs
Risk-based Management	<ul style="list-style-type: none"> • To establish holistic overarching internal policies to govern and guide the management of these focus areas. 	<ul style="list-style-type: none"> • Adopted and aligned our practices to the Group’s new Diversity and Inclusion Policy, and Corporate Social Responsibility Policy. 	
Responsible Investment	<ul style="list-style-type: none"> • To kickstart the process for green building certification in 2021 and achieve green certification for at least 80% of the portfolio by 2024. 	<ul style="list-style-type: none"> • Mapped out the properties and timelines for green building certification. 	
Resilient Properties	<ul style="list-style-type: none"> • To carry out climate risk assessment and implement asset-level adaptation and mitigation plans in alignment with TCFD (Task Force on Climate-related Financial Disclosures) framework by 2024. 	<ul style="list-style-type: none"> • Collated data for climate risk assessment. 	

RISK-BASED MANAGEMENT

Good corporate governance and best practices strengthen the trust and confidence of our stakeholders in FHT. We adopt a risk-based management approach in our business and regularly review our policies and compliance levels, driven by our zero tolerance towards corruption and fraud.

Our approach is aligned with our Sponsor and we subscribe to the following corporate policies:

- Code of Business Conduct
- Whistle-blowing
- Anti-bribery
- Competition Act Compliance
- Personal Data Protection
- Legal and Regulatory Compliance
- Environment, Health and Safety
- Dealing in Stapled Securities of FHT and Reporting Procedures
- Prevention of Money Laundering and Countering the Financing of Terrorism
- Outsourcing
- Treasury
- Board Diversity
- Investor Relations
- Continuing Education
- Diversity and Inclusion
- Corporate Social Responsibility

Additionally, the Group Internal Audit at Frasers Property is instituted to independently examine and evaluate the REIT Manager's activities, with focus on adequacy of internal controls, risk management and corporate governance¹. Its audit findings and recommendations are presented to the Board for appropriate follow-up actions by the management. The Head of Group Internal Audit reports directly to the Chairman of the Audit, Risk and Compliance Committee of the REIT Manager.

For 2020, we are pleased to report that we complied with all relevant laws, rules and regulations and there were zero confirmed incidents of bribery and corruption. We endeavour to maintain this performance in the coming year.

RESPONSIBLE INVESTMENT

Cognizant of the growing importance of climate change, our Sponsor has set its sights on being a carbon neutral business by 2050.

In line with this, we have consciously deepened the integration of ESG considerations into our business decisions and investments. Our target is to have at least 80% of our portfolio attain green building certification by 2024.

During the year, FHT took part in the GRESB real estate assessment for the second time. We maintained our score of 61, with a 2-star rating for our ESG performance.

Our properties actively participated in the sustainability programmes of the operators or started their own initiatives to further improve their ESG performance. In Australia, Fraser Suites Sydney took initiative to assess its energy and water efficiency performance and obtained a NABERS (National Australian Built Environment Rating System) rating of 3 stars.

In the UK, 5 of our properties are on the Green Tourism Awards Certification Programme, which acknowledges the commitment of businesses in caring for local communities, promoting a sense of place, conserving local areas, and adopting environmentally friendly practices. This year, Fraser Suites Edinburgh received the Green Tourism Business Certification Silver Award while the remaining properties received the Bronze Award.

GREEN AWARDS AND CERTIFICATIONS

Fraser Suites Sydney

- 3-Star NABERS rating for energy and water

InterContinental Singapore

- Singapore Green Hotel Award 2019-2020

Fraser Suites Edinburgh

- Green Tourism Silver Award

Fraser Place Canary Wharf London

- Green Tourism Bronze Award

Fraser Suites Glasgow

- Green Tourism Bronze Award

Fraser Suites Queens Gate London

- Green Tourism Bronze Award

Park International London

- Green Tourism Bronze Award

1 Please refer to pages 95 to 131 for our report on Corporate Governance.

CONSUMING RESPONSIBLY

OUR PRIORITIES



With increasing concern on climate change, we recognise the importance of playing an active role in reducing our environmental footprint. We encourage our properties to operate efficiently and manage their resource consumption as part of our efforts to achieve our goal as a carbon neutral business. At the same time, we also recognise the shift in expectations among our customers and guests who are now looking to travel and stay with lesser impact to the environment. To remain competitive and relevant, it is imperative that we align our practices with their expectations.





OUR APPROACH



- Institute policies that drive positive environmental and social outcomes.
- Promote sustainable practices and encourage our employees, customers and property operators to reduce their environmental footprint together with us.

OUR GOALS AND PROGRESS



Focus Areas	Our Goals	Our Progress in 2020	Contribution to UNSDGs
Energy and Carbon	• To develop a carbon road map with science-based targets to achieve net zero carbon emission by 2050.	• Started the process to inventorise our carbon emissions together with the Group.	
	• To achieve energy intensity reduction of 3% p.a. for the portfolio from 2018 to 2024.	• Reported a 21.7% reduction in energy consumption in 2020.	
Water	• To achieve water intensity reduction of 1.5% p.a. for the portfolio from 2018 to 2024.	• Reported a 23.8% reduction in water consumption in 2020.	
Waste	• To establish a waste recycling target and expand waste data coverage from current 10 properties to 14 by December 2021.	• Expanded the tracking and reporting of waste data from 8 to 10 properties.	

ENERGY AND CARBON

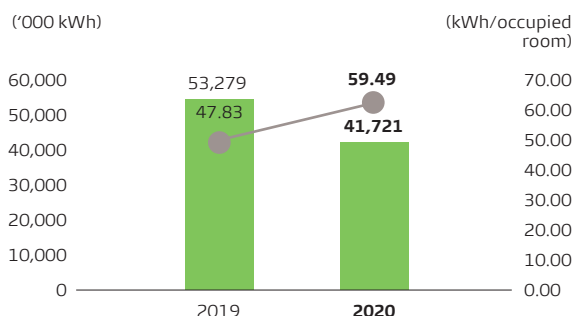
At FHT, we seek to reduce energy consumption across our properties and constantly encourage our property operators to improve on their energy management. We also promote sustainable practices to our employees, guests and suppliers as we believe that mindset and behavioural changes are critical to achieving our objective.

In 2020, our properties consumed a total of 41,721,046 kWh of electricity, down 21.7% from a year ago. With the COVID-19 pandemic severely impacting global demand for travel and accommodation, we have worked closely with our hotel and serviced residence operators to undertake proactive measures to minimise energy usage across our properties. However, the magnitude of the decline was constrained as the properties must maintain key amenities, particularly in the public areas. Consequently, our electricity intensity per occupied room – which is measured by dividing total energy usage over total occupied room nights – increased by 24.4% yoy to 59.49 kWh.

The total carbon emissions caused by our energy consumption amounted to 24,176 tonnes of CO₂ equivalent (tCO₂e). This represents a reduction of 25.0% over 2019. However, our carbon emission intensity was 0.034 tCO₂ per occupied room, up 19.1% yoy.

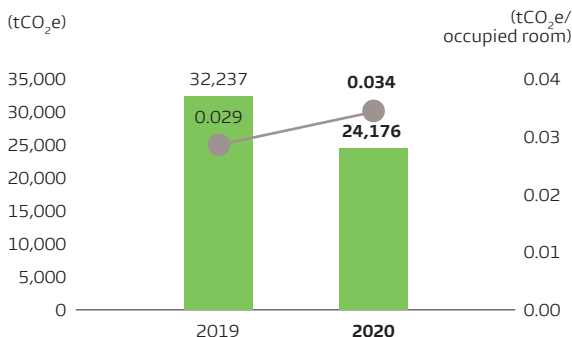
While the COVID-19 situation is still evolving, we endeavour to at least maintain our energy intensity, if not reduce it in the coming year.

Electricity Consumption and Intensity



Electricity Consumption • Electricity Intensity

Indirect GHG Emissions (Scope 2) and Intensity



Indirect GHG Emissions (Scope 2) • Indirect GHG Emissions (Scope 2) Intensity

ENERGY SAVING INITIATIVES IMPLEMENTED

- In the UK, we have appointed a consultant to kickstart the process of Energy Performance Certification for our properties there. We aim to complete the certification by 2021.
- At the onset of the COVID-19 pandemic, our properties implemented various energy reduction measures such as adjusting the air-conditioning temperature in common areas, closing off accommodation floors and amenities, and shutting down lifts and chillers where applicable.
- Both Fraser Suites Sydney and Novotel Melbourne on Collins continued to upgrade their lighting systems to energy-efficient LED lights in guest suites and common areas.
- Fraser Suites Singapore swapped its existing LCD TVs to energy-efficient LED TVs in all its apartments. The switch is expected to reduce energy consumption by 20% to 30%.
- An investment to upgrade InterContinental Singapore’s Building Management System led to a 4% reduction in the hotel’s energy consumption.
- The Westin Kuala Lumpur replaced its cooling tower to improve chiller efficiency and reduce energy consumption. The hotel also replaced its heat machine and heat exchanger plate pack to increase the efficiency of its hot and chilled water system.

WATER

Similar to energy management, we are committed to reducing our water usage and enhancing our properties towards becoming more water efficient.

In 2020, our properties consumed a total of 552,157 m³ of water, all of which came from municipal water supply. This represents a reduction of 23.8% over 2019. However, the detrimental impact of the COVID-19 pandemic has adversely affected our portfolio occupancy far more than the reduction we achieved in water usage. As such, our water intensity per occupied room increased 20.4% yoy to 0.81m³.

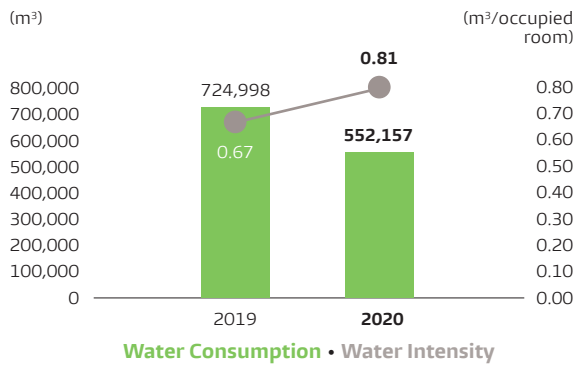
In the coming year, we strive to at least maintain our water intensity, if not reduce it given that the COVID-19 situation is still evolving.

WASTE

We are aware that the hospitality industry generates significant amount of waste, and we consciously explore and adopt waste reduction initiatives to reduce our carbon footprint. As a responsible corporate citizen, we go beyond complying with the local regulatory guidelines and work closely with our property operators to improve our waste management systems. It is also our aim to expand our waste data reporting to 14 properties by 2021.

In 2020, we extended the tracking and reporting of waste generated to 10 properties, up from 8 in 2019. A total 2,206 tonnes of non-hazardous waste was generated by these properties during the year, of which 290 tonnes were sent for recycling. This represents a recycling rate of 13.2%, up from 11.8% reported in 2019.

Water Consumption and Intensity



WATER SAVING INITIATIVES IMPLEMENTED

- Since the COVID-19 outbreak, our properties have implemented various water reduction measures such as closing off accommodation floors and amenities, and shutting down chillers where applicable.
- Sofitel Sydney Wentworth conducted a water efficiency audit to detect leaks and identify ways to reduce water wastage. The exercise involved tap leak repairs, old shower head replacements, and readjustments of flusherette flows in all 436 rooms as well as public toilets. Checks on cooling tower water balance were also conducted to reduce water wastage.
- To reduce water consumption, Fraser Suites Sydney upgraded all bathroom fittings that are WELS (Water Efficiency Labelling and Standards) certified in its guest suites.

WASTE MANAGEMENT INITIATIVES IMPLEMENTED

- At ibis Styles London Gloucester Road, several waste reduction initiatives were implemented during the year, including paperless check-in and replacement of plastic key cards with mobile keys. These resulted in 80% reduction in paper use and 100% elimination of plastic key cards.
- In the UK, our properties introduced a digital media platform to eliminate hard copy publications and collaterals and cut down printing and carbon emissions from transporting these materials to the properties.
- Adoption of biodegradable cups and straws resulted in over 40% waste diversion to recycling at Novotel Melbourne on Collins. The property also digitalised its daily reports and successfully reduced close to 36,500 sheets of paper per year which is equivalent to saving 4 trees annually.
- To further reduce single-use plastics at the hotel, Novotel Sydney Darling Square fitted wall-mounted amenity pumps in all bathrooms. The initiative is anticipated to save over 750kg of plastics annually.
- Fraser Suites Sydney has successfully phased out single-use plastics at all its public spaces and diverted a significant amount of waste from landfill to a bioreactor plant for energy generation.
- The Westin Kuala Lumpur installed an in-house water filtration system and stopped the distribution of plastic bottled water in guest rooms. It is estimated that this system helps the hotel eliminate over 400,000 plastic bottles annually.
- InterContinental Singapore's efforts to reduce food wastage and remove single-use plastic straws contributed to a respective 9% and 2% reduction in the overall waste generated in 2020.

FOCUSING ON PEOPLE

OUR PRIORITIES



Driven by our unifying idea that ‘experience matters’, we are committed to creating positive interactions with our customers, guests and employees², and the community as they are fundamental to the success and growth of our business in the long-term.


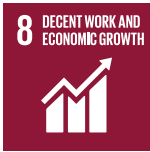

OUR APPROACH



- Establish policies that focus on building our human capital and contributing positively to the communities.
- Foster a culture of diversity and inclusion to connect with our stakeholders.

OUR GOALS AND PROGRESS



Focus Areas	Our Goals	Our Progress in 2020	Contribution to UNSDGs
Diversity and Inclusion	<ul style="list-style-type: none"> • To embed diversity and inclusion in our culture through employee engagement. • To provide training and education that raises employee awareness of diversity and inclusion and their associated benefits. • To enhance processes and policies to encourage greater flexibility and diversity. 	<ul style="list-style-type: none"> • Aligned with Frasers Property’s pledge to the United Nations Women Empowerment Principles. • Adopted and aligned our practices with the Group’s Diversity and Inclusion Policy at workplace. 	
Skills and Leadership	<ul style="list-style-type: none"> • To achieve an average of 40 training hours per employee. • To train all our employees on sustainability by 2021. 	<ul style="list-style-type: none"> • Achieved 49 training hours per employee in 2020. • Identified areas of training relating to sustainability that are relevant to the Hospitality industry. 	
Health and Well-being	<ul style="list-style-type: none"> • To create a safe working environment and achieve zero injuries. • To improve the well-being of our employees, customers and communities by 2030. 	<ul style="list-style-type: none"> • Reported zero incidents of non-compliance with regulations concerning the health and safety of our customers and employees. • Our employees now have access to the Employee Assistance Programme launched by Frasers Property Group in Singapore, Australia and the UK. 	 
Community Connectedness	<ul style="list-style-type: none"> • To seek meaningful long-term relationships that respect local cultures and create lasting benefits. • To identify measurements to quantify positive contributions. 	<ul style="list-style-type: none"> • Adopted and aligned our practices with the Group’s Corporate Social Responsibility Policy. • Adhered to the Group’s newly launched Community Investment Framework that provides a basis for influencing change and decisions in a coordinated way. 	

² Employees refer to the staff of the REIT Manager. All employee data disclosed in this report relates only to the REIT Manager.

CUSTOMER EXPERIENCE

In the hospitality industry, good customer experience is critical to our business. It is our priority to understand the needs of our customers and guests and strive to exceed their expectations through excellent service and safe practices. Our properties take a 3-pronged approach to continually improve their service quality and enhance guest experience by:

Monitoring Customer Feedback and Satisfaction	Providing Training Targeted at Customer Service Excellence	Engaging External Parties to Evaluate Service Quality
<ul style="list-style-type: none"> Guest satisfaction and feedback are collated through various channels such as in-room surveys, post-stay surveys and reviews on major travel service platforms. Target response rates have been set for online reviews and direct guest communications. Established procedures are in place to ensure that guest complaints are treated with utmost care and service delivered is positively consistent. 	<ul style="list-style-type: none"> At Frasers Hospitality-managed properties, all staff must attend the Front-Office Excellence Training, and the Epitome of Training and Grooming. At InterContinental Singapore, fortnightly training is conducted for new and existing staff on the hotel chain's approach to hospitality. New hires at Novotel Melbourne on Collins undergo Peopleology Service training before starting employment. 	<ul style="list-style-type: none"> Independent mystery guest stays are deployed to assess service quality at our properties. Independent audits on brand standards and quality evaluation are commissioned annually by the hotel and serviced residence operators.

The health and safety of our guests are of utmost importance. We have in place robust health and safety management policies across all our properties and we require our property operators to report all incidents promptly. Together with them, we identify and take the necessary actions to minimise any potential safety risks at our properties.

Ensuring Health and Safety During the COVID-19 Pandemic

In view of the COVID-19 outbreak, our properties have stepped up their hygiene practices to provide assurance to both guests and staff that stringent safety standards have been met.

FraserCares is an initiative of Frasers Hospitality to ensure the health, safety and well-being of guests and staff. It includes a new cleaning regime, safe distancing protocols and redefined operational standards based on local legislations.

To ensure guest safety, Accor has launched its ALLSAFE global cleanliness and prevention standards which have been developed with Bureau Veritas, a world leader in testing, inspections and certification.

IHG expanded its commitment to cleanliness with the launch of IHG Clean Promise which includes the updated IHG Way of Clean measures involving COVID-19 protocols and best practices.

During the year, 4 of our Frasers Hospitality-managed properties in the UK received the International Serviced Accommodation Accreditation Process (ISAAP) Compliance Accreditation by the Association of Serviced

INDUSTRY AWARDS AND ACCOLADES

Novotel Melbourne on Collins

- Agoda 2020 Customer Review Awards

Fraser Suites Sydney

- Agoda 2020 Customer Review Awards

Novotel Sydney Darling Square

- Agoda 2020 Customer Review Awards

Sofitel Sydney Wentworth

- Agoda 2020 Customer Review Awards

Fraser Suites Singapore

- Partner of the Year for Asia Pacific by Synergy Global Housing

InterContinental Singapore

- World Travel Awards 2020 – Singapore's Leading City Hotel
- Singapore's Top 25 Luxury Hotels at TripAdvisor Traveller's Choice Awards 2020
- Agoda 2020 Customer Review Awards

Fraser Suites Edinburgh

- World Travel Awards 2020 – Scotland's Leading Serviced Apartments
- Agoda 2020 Customer Review Awards

ANA Crowne Plaza Kobe

- Agoda 2020 Customer Review Awards

The Westin Kuala Lumpur

- ASEAN MICE Venue Standard (Category: Meeting Room) Awards by Ministry of Tourism, Arts and Culture Malaysia
- Agoda 2020 Customer Review Awards
- TripAdvisor Traveller's Choice Awards 2020

Apartment Providers. The accreditation gives assurance to our guests that our properties meet the stringent ISAAP Global Standard for safety and service, including the COVID-19 sanitisation requirements.

Prioritising Well-being of Guests

The well-being of all guests is also a top-of-mind priority of our properties. Sofitel Sydney Wentworth, which hosts returning residents serving their isolation orders, held a rock concert in April 2020 and an operatic concert in the following month to bid farewell to its guests who were completing their 2-week quarantine. On the last night of their stay, hundreds of guests were treated to a spectacular live show and a 3-course dinner to accompany the experience. The horseshoe design of the hotel formed a sort of amphitheatre which allowed its guests to watch the outdoor courtyard performance from their bedroom balconies or on their in-room TVs or devices.

Similar to Sofitel Sydney Wentworth, Novotel Melbourne on Collins is also a dedicated isolation facility for residents serving quarantine orders. On occasions such as birthdays and Easter, the hotels have thoughtfully arranged special surprises and treats to celebrate with their guests who were away from home and their families.

During the year, there were no incidents of non-compliance with regulations relating to customer health and safety. Many of our properties continue to be recognised as the preferred accommodation for business and leisure travellers, as reflected by the numerous prestigious awards that they have won.

In the coming year, we aim to maintain zero incidents of non-compliance with regulations concerning customer health and safety.

SKILLS AND LEADERSHIP

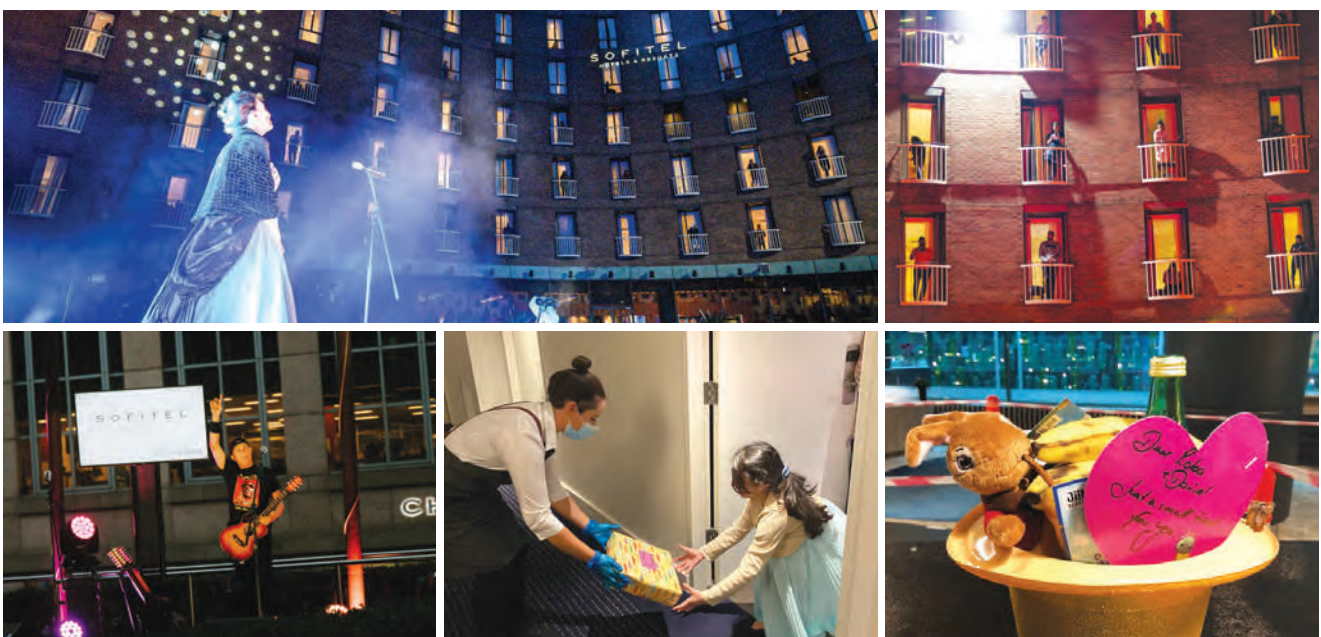
We embrace workforce diversity and equal employment opportunity based on meritocracy. We believe that a diverse talent pool promotes growth, innovation and inclusivity that lead to enhanced business performance. As part of the Group, we subscribe to TAFEP in Singapore and adopt the Group's Code of Business Conduct as well as its Diversity and Inclusion Policy which was instituted this year to reinforce its stance on creating a diverse and inclusive workplace.

As at 30 September 2020, we have a total of 20 full-time, permanent employees who are based in Singapore, Australia and the UK. For 2020, we reported a hiring rate of 15.0% which was higher than our turnover rate of 5.0%.

Employee empowerment and development remains a focus at FHT. We encourage our employees to adopt a lifelong learning approach and identify their development gaps and needs through the annual performance appraisal. Aside from the comprehensive range of learning and development programmes curated by the Group's Human Resource Department, our employees can also sign up for outhouse training in specific areas or skillsets that are relevant to their work.

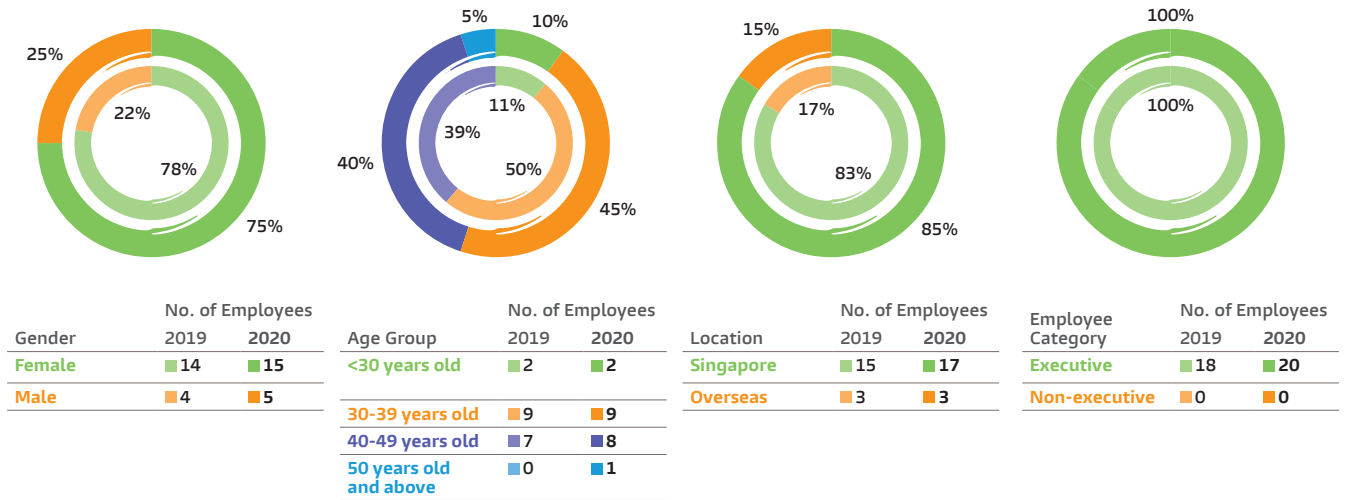
Despite disruptions caused by the COVID-19 pandemic, our employees continued to attend training and development courses, seminars and webinars during the year to acquire relevant knowledge and skills. The total training hours clocked was approximately 975 which translated to an average of 49 training hours received per employee. This exceeded our target of 40 training hours per employee per year.

For 2021, we aim to maintain our record of exceeding this target.

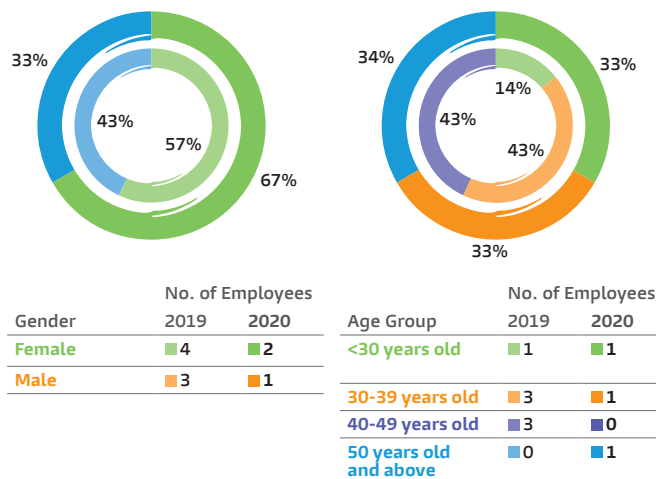


▲ Sofitel Sydney Wentworth concerts: photos by James Gourley.

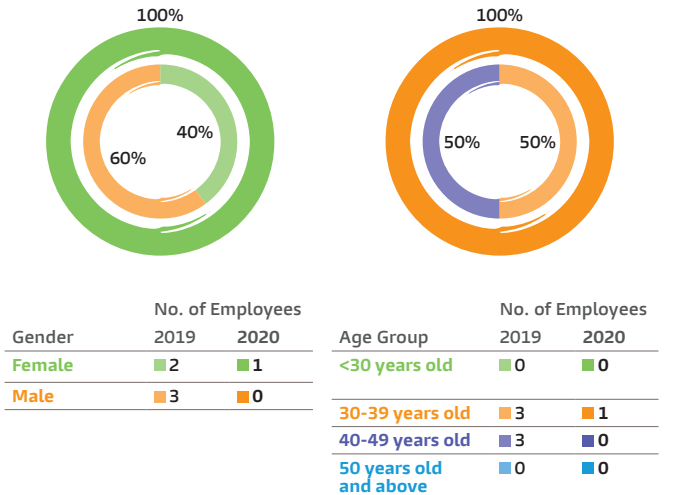
Employee Profile (Breakdown by Gender, Age Group, Location and Employee Category)



New Hire (Breakdown by Gender and Age Group)



Employee Turnover (Breakdown by Gender and Age Group)



HEALTH AND WELL-BEING

We are committed to providing our employees a secure and conducive work environment. We also work alongside our hotel and serviced residence operators to safeguard the health and well-being of the property staff.

Each of our properties has in place robust health and safety policies and practices, with a designated health and safety committee responsible for conducting regular risk reviews and assessments to monitor and improve the health and safety performance of the property. Regular training is provided to the property staff to remind them of existing safety procedures and keep them abreast of new ones. Each property also shares its policies

and procedures with its vendors to encourage health and safety culture along the supply chain.

At every property, a business continuity plan (BCP) is in place to minimise the impact from potential disruptive events such as pandemic, fire or power failure. During the year, test drills were scheduled to determine the adequacy and effectiveness of the BCP under different scenarios. Results of the drills were reported quarterly, with areas for improvement identified for implementation.

We are pleased to highlight that across our properties and at the REIT Manager level, there were zero incidents of non-compliance with health and safety regulations during the year. We strive to maintain this performance in the coming year.

The health and well-being of our employees is also our focus. Since the onset of the COVID-19 pandemic, we have implemented remote working to minimise the risk of infections. Subsequent to the easing of safe management measures, our employees have been segregated into split teams for rotation between office and remote working.

To gain insights on our employees' preferences on flexible working arrangements, we have sought their feedback via a Frasers Property groupwide survey. Taking into consideration the feedback received, revisions to the current work arrangements are currently being explored to improve our employees' well-being and work outcomes.

HEALTH AND SAFETY TRAINING

In 2020, our properties conducted safety training covering areas such as:

- Risk management
- Fire and disaster drills
- Safety and security
- Emergency management
- Evacuation
- COVID-19 awareness
- Hygiene standards
- Personal protective equipment
- WSQ (Singapore Workforce Skills Qualifications) Provide Workplace Safety and Security
- Food handling and safety
- First aid

STAFF ENGAGEMENT ACTIVITIES

- Staff at Frasers Hospitality-managed properties participated in various virtual activities held during the annual Frasers Property's Health and Safety Month in August. Centred on the theme 'Your Well-being. A Priority', the month-long event sought to encourage and empower employees to look after their personal well-being, especially in current times.
- Property staff at InterContinental Singapore actively took part in Colleague Heartbeat, an employee engagement survey launched in October.
- At Novotel Melbourne on Collins, monthly Team Forums were held to celebrate the achievements and recognise individual contributions by team members. Employee of the Month and Heartist of the Month awards were given out during such forums.
- Other properties including Fraser Suites Sydney, InterContinental Singapore, The Westin Kuala Lumpur and ANA Crowne Plaza Kobe also gave out long service and appreciation awards to their property staff in recognition of their dedication and hard work.
- In support of International Women's Day, both Sofitel Sydney Wentworth and Novotel Sydney Darling Square sponsored an in-house breakfast event to celebrate the achievements of their female staff and promote awareness of women's parity.

COMMUNITY CONNECTEDNESS

As a responsible corporate citizen, we seek to strengthen our connection with the local communities and aim to establish long lasting

relationships with them. We take proactive actions to contribute back to the local communities through corporate philanthropy and staff volunteering.

COMMUNITY INVOLVEMENT PROJECTS

- The teams at Novotel Sydney Darling Square, Sofitel Sydney Wentworth and Novotel Melbourne on Collins raised funds to support bushfire-affected communities across Australia.
- Sofitel Sydney Wentworth donated to Ronald McDonald House Charities to provide support for needy families with children who are ill.
- Fraser Suites Sydney hosted Australia's Biggest Morning Tea, a virtual event for staff, to raise funds in support of the Cancer Council's life-saving research, prevention and support programs.
- Staff at ANA Crowne Plaza Kobe took part in the Pink Ribbon donation drive.
- At The Westin Kuala Lumpur, 300 staff participated in the 'Run to Give' charity event which channelled all proceeds from the run to the National Kidney Foundation of Malaysia.

ABOUT THIS REPORT

This Sustainability Report covers FHT's sustainability performance for the financial reporting period from 1 October 2019 to 30 September 2020. It is our 6th Sustainability Report since listing.

We have prepared this report in accordance with the sustainability reporting requirements of the SGX-ST Listing Manual (Rules 711A and 711B) and the GRI Standards: Core Option. We have also aligned our reporting with the GRI Reporting Principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy and Reliability, Timeliness and Clarity.

The GRI Standards: Core Option, which is internationally recognised, has been selected as the reporting framework as it provides guiding principles on report content and quality, and suggests specific performance disclosures relevant to our material ESG topics.

REPORT SCOPE

This report describes the sustainability activities and performance of our 14 properties located across Asia, Australia and the UK³. Information relating to energy, water⁴, waste⁵, customer experience, employee health and well-being, talent recruitment and retention, and our contribution to the communities has been disclosed in good faith and to the best of our knowledge.

FEEDBACK

We welcome any feedback or suggestion that will help us improve our sustainability reporting and performance. Please write to: ir@frasershospitality.com. Thank you.

³ Maritim Hotel Dresden has been excluded from the report scope due to limitations imposed by the master lease agreement.

⁴ Water data covers all properties except Fraser Place Canary Wharf London, which does not report water consumption.

⁵ Waste data is available for 10 out of the 14 properties covered in this report. For details of scope, please refer to "Waste" section of the report on page 78.



GRI CONTENT INDEX

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
GRI 102: General Disclosures	Organisational Profile		
	102-1	Name of the organisation	About Frasers Hospitality Trust, p.02
	102-2	Activities, brands, products, and services	About Frasers Hospitality Trust, p.02
	102-3	Location of headquarters	Corporate Information, p.07
	102-4	Location of operations	About Frasers Hospitality Trust, p.02
	102-5	Ownership and legal form	About Frasers Hospitality Trust, p.02 Trust Structure, p.06
	102-6	Markets served	Our Portfolio, p.04 Asset Profiles, p.58
	102-7	Scale of the organisation	About Frasers Hospitality Trust, p.02 Financial Highlights, p.08 Focusing on People – Skills and Leadership, p.81–82
	102-8	Information on employees and other workers	Focusing on People – Skills and Leadership, p.81–82
	102-9	Supply chain	Consuming Responsibly, p.77 Managing Sustainability – Stakeholder Management, p.70–71
	102-10	Significant changes to organisation and its supply chain	Key Events, p.27
	102-11	Precautionary principle or approach	FHT does not specifically refer to the precautionary approach when managing risk; however, our management approach is risk-based, and underpinned by our internal audit framework.
	102-12	External initiatives	Acting Progressively – Risk-based Management and Responsible Investment, p.74–75
	102-13	Membership of associations	Managing Sustainability – Stakeholder Management, p.70–71
	Strategy		
102-14	Statement from senior decision-maker	Board Statement, p.66	
	Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	About Frasers Hospitality Trust, p.02 Acting Progressively – Risk-based Management, p.74–75	
	Governance		
102-18	Governance structure	Corporate Information, p.07 Board of Directors, p.46–51 Management Team, p.52–55 Corporate Governance Report, p.95–131 Managing Sustainability, p.70	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI 102: General Disclosures	Stakeholder Engagement		
	102-40	List of stakeholder groups	Managing Sustainability – Stakeholder Management, p.70–71
	102-41	Collective bargaining agreements	There are no collective bargaining agreements in place.
	102-42	Identifying and selecting stakeholders	Managing Sustainability – Stakeholder Management, p.70–71
	102-43	Approach to stakeholder engagement	Managing Sustainability – Stakeholder Management, p.70–71
	102-44	Key topics and concerns raised	Managing Sustainability – Stakeholder Management, p.70–71
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	Trust Structure, p.06 Financial Statements, p.132–283
	102-46	Defining report content and topic Boundaries	About This Report – Report Scope, p.84 Materiality Assessment, p.72–73
	102-47	List of material topics	Materiality Assessment, p.72–73
	102-48	Restatements of information	None
	102-49	Changes in reporting	There were no changes in reporting period, list of material factors and topic boundaries
	102-50	Reporting period	About This Report, p.84
	102-51	Date of most recent report	December 2019
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	About This Report – Feedback, p.84
	102-54	Claims of reporting in accordance with GRI Standards	About This Report, p.84 Materiality Assessment, p.72–73
	102-55	GRI content index	GRI Content Index, p.85–88
	102-56	External assurance	We have not sought external assurance on this data; we will be reviewing this in future.
	Management Approach		
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	Materiality Assessment, p.72–73
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Our Growth Strategy, p.03
	103-3	Evaluation of the management approach	Our Growth Strategy, p.03
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Financial Review, p.15–19 Financial Statements, p.132–283

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Anti-corruption			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-based Management, p.74–75 Materiality Assessment, p.72–73
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	
Energy and GHG Emissions Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Energy and Carbon, p.76–77
	103-3	Evaluation of the management approach	
GRI 302: Energy	302-1	Energy consumption within the organisation	
	302-3	Energy intensity	
GRI 305: Emissions	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	
Water Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Water, p.76–78
	103-3	Evaluation of the management approach	
GRI 303: Water	303-1	Water withdrawal by source	
Customer Experience			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Customer Experience, p.79–81
	103-3	Evaluation of the management approach	
Talent Recruitment and Retention			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Skills and Leadership, p.81–82
	103-3	Evaluation of the management approach	
GRI 401: Employment	401-1	New employee hires and employee turnover	
GRI 404: Training and Education	404-1	Average hours of training per year per employee development reviews	Focusing on People –Skills and Leadership and Health and Well-being, p.81–83
	404-2	Programs for upgrading employee skills and transition assistance programs	
	404-3	Percentage of employees receiving regular performance and career	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Employee Well-being and Empowerment			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People –Health and Well-being p.82–83
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	FHT is represented in the Sponsor’s Health and Safety Committee.
	403-2	Types of injuries and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	As a REIT, we require all of our properties to report health and safety incidents on a prompt and regular basis.
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic areas	Focusing on People – Health and Well-being, p.82–83

INVESTOR RELATIONS

FAIR, TIMELY AND TRANSPARENT COMMUNICATIONS

The Managers of FHT are committed to providing timely, accurate and comprehensive information to enable our Stapled Securityholders and the investment community to make informed 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.

Following amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we have adopted half-yearly reporting of financial results since May 2020. We shall continue with the practice of releasing our financial results no later than 30 days from the end of each reporting period.

ACTIVE ENGAGEMENTS VIA MULTIPLE PLATFORMS

FHT actively engages 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 insight into the market perceptions and expectations of FHT.

Results and business update briefings for analysts are conducted quarterly and property visits are organised upon request. However, due to the COVID-19 pandemic, our investor meetings and quarterly analyst briefings have since gone virtual while property visits have been temporarily suspended.

FHT's 5th Annual General Meeting (**AGM**) was convened on 14 January 2020. The Board of Directors and Management of the Managers were present to engage Stapled Securityholders and address their queries and 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 announced after the meeting and the minutes of the AGM were subsequently uploaded on FHT's website for greater transparency.

In recognition of FHT's efforts and achievements in upholding high standards of corporate governance and maintaining good compliance record, SGX has included FHT in the SGX Fast Track, which provides prioritised clearance for all our submissions of corporate actions to the SGX RegCo.

INVESTOR RELATIONS CALENDAR FOR FY2020

First Quarter FY2020 (1 October 2019 – 31 December 2019)	
Analyst briefing for FY2019 results	October 2019
Post-results investor luncheon hosted by Maybank Kim Eng	October 2019
Frasers Day, Bangkok	November 2019
Second Quarter FY2020 (1 January 2020 – 31 March 2020)	
DBS Pulse of Asia Conference, Singapore	January 2020
5 th AGM	January 2020
Analyst earnings call for 1Q2020 results	January 2020
Singapore non-deal roadshow hosted by DBS	January 2020
Investor conference call hosted by DBS Vickers Securities (Thailand)	February 2020
Third Quarter FY2020 (1 April 2020 – 30 June 2020)	
Analyst earnings call for 2Q2020 results	May 2020
Fourth Quarter FY2020 (1 July 2020 – 30 September 2020)	
Analyst briefing for 3Q2020 business updates	July 2020
DBS-REITAS-SGX Future of Real Estate Series Virtual Conference	September 2020

FINANCIAL CALENDAR FOR FY2020

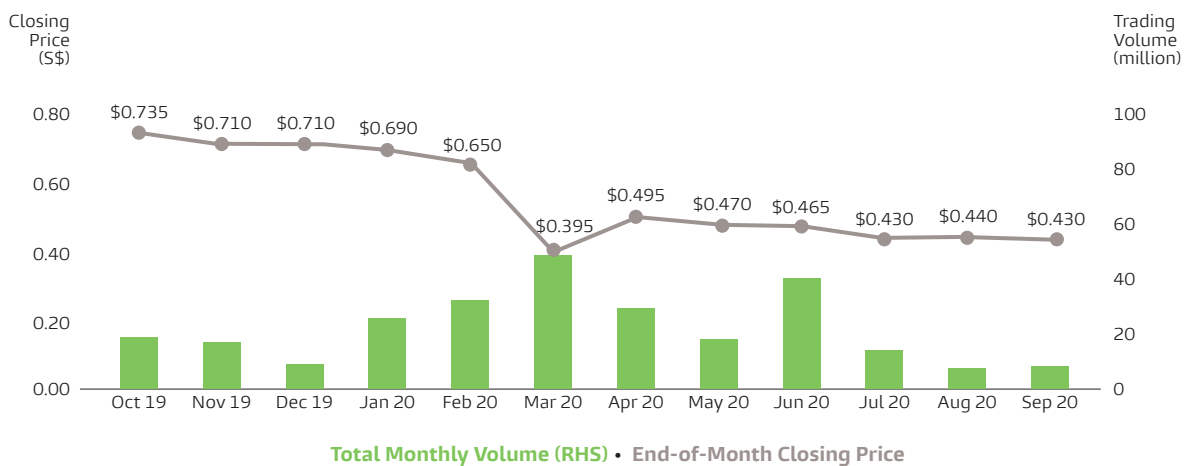
- **14 January 2020**
5th AGM
- **23 January 2020**
Release of 1Q2020 results
- **8 May 2020**
Release of 2Q and 1H2020 results
- **29 June 2020**
Payment of interim distribution for FY2020
- **6 August 2020**
Release of 3Q2020 business updates
- **30 October 2020**
Release of 2H and FY2020 results
- **29 December 2020**
Payment of final distribution for FY2020

FINANCIAL CALENDAR FOR FY2021

(subject to changes by the Managers without prior notice)

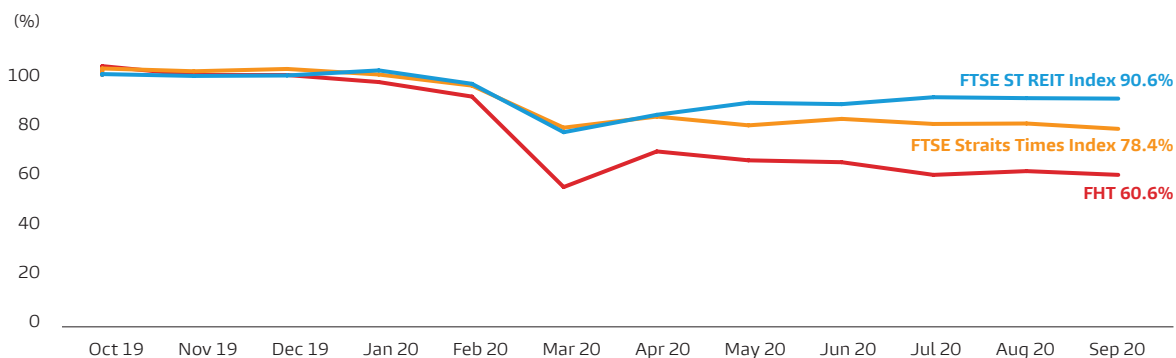
- **20 January 2021**
6th AGM
- **28 January 2021**
Release of 1Q2021 business updates
- **April 2021**
Release of 1H2021 results
- **June 2021**
Payment of interim distribution for FY2021
- **July 2021**
Release of 3Q2021 business updates
- **October 2021**
Release of 2H and FY2021 results
- **December 2021**
Payment of final distribution for FY2021

FHT MONTHLY TRADING PERFORMANCE FOR FY2020



Source: Bloomberg.

COMPARATIVE TRADING PERFORMANCE FOR FY2020



Source: Bloomberg.

Note: Data extracted are not adjusted for any cash adjustments, capital changes or corporate actions (including but not limited to cash dividends, rights offering, warrants and stock splits). For dates that fell on non-trading days, share price data is extracted from the corresponding previous trading day.

The COVID-19 outbreak has brought about the greatest economic shock that the world has experienced in decades.

When the World Health Organisation declared COVID-19 a pandemic in March 2020, it triggered a sell-off in global equities. Amongst the Singapore real estate investment trusts (**SREITs**), those in the hospitality sub-sector, including FHT, bore the brunt of the sell-off.

Although FHT's unit price has recovered from the lows experienced in March 2020, unlike the rest of the SREITs, the impact of the evolving pandemic continued to weigh on its trading performance. FHT closed at \$0.43 on 30 September 2020, representing a 39.4% decline from the opening price of \$0.71 on 1 October 2019.

FHT 5-YEAR TRADING PERFORMANCE

	FY2016	FY2017	FY2018	FY2019	FY2020
Opening price	\$0.730	\$0.690	\$0.755	\$0.715	\$0.710
Closing price	\$0.690	\$0.750	\$0.700	\$0.715	\$0.430
Highest price	\$0.820	\$0.765	\$0.825	\$0.770	\$0.735
Lowest price	\$0.685	\$0.630	\$0.665	\$0.675	\$0.350
Total volume of Stapled Securities traded	79.0 million	214.3 million	279.0 million	249.0 million	268.9 million
Average daily volume of Stapled Securities traded	0.3 million	0.9 million	1.1 million	1.0 million	1.1 million
Market capitalisation	\$952.1 million	\$1,384.2 million	\$1,308.4 million	\$1,354.4 million	\$826.1 million

Source: Bloomberg.

Note: Data extracted are not adjusted for any cash adjustments, capital changes or corporate actions (including but not limited to cash dividends, rights offering, warrants and stock splits).

COMPARATIVE TOTAL RETURNS

	1 Year ¹		3 Years ¹		5 Years ¹	
	Price Change	Total Return ²	Price Change	Total Return ²	Price Change	Total Return ²
FHT	-39.4%	-37.1%	-43.1%	-32.7%	-41.9%	-17.7%
FTSE Straits Times Index	-21.6%	-18.3%	-24.4%	-15.0%	-12.0%	6.3%
FTSE ST REIT Index	-9.4%	-5.4%	3.6%	21.6%	21.0%	61.7%

Source: Bloomberg.

1 1-year return is for period 1 October 2019 to 30 September 2020; 3-year return is for period 2 October 2017 to 30 September 2020; and 5-year return is for period 1 October 2015 to 30 September 2020.

2 Assumes dividends are reinvested.

EQUITY RESEARCH COVERAGE

FHT is covered by sell-side analysts from:

- DBS Vickers Securities
- Maybank Kim Eng Research
- UOB Kay Hian

FEEDBACK

To promote open and transparent communication, FHT values and welcomes feedback which may be made via: ir@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 (**KRIs**) are established to monitor risks. The Risk Scorecard and KRIs 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 formalised 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 2020

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, 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. 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.

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 as well as the Master Lease Agreement for Sofitel Sydney Wentworth.

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 reporting period, approximately 13.9% of FHT's trade and other receivables were due from a third party lessee (in 2019, approximately 56.8% 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 the end of FY2020, FHT has undrawn RCF of S\$45.0 million and S\$660.0 million of untapped facility under its S\$1.0 billion Multicurrency Debt Issuance Programme which was established in January 2016. Subsequent to year end, FH-REIT had entered into a S\$50.0 million committed RCF with UOB Bank on 16 October 2020 and a S\$40.0 million committed RCF with OCBC Bank on 27 October 2020.

It is the Managers' intention to ensure that the maturities of the borrowings are spread out to mitigate financing risks. There are no borrowings with maturities due until 2022 and the borrowings are more widely spread out across 2022 to 2026 to mitigate concentration of refinancing risk. As at 30 September 2020, FHT's weighted average debt maturity was 3.62 years (2019: 4.63 years). As at 30 September 2020, FHT's gross borrowings stood at S\$889.4 million.

Operational Risks

FHT relies on its appointed serviced residence and hotel 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 serviced residences and hotels 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 serviced residences and hotels. 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 serviced residence and hotel 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 adequate 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 services are engaged to conduct independent vulnerability assessment and penetration tests to further strengthen the IT systems.

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

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, Chapter 289 of Singapore (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, Chapter 31A of Singapore (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 their obligations under the listing rules of the SGX-ST (the “**Listing Rules**”). 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 explain the reason for the variation and how the practices nevertheless are consistent with the intent of the relevant principle of the CG Code. The Managers are also guided by the voluntary Practice Guidance which was issued to complement the CG Code and which sets out best practices for issuers; as this will build investor and stakeholder confidence in FHT and the Managers. A summary of compliance with the express disclosure requirements in the principles and provisions of the CG Code is set out on pages 130 to 131.

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 2019 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

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.

As a manager of a REIT, 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**”) 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 listing manual of the SGX-ST (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.

CORPORATE GOVERNANCE

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 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 70 cities and 20 countries across Asia, Australia, Europe, the Middle East and Africa.

As the Sponsor holds a substantial ownership stake of approximately 25.7% in FHT as at 30 September 2020, 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 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 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 and the REIT Manager's approach to corporate governance, including the organisational culture, values and ethical standards of conduct, and works with Management on its implementation across all levels of the organisation.

The key roles of the Trustee-Manager Board are to: (a) guide the corporate strategy and directions of the Trustee-Manager; (b) ensure that senior 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 139 to 145.

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. The Managers oversee Management to ensure transparency and accountability to key stakeholder groups.



CORPORATE GOVERNANCE

The Chairman

The chairman of the Board (the “**Chairman**”) leads the Board¹. The Chairman sets the right ethical and behavioural tone and ensures the Board’s effectiveness by, among other things, encouraging active and effective engagement, participation by and contribution from all directors of the REIT Manager (also the Trustee-Manager Directors, collectively, the “**Directors**”) and facilitating positive relations among and between them and Management. The Chairman promotes a culture of openness 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.

Role of Management

The Management is led by the Chief Executive Officer (the “**CEO**”) of the REIT Manager (also the CEO of the Trustee-Manager). Senior Management, comprising the CEO and the Chief Financial Officer (“**CFO**”) of the Managers, (collectively, the “**Key Management Personnel**”) are responsible for executing the Boards’ strategies and policies, and are accountable to the Boards for the planning, direction, control, conduct and performance of the business operations of the Managers.

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 Board 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. 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.

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 ^(a)	
MEMBERSHIP	KEY OBJECTIVES
David Wong See Hong, <i>Chairman</i> Law Song Keng, <i>Member</i> Liew Choon Wei, <i>Member</i>	<ul style="list-style-type: none"> Assist Board in fulfilling responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls, risk management and financial practices of the Manager

Note:

^(a) Unless otherwise stated, the information provided herein is as of 30 September 2020.

¹ 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 FY2020, the Boards and Management comprised the same persons.

CORPORATE GOVERNANCE

As at 30 September 2020, each of the ARCCs² is made up of non-executive Directors, all of whom, including the chairman of each of the ARCCs, are independent Directors. The 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 Board, 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;
- **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 CFO 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;
- **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, FH-REIT, the REIT Manager, 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 transactions³ and/or interested party transactions⁴ (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

² 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).

³ 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).

⁴ 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

- **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.

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 CFO, 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, including reviewing the audit plans, and evaluating the internal accounting controls, the audit reports 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 prepared by external auditors and circulated to members of the ARCCs so that they are kept abreast of such changes and its corresponding impact on the financial statements, if any.

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 the overall levels of risk tolerance and risk policies. Further information on the key activities conducted by the ARCCs can be found in the sections titled "Financial Performance, Reporting and Audit" on pages 118 to 119 and "Governance of Risk and Internal Controls" on pages 119 to 123.

NOMINATING AND REMUNERATION COMMITTEE ^(a)	
MEMBERSHIP	KEY OBJECTIVES
Law Song Keng, <i>Chairman</i> Liew Choon Wei, <i>Member</i> David Wong See Hong, <i>Member</i> Panote Sirivadhanabhakdi, <i>Member</i>	<ul style="list-style-type: none"> • Establish a formal and transparent process for appointment and re-appointment of Directors • 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 • Review succession plans • 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 • 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

Note:

^(a) Unless otherwise stated, the information provided herein is as of 30 September 2020.

CORPORATE GOVERNANCE

As at 30 September 2020, 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 Board 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 Board appointments and re-appointments, 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 Directors, and ensure that proper disclosures of such process are made. The NRCs are also responsible for 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 page 104
- "Board Composition" on pages 104 to 106
- "Directors' Independence" on pages 106 to 111
- "Board Performance Evaluation" on pages 111 to 112

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 which are not overly generous. The NRCs also administer and approve awards under the Restricted Stapled Securities Plan ("**RSSP**") and/or other long-term incentive schemes to senior executives 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 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.



CORPORATE GOVERNANCE

Delegation of authority framework

As part of the REIT Manager's internal controls, the Board has adopted a framework of delegated authorisations in its Manual of Authority (the "MOA"). The MOA 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 as well as investments, divestments and asset enhancement initiatives.

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. 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 implemented a similar MOA in the financial year ended 30 September 2020 ("FY2020").

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 FY2020:

	Board Meetings	Audit, Risk and Compliance Committee Meetings	Nominating and Remuneration Committee Meetings	Annual General Meeting ^(b)
Meetings held in FY2020	5	4	1	1
Law Song Keng	5(C) ^(a)	4	1 (C) ^(a)	1 (C) ^(a)
Chua Phuay Hee	5	N.A.	N.A.	1
Liew Choon Wei	5	4	1	1
David Wong See Hong	5	4(C) ^(a)	1	1
Panote Sirivadhanabhakdi	4	N.A.	–	1
Koh Teck Chuan	4	N.A.	N.A.	1

Notes:

^(a) C refers to chairman

^(b) There were no extraordinary general meetings held in FY2020.

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.

Directors are provided with Board papers setting out 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), 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.

Senior 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. At least once a year and if required, time is set aside after scheduled Board meetings for discussions amongst the Board without the presence of Management.

CORPORATE GOVERNANCE

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 FY2020

BOARD

- Strategy
- Business and Operations Update
- Financial Performance
- Governance
- Feedback from Board Committees

Audit, Risk and Compliance Committee

- External and Internal Audit
- Financial Reporting
- Internal Controls and Risk Management
- Interested Person Transactions
- Conflicts of Interests

Nominating and Remuneration Committee

- Board Composition and Renewal
- Board, Board Committees and Director Evaluations
- Training and Development
- Remuneration Policies and Framework
- Succession Planning

Board Oversight

Outside of Board and Board Committee meetings, Management also provides Directors with 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. Where required or requested by Directors, site visits are also arranged for Directors to have an intimate understanding of the key business operations of each division and to promote active engagement with Management.

Directors are provided with sufficient information to enable them to ensure that they prepare adequately for Board and Board Committee meetings, and devote sufficient time and attention to the affairs of FHT and the Managers. At Board and Board Committee meetings, the Directors 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.

The Company Secretary

The Company Secretary of the Managers (the "**Company Secretary**"), who is legally trained and familiar with company secretarial practices, is responsible for overseeing compliance with Board and Board Committee procedures, and the relevant guidelines, notices, rules and regulations, including disclosure requirements under the BTA, the SFA, their respective subsidiary legislation, applicable MAS guidelines and notices, the CIS Code, the SGX-ST Listing Manual and the Trust Deeds, and provides advice and guidance on corporate governance practices and processes.

The Company Secretary attends 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 senior Management.

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 Board.



CORPORATE GOVERNANCE

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 duties and obligations, including his or her responsibilities as fiduciaries and on the policies relating to conflicts of interest. 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.

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 ensures 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 FY2020, the Directors were updated on (a) changes in Financial Reporting Standards; (b) SGX-ST Listing Rules revisions on enhancing continuous disclosures and; (c) tax regulations in relevant jurisdictions.

To ensure that the Directors can fulfil their obligations 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 business trends.

BOARD COMPOSITION

The following table shows the composition of the Board and the various Board Committees as at 30 September 2020:

		Audit, Risk and Compliance Committee	Nominating and Remuneration Committee
Law Song Keng	Chairman, Non-Executive (Independent) Director	•	• (Chairman)
Chua Phuay Hee	Non-Executive (Independent) Director	•	•
Liew Choon Wei	Non-Executive (Independent) Director	•	•
David Wong See Hong	Non-Executive (Independent) Director	• (Chairman)	•
Panote Sirivadhanabhakdi	Non-Executive (Non-Independent) Director		•
Koh Teck Chuan	Non-Executive (Non-Independent) Director		

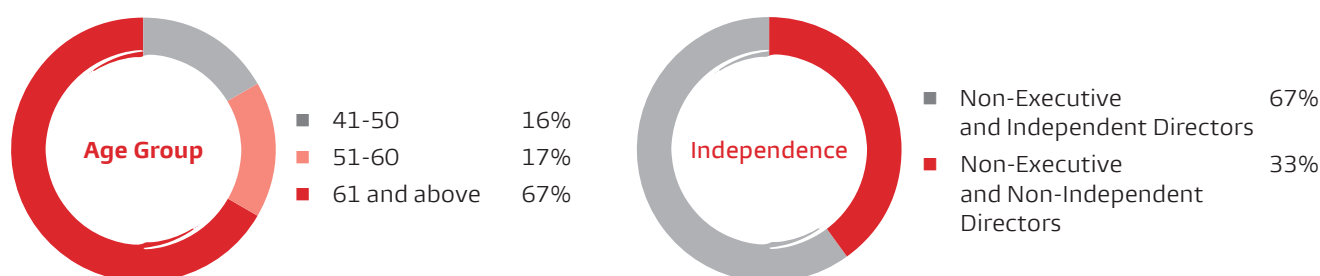
Profiles of each of the Directors can be found on pages 46 to 51.

As at 30 September 2020, all of the Directors are non-executive, majority of whom are independent.

CORPORATE GOVERNANCE

The NRCs review, on an annual basis, the Board structure, size, composition of the Board and Boards Committees, taking into account the CG Code, SFLCB regulations (as defined below) and Business Trust Regulations. 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 experience (including banking, accounting, finance and other relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk 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.

Board Composition in terms of Age Group, Independence and Tenure (as at 30 September 2020)



Tenure as at 30 September 2020

	Number of years as a Director
Non-Executive, Independent Directors	6.3
Non-Executive, Non-Independent Directors	1.3 to 6.3

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.

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). The process for the selection, appointment and re-appointment of Directors also takes into account the composition and progressive renewal of the Board and Board Committees, each Director's experience, education, expertise, judgment, personal qualities and general and sector specific knowledge in relation to the needs of the Board as well as whether the candidates will add diversity to the Board and whether they are likely to have adequate time to discharge their duties.

The NRCs consider a range of different channels to source and screen 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 assessing and selecting potential candidates. Suitable candidates are carefully evaluated by the NRCs so that recommendations made on proposed candidates are objective and well supported.

CORPORATE GOVERNANCE

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. 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 Board evaluation exercise conducted by the external consultant, the Directors assess whether Board members effectively manage his directorships and have the time and ability to contribute to the Boards. The assessment also takes into consideration Directors' commitment, conduct and contributions (such as participation, candour and ability to make quality decisions) at Board meetings, as well as whether Directors' engagement with Management is adequate and effective. Further details on the Board evaluation exercise are set out under the section "Board Performance Evaluation" on page 111.

Board Diversity Policy

The Boards have adopted, with the recommendation of its respective NRCs, board diversity policies for FH-REIT and FH-BT. The NRCs will monitor and implement this policy, and will take the principles of the policy into consideration when determining the optimal composition of the Boards, the appointment and re-appointment of Directors and when recommending any proposed changes to the Boards. On the recommendation of its respective NRC, the Boards may set certain measurable objectives/specific diversity targets, with a view to achieving an optimal Board composition, and these objectives/specific diversity targets may be reviewed by the NRCs from time to time to ensure their appropriateness.

The Boards view diversity at the Board level as an essential element for driving value in decision-making and proactively seeks as part of their diversity policy, to maintain an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diversity of backgrounds and competencies of the Directors, whose experience range from banking, accounting and finance, and include relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. This is beneficial to FHT, the REIT Manager, the Trustee-Manager 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.

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. The Directors complete a declaration of independence annually which is reviewed by the NRCs.

Based on each Independent Director's declaration of independence, which includes questions relating to his relationship with FHT, the REIT Manager, the Trustee-Manager and FPL, all the Independent Directors have declared that there were no relationships or instances that would otherwise deem them not to be independent.

Based on the declarations of independence of the Directors, and having regard to the circumstances set forth in Provision 2.1 of the CG Code, Rule 210(5)(d) of the SGX-ST Listing Manual, 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 Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**") and Regulation 12 of the Business Trust Regulations (collectively, the "**Relevant Regulations**"), the NRCs and the Boards have determined that there are four independent Directors on each of the Boards, namely: Law Song Keng, Liew Choon Wei, Chua Phuay Hee, and David Wong See Hong.

CORPORATE GOVERNANCE

Law Song Keng

Law Song Keng is a non-executive and independent director of IFS Capital Ltd and Great Eastern Holdings Ltd as at 30 September 2020. He has confirmed, *inter alia*, that he:

- (a) is not connected^(a) to any substantial shareholder^(b) of the Managers or substantial Stapled Securityholder^(b) 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 an executive director of or employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for the current or any of the past three financial years, and (ii) does not have any immediate^(c) 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 the current or immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments^(d) or material services, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Stapled Securityholder of, or (b) an executive officer of, or (c) a director of, any entity to or from which the Managers, FH-REIT/FH-BT or their subsidiaries or the REIT Trustee 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 109, Law Song Keng is an independent Director.

Liew Choon Wei

Liew Choon Wei is a non-executive director and independent director of Halcyon Agri Corporation Ltd, F J Benjamin Holdings Ltd and The Hour Glass Limited as at 30 September 2020. He has confirmed, *inter alia*, that he:

- (a) is not connected^(a) to any substantial shareholder^(b) of the Managers or substantial Stapled Securityholder^(b) 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 an executive director of or employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for the current or any of the past three financial years, and (ii) does not have any immediate^(c) 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 the current or immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments^(d) or material services, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Stapled Securityholder of, or (b) an executive officer of, or (c) a director of, any entity to or from which the Managers, FH-REIT/FH-BT or their subsidiaries or the REIT Trustee 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 110, Liew Choon Wei is an independent Director.



CORPORATE GOVERNANCE

Chua Phuay Hee

Chua Phuay Hee was a non-executive director and independent director of Perennial Real Estate Holdings Limited up to 14 September 2020. He has confirmed, *inter alia*, that he:

- (a) is not connected^(a) to any substantial shareholder^(b) of the Managers or substantial Stapled Securityholder^(b) 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 an executive director of or employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for the current or any of the past three financial years, and (ii) does not have any immediate^(c) 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 the current or immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments^(d) or material services, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Stapled Securityholder of, or (b) an executive officer of, or (c) a director of, any entity to or from which the Managers, FH-REIT/FH-BT or their subsidiaries or the REIT Trustee 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 110, Chua Phuay Hee is an independent Director.

David Wong See Hong

David Wong See Hong is a non-executive director and independent director of China Merchants Bank Co., Ltd and EC World Asset Management Pte Ltd (manager of EC World REIT) as at 30 September 2020. He has confirmed, *inter alia*, that he:

- (a) is not connected^(a) to any substantial shareholder^(b) of the Managers or substantial Stapled Securityholder^(b) 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 an executive director of or employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for the current or any of the past three financial years, and (ii) does not have any immediate^(c) 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 the current or immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments^(d) or material services, and (ii) was not, and does not have any immediate family member who, was (a) a substantial shareholder or Stapled Securityholder of, or (b) an executive officer of, or (c) a director of, any entity to or from which the Managers, FH-REIT/FH-BT or their subsidiaries or the REIT Trustee 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 (4) on page 110, David Wong See Hong is an independent Director.

CORPORATE GOVERNANCE

Notes:

- (a) A Director is “connected” to a substantial shareholder of each of the Managers or substantial Stapled Securityholder of FHT if: (a) (where such shareholder or Stapled Securityholder is an individual) the Director is a member of the immediate family of such substantial shareholder or substantial Stapled Securityholder or employed by such substantial shareholder or substantial Stapled Securityholder or accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of such substantial shareholder or substantial unitholder, and (b) (where such shareholder or Stapled Securityholder is a corporation) the Director is employed by or a director of such substantial shareholder, substantial Stapled Securityholder their related corporations or associated corporations or 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:

The Director:	Law Song Keng ⁽¹⁾	Chua Phuay Hee ⁽³⁾	Liew Choon Wei ⁽²⁾	David Wong See Hong ⁽⁴⁾	Panote Sirivadhanabhakdi ⁽⁵⁾	Koh Teck Chuan ⁽⁶⁾
(i) had been independent from the management of the REIT Manager and FH-REIT during FY2020	✓	✓	✓	✓		
(ii) had been independent from any business relationship with the REIT Manager and FH-REIT during FY2020						
(iii) had been independent from every substantial shareholder of the REIT Manager and every substantial Stapled Securityholder of FHT during FY2020						
(iv) had not been a substantial shareholder of the REIT Manager or a substantial Stapled Securityholder of FHT during FY2020	✓	✓	✓	✓		✓
(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 FY2020	✓	✓	✓	✓	✓	✓

Notes:

- (1) Law Song Keng 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. As such, during FY2020, Law Song Keng is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) 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 FY2020, 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. As at the last day of FY2020, Law Song Keng was able to act in the best interests of all Stapled Securityholders as a whole.



CORPORATE GOVERNANCE

- (2) Liew Choon Wei 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. As such, during FY2020, Liew Choon Wei is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) 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 FY2020, 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. As at the last day of FY2020, Liew Choon Wei was able to act in the best interests of all Stapled Securityholders as a whole.
- (3) Chua Phuay Hee 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. As such, during FY2020, Chua Phuay Hee is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) 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 FY2020, 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. As at the last day of FY2020, Chua Phuay Hee was able to act in the best interests of all Stapled Securityholders as a whole.
- (4) 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. As such, during FY2020, David Wong See Hong is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) 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 FY2020, David Wong See Hong was able to act in the best interests of all Stapled Securityholders as a whole and is of the view that David Wong See Hong should be treated as an independent Director of the REIT Manager. As at the last day of FY2020, David Wong See Hong was able to act in the best interests of all Stapled Securityholders as a whole.
- (5) Panote Sirivadhanabhakdi is currently a director and the Group Chief Executive Officer of FPL and a director of other entities within the Frasers Property Group other than the REIT 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. Panote Sirivadhanabhakdi is also a director of various entities within the TCC Group⁵ (which is the controlling shareholder of the Frasers Property Group) 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 Khunying Wanna Sirivadhanabhakdi. In addition, Panote Sirivadhanabhakdi is a director of the Trustee-Manager. As such, during FY2020, 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; (c) connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT; and (d) to be a substantial Stapled Securityholder of FHT. The REIT Manager Board is satisfied that, as at the last day of FY2020, Panote Sirivadhanabhakdi was able to act in the best interests of all Stapled Securityholders as a whole. As at the last day of FY2020, Panote Sirivadhanabhakdi was able to act in the best interests of all Stapled Securityholders as a whole.
- (6) Koh Teck Chuan is currently employed by a related corporation of the REIT Manager and is a director of various subsidiaries and / or associated companies of FPL, which is a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. In addition, Koh Teck Chuan is a director of the Trustee-Manager. As such, during FY2020, Koh Teck Chuan 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) connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. The REIT Manager Board is satisfied that, as at the last day of FY2020, Koh Teck Chuan was able to act in the best interests of all Stapled Securityholders as a whole. As at the last day of FY2020, Koh Teck Chuan 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 FY2020, each of the Directors is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) 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 FY2020, 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 Law Song Keng, Chua Phuay Hee, Liew Choon Wei, and David Wong See Hong should be treated as an independent Director of the REIT Manager. Each of Panote Sirivadhanabhakdi and Koh Teck Chuan was able to act in the best interests of the Stapled Securityholders as a whole as at the last day of FY2020.

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 page 146.

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 of 30 September 2020, 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.

⁵ "Frasers Property Group" refers to FPL and/or its subsidiaries.

CORPORATE GOVERNANCE

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.

The Chairman is presently an independent Director.

No alternate directors have been appointed on the Board for FY2020.

Conflict Policy

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 Director 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 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 139 to 145.

The Managers do not have a practice of extending loans to Directors, and as at 30 September 2020, 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 (Chapter 50 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 criteria for evaluation of the performance of the respective Boards as a whole, Board Committees and the Directors.

The effectiveness of the respective Boards as a whole, the Board Committees and the contribution by each Director to the effectiveness of the respective Boards are assessed annually. The respective Boards, with the recommendations of the respective NRCs, has implemented a formal process for assessing the effectiveness of the respective Boards and Board Committees and the contribution by each Director to the effectiveness of the respective Boards.

For FY2019 and FY2020, an independent external consultant, Ernst & Young Advisory Pte. Ltd. was appointed to facilitate the process of conducting a Board evaluation survey. The external consultant has no connection with FHT, the Managers or any of the Directors, apart from being the consultant in previous financial year(s). The outcome of the evaluation in relation to FY2019 was satisfactory and based on the responses received, ratings were generally affirmative across the evaluation categories. Based on the REIT Manager NRC’s and the Trustee-Manager NRC’s review, the Boards and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the each of the Boards.

For FY2020, the survey was designed to provide an evaluation of the current effectiveness of the Boards and to support the Chairman and the Boards in proactively considering what can enhance the readiness of the Boards to address emerging strategic priorities for FHT as a whole. As part of the survey, the external consultant will facilitate questionnaires to be sent to all Directors as well as conduct interviews with some Directors to obtain their feedback.



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The objective performance criteria covered in the Board evaluation exercise relate to the following key segments: (1) the Boards' contribution to the overall development of FHT's strategic direction and performance orientation; (2) Board priorities; (3) Board composition and skills; (4) Governance of the Boards and organisation focus; (5) the effectiveness of the Boards' internal operations and Board dynamics, as well as engagement with key investors, Stapled Securityholders and strategic stakeholders; (6) the Boards' relationship with Management; (7) Director Performance, which includes an evaluation of whether each Director is willing to challenge and ask questions to address gaps in and add to others' thinking, effective in fulfilling and delivering value on his responsibilities and acts as a valuable resource in fulfilling the Boards' accountabilities; (8) the Board's governance in the management of a REIT; (9) the Boards' role in respect of Director development and succession planning for the Boards and Management; and (10) the effectiveness of the Board Committees. The responses to the questionnaires and interviews would be summarised by the external consultant and its report would be submitted to the REIT Manager NRC and the Trustee-Manager NRC. 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 each of the Boards in fulfilling its role and meeting its responsibilities to Stapled Securityholders.

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 process for developing policies on remuneration of Directors and Key Management Personnel and for fixing 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, performance-orientated and Stapled Securityholder-aligned compensation programmes. This compensation philosophy serves as the foundation for the Managers' remuneration framework, and guides the Managers' remuneration framework and strategies. In addition, the Managers' compensation philosophy seeks to 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. The Managers' compensation philosophy serves to 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.

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.

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(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.

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 FY2020, Korn Ferry was appointed as the Managers' remuneration consultant. The remuneration consultant does not have any relationship with FHT, the REIT Manager, the Trustee-Manager, its controlling shareholders, its related entities and/or Directors which would affect its 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 covers all aspects of remuneration including salaries, allowances, performance bonuses, grant of awards of Stapled Securities and incentives for the Key Management Personnel and fees for the independent Directors and other non-executive Directors.

Remuneration Policy in respect of Management and other employees

The NRCs review the level, structure and mix of remuneration and benefits policies and practices (where appropriate) of the Managers, to ensure that they are appropriate and proportionate to the sustained performance and value creation of FHT and the Managers, taking into account the strategic objectives of FHT and the Managers, and designed to attract, retain and motivate the Key Management Personnel to successfully manage FHT and the Managers for the long-term. The NRCs take into account all aspects of remuneration, including termination terms, to ensure that they are fair.

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 appraisal 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 statutory contribution. The base salary and fixed allowances for Key Management Personnel are reviewed annually by NRCs and approved by the Boards.

Variable Component

An appropriate proportion of the remuneration of key executives of the Managers comprises a variable component which is structured so as to link rewards to corporate and individual performance and incentivise sustained performance in both the short and long-term. The variable incentives are measured based on quantitative and qualitative targets, and overall performance will be determined at the end of the year and approved by the NRCs.



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(1) Short-Term Incentive Plans

The short-term incentive plans ("**STI Plans**") aim to incentivise excellence in performance in the short-term. All Key Management Personnel are assessed through either a balanced scorecard or annual performance review with pre-agreed financial and non-financial key performance indicators ("**KPIs**"). The financial KPIs are based on the performance of FHT. Non-financial KPIs may include measures on People, Corporate Governance, Sustainability or specified projects. These targets are established at the beginning of each financial year. 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 Board's approval, taking into consideration any other relevant circumstances.

(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 executives (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 executives of the Managers. Its objectives are to increase the Managers' flexibility and effectiveness in its continuous efforts to attract, retain and motivate talented senior executives and to reward these executives 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 executives' individual 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 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 over two years after the one-year performance period. The obligation to deliver the Stapled Securities is expected to be satisfied out of the Stapled Securities held by the Managers.

The NRCs have absolute discretion to decide on the Final Awards, taking into consideration of 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, which also takes into account FHT's performance and that of its employees.

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.

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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.

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 (b) distribution per Stapled Security and (c) total Stapled Securityholder return relative to a peer group. 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 development, (ii) corporate governance and compliance, (iii) sustainability, (iv) branding, and (v) strategic review. 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 FY2020, the pre-determined target performance levels for the RSSP grant were not 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.

Remuneration Packages of Key Management Personnel

The NRCs review and make recommendations on the specific packages and service terms for the Key Management Personnel for endorsement by the respective Board. 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.

Non-executive Directors do not receive bonuses, options or Stapled Security-based incentives and awards.



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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.

Managers' Board fee structure during the year is as set out below.

	Basic Fee per annum (S\$)	Attendance Fee per meeting ⁽¹⁾ (for physical attendance in Singapore) (S\$)	Attendance Fee per meeting (for physical attendance outside Singapore (excluding home country of Director)) (S\$)	Attendance Fee per meeting (for attendance via tele/video conference) (S\$)
Board				
- Chairman	90,000	3,000	4,500	1,000
- Member	45,000	1,500	4,500	1,000
Audit, Risk and Compliance Committee				
- Chairman	40,000	3,000	4,500	1,000
- Member	20,000	1,500	4,500	1,000
Nominating and Remuneration Committee				
- Chairman	12,000	3,000	4,500	1,000
- Member	6,000	1,500	4,500	1,000

Note:

⁽¹⁾ The attendance fee applies for attendance in person in Singapore.

Disclosure of Remuneration of Directors and key executives

Information on the remuneration of Directors and Key Executives of the Managers for FY2020 is set out below.

Directors of the Managers	Remuneration ^(b) S\$
Law Song Keng	135,917
Chua Phuay Hee	49,625
Liew Choon Wei	81,042
David Wong See Hong	103,208
Panote Sirivadhanabhakdi	53,375 ^(a)
Koh Teck Chuan	48,125 ^(a)

Notes:

^(a) Directors' fees are paid to Frasers Property Corporate Services Pte. Ltd. for each of Panote Sirivadhanabhakdi and Koh Teck Chuan or such other relevant entity within Frasers Property Group.

^(b) The Boards had approved the waiver of 10% of non-executive Directors' fees for the period from 1 May 2020 to 30 September 2020, and this has been reflected in the amount of remuneration.

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Remuneration of CEO for FY2020 Between S\$500,001 to S\$750,000	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total ^(c) %
Colin Low	55	8	8	29	100
Remuneration of Key Executives of the Managers ^(a) (excluding CEO) for FY2020	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total ^(c) %
Eric Gan					
Jason Leong					
Caris Ang	62 ^(b)	7 ^(b)	4 ^(b)	27 ^(b)	100
Sandy Leng					
Aggregate Total Remuneration (including CEO)					1,978,936

Notes:

^(a) The senior executives of the Managers (excluding the CEO) listed in this table are the CFO and the division heads of the Managers.

^(b) Derived on the aggregation of the respective remuneration components of each key executives (excluding the CEO) and represented as percentages against total remuneration for these key executives

^(c) Certain Key Executives have taken a reduction in their remuneration for the period from 1 May 2020 to 30 September 2020, and this has been reflected in the amount of total remuneration.

For FY2020, 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 has decided (a) to disclose the CEO's remuneration in bands of S\$250,000 (instead of on a quantum basis), (b) not to disclose exact details of the remuneration of the key executives of the REIT Manager (excluding the CEO) in bands of S\$250,000 and (c) to disclose the aggregate remuneration of all key executives of the REIT Manager (including the CEO), for the following reasons:

- (i) competition for talent in the REIT management industry is very keen and the REIT Manager has, in the interests of Stapled Securityholders, opted not to disclose the exact remuneration of key executives of the Managers (including the CEO) as this may give rise to recruitment and talent retention issues as well as the risk of unnecessary key Management turnover;
- (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) 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
- (iv) 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 set out on page 202 of this Annual Report.

As at 30 September 2020, 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.

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FINANCIAL PERFORMANCE, REPORTING AND AUDIT

The Boards, with the support of Management, is 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 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on CIS issued by the MAS and the provisions of the FH-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting principles to generally comply with the recognition and measurement principles of the Singapore Financial Reporting Standards prescribed by the Accounting Standards Council.

The Trustee-Manager prepares the financial statements of FH-BT in accordance with the principles of the Singapore Financial Reporting Standards (International) and the provisions of the BTA and FH-BT Trust Deed.

Quarterly financial results were provided to Stapled Securityholders for the financial quarters ended 31 December 2019 and 31 March 2020. Following the amendments to Rule 705(2) of the SGX-ST Listing Manual which took effect from 7 February 2020, the Managers announced on 13 May 2020 that it would cease to announce its financial statements on a quarterly basis and would announce its financial statements on a half-yearly basis, commencing from the financial results announcement for the full-year ended 30 September 2020. The Managers would provide business updates to Stapled Securityholders for the first and third quarter performance of FHT, commencing with the third quarter ended 30 June 2020. The Boards also provide Stapled Securityholders with business updates, other price sensitive information and material corporate developments through announcements to the SGX-ST and, where appropriate, press releases, FHT's website, and/or media and analysts' briefings.

External Audit

The ARCCs conduct an assessment of the external auditors of FHT, and recommends its appointment, re-appointment and 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.

At the annual general meeting ("AGM") held on 14 January 2020, KPMG LLP was re-appointed by Stapled Securityholders as the external auditors of FHT for FY2020. 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 for the Group was appointed at the AGM held on 9 December 2015. There will be a new audit partner in charge for the financial year ending September 2021.

During FY2020, 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 2020 are set out in the table below:

Fees relating to external auditors as at 30 September 2020	S\$ (Million)
For audit and audit-related services	0.43
For non-audit services	0.31
Total	0.74

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 FY2020, and where appropriate, has met with the ARCCs without the presence of Management to discuss their findings, if any.

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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 audits 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 FY2020, the ARCCs discussed the following key audit matters identified by the external auditors with Management:

Key audit matter	Review by the ARCCs
Valuation of properties	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 outcomes of the annual external valuation process and discussed the details of the valuation with the Management and the external auditors. The ARCCs noted that the valuation of properties was 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 models, data and assumptions used. The ARCCs concur with the basis and conclusions included in the auditors' report with respect to the 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.

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.

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 pages 92 to 94.



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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 CFO that as at 30 September 2020:

- (a) the financial records of the Group have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group'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 CFO, the Boards are of the view that the internal controls in place for FHT were adequate and effective as at 30 September 2020 to address financial, operational, compliance and information technology risks, which the Managers consider relevant and material to FHT's operations.

Based on the risk management framework established and adopted by the Managers, review performed by Management and assurance from the CEO and the CFO, the Boards are of the view that the risk management system in place for FHT was adequate and effective as at 30 September 2020 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 2020, 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 of the REIT Manager and the Trustee-Manager is performed by FPL's Group internal audit department ("**FPL Group IA**"). FPL Group IA is responsible for conducting objective and independent assessments on 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 the FPL Group IA, who is a Certified Fraud Examiner and a Fellow of the Institute of Singapore Chartered Accountants, CPA Australia and ACCA reports directly to the Chairman of the ARCCs, and administratively to the Group Chief Executive Officer of FPL or such other officer as may be charged with this

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responsibility from time to time. The appointment and removal of the Frasers Property Group's internal audit department as the service provider of the Managers' internal audit function requires the approval of the ARCCs. 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.

As at 30 September 2020, FPL Group IA comprises 22 professional staff. The Head of the 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 and employs suitably qualified staff with the requisite skills and experience. Such staff are given relevant training and development opportunities to update their technical knowledge and auditing skills. All staff members of FPL Group IA also receive relevant technical training and attend 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 to key risks of FHT. The results of the risk assessments determine the level of focus and the review intervals for the various activities audited. Higher risk areas are subject to more intense reviews which are also carried out more frequently. FPL Group IA conducts its reviews based on internal audit plans approved by the ARCCs. FPL Group IA has unfettered access to all of FHT's and the REIT Manager's and the Trustee-Manager's documents, records, properties and personnel, including access to the ARCC members. 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 will submit reports to the ARCCs on the status of the audit plans and on audit findings and actions taken by Management on such findings. Key findings are highlighted at ARCC meetings for discussion. The ARCCs monitor the timely and proper implementation of the required follow-up measures undertaken by Management. Each of the ARCCs are satisfied that for FY2020, the internal audit function is independent, effective and adequately resourced to perform its function and has appropriate standing within FH-REIT, the REIT Manager, FH-BT and the Trustee-Manager to perform its functions effectively. Quality assurance reviews on FHT's internal audit function are carried out by qualified professionals from an external organisation. The last review was performed in the financial year ended 30 September 2018.

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.



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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.

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.

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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 139 to 145.

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 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. For employees, the Whistle-Blowing Policy provides assurance that employees will be treated fairly, and protected from reprisals or victimisation for whistle-blowing in good faith.

The improprieties 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 assets of, FHT, the REIT Manager and/or the Trustee-Manager and the reputation of these entities. The Whistle-Blowing Policy is covered during staff training. All whistle-blowing complaints raised and 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 review and ensure that independent investigations and any appropriate follow-up actions are carried out.

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.

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.

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.



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Active 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. The Head of IR, together with senior Management, 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. Analyst briefings, earnings calls and investor luncheons are conducted after the announcement of half yearly results and business updates.

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 89 to 91.

The electronic version of FHT's Annual Report 2020 is available on FHT's website at <https://fht.frasersproperty.com/publications.html>.

Conduct of general meetings

In view of the COVID-19 pandemic, the forthcoming 6th Annual General Meeting ("**AGM 2021**") will be held on 20 January 2021 via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Temporary Measures Order**"). Alternative arrangements relating to attendance at the AGM 2021 via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of the AGM 2021, addressing of substantial and relevant questions prior to or at the AGM 2021 and voting by appointing the chairman of the meeting as proxy at the AGM 2021), are set out in the Managers' announcement dated 21 December 2020. The description below sets out FHT's usual practice for Stapled Securityholders meetings when there are no pandemic risks and the COVID-19 Temporary Measures Order is not in operation.

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 senior Management, and to interact with them. 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.

At general meetings, the Managers set out separate resolutions on each substantially separate issue. 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 to the SGX-ST 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. As the authentication of Stapled Securityholder identity and other related security and integrity issues still 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 the 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 senior Management are present at each Stapled Securityholders' meeting 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.

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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 as soon as practicable.

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 FY2020, 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.

Code of Business Conduct

The conduct of employees of the Managers is governed by the FPL Code of Business Conduct. The Frasers Property Group's business practices have been governed by integrity, honesty, fair dealing and compliance with applicable laws. To guide the Frasers 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 Frasers Property Group, including the Managers, as well as stakeholders of FPL and FHT.

The Code of Business Conduct has been recently updated in FY2020 to keep current with today's business practices and requirements. The updated policy covers key aspects such as avoiding conflicts of interest, working with external stakeholders (customers, suppliers, business partners, governments and regulatory officials), protecting company's assets, social media engagement, data privacy and upholding laws in countries where the Frasers Property Group has geographical presence in. The updated Code of Business Conduct also emphasises the importance of upholding the Frasers 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.

The 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 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.



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Anti-Bribery and Anti-Corruption

FHT has procedures in place to comply with applicable anti-bribery laws and regulations. Under the 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 and in place 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 are in the midst of enhancing their BCM programme that will boost their resilience and capability in responding, managing, and recovery from adverse business disruptions and unforeseen catastrophic events. Management has strengthened its Crisis Management Plans, Business Continuity Plans and Emergency Response Plans to prepare themselves in case of disruptions that may negatively impact on the business. Under the programme, critical business functions, key processes, resource requirements and business recovery strategies are identified. Annual tests, exercises (tabletop or simulated) and drills, simulating different scenarios, are carried out to assess the effectiveness of the plans. Crisis Management Team and staff are trained periodically, and the plans are updated regularly. The BCM programme ensures FHT is resilient in the face of a crisis. It is a holistic approach to minimise adverse business impact and to safeguard FHT's reputation and business operations.

The Code of Business Conduct, BCM Policy and the other policies, are accessible to all employees on the Frasers Property Group intranet.

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 tenants, 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 Sustainability Report on pages 66 to 88 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 the management of stakeholder relationships during FY2020.

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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 quarterly 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 financial results of each of the first three quarters of the financial year, and (b) one month before the announcement of full year results, and ending on the date of such announcements, and following the Managers’ announcement on the SGXNET on 13 May 2020⁶, 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.

In compliance with the Dealing Policy in relation to the Managers, prior approval from each of the Boards is required before the Managers deals or trades in Stapled Securities. The Managers have undertaken that it will not deal in Stapled Securities:

- (a) 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 (where applicable) property valuations, and ending on the date of such announcements; or
- (b) whenever it is in possession of unpublished material price sensitive information.

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 (“FH-REIT Deposited Property”).</p> <p>The Base Fee is payable quarterly in the form of 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>

⁶ Following the amendments to Rule 705(2) of the SGX-ST Listing Manual which took effect from 7 February 2020, the Managers announced on 13 May 2020 that it would cease to announce its financial statements on a quarterly basis and would announce its financial statements on a half-yearly basis, commencing from the financial results announcement for the full-year ended 30 September 2020. The Managers would provide business updates to Stapled Securityholders for the first and third quarter performance of FHT, commencing with the third quarter ended 30 June 2020.

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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>
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> <ol style="list-style-type: none"> 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⁽²⁾ 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); the underlying value⁽³⁾ 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 	<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>

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Type of Fee	Computation and Form of Payment	Rationale and Purpose
Acquisition Fee	(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	
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> <p>(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⁽²⁾ 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 (prorated if applicable to the proportion of FH-REIT's interest);</p> <p>(b) the underlying value⁽³⁾ 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 (prorated if applicable to the proportion of FH-REIT's interest); or</p> <p>(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</p>	

Notes:

⁽¹⁾ Capitalised terms used in this section shall have the same meanings ascribed to them in the FH-REIT Trust Deed.

⁽²⁾ "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.

⁽³⁾ 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

SUMMARY OF COMPLIANCE WITH EXPRESS DISCLOSURES REQUIREMENTS IN PRINCIPLES AND PROVISIONS OF THE CG CODE

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CORPORATE GOVERNANCE

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REPORT OF THE TRUSTEE OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 (Chapter 289) 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 152 to 260, 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
24 November 2020



STATEMENT BY THE MANAGER OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 (the “Stapled Group”), comprising the FH-REIT Group and Frasers Hospitality Business Trust (“FH-BT”) and its subsidiaries (collectively, the “FH-BT Group”) set out on pages 152 to 260, comprising the Statements of Financial Position and Portfolio Statement as at 30 September 2020, 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 the Stapled Group as at 30 September 2020, the total returns, changes in Stapled Securityholders’ funds, distributable income and cash flows of the FH-REIT Group and the Stapled Group for the financial year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed dated 20 June 2014 (as amended) 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. At the date of this statement, there are reasonable grounds to believe that the FH-REIT Group and the Stapled Group 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

Koh Teck Chuan
Director

Singapore
24 November 2020

REPORT OF THE TRUSTEE-MANAGER OF FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 2020, 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 Law Song Keng (Chairman)
 Mr Chua Phuay Hee
 Mr Liew Choon Wei
 Dr David Wong See Hong
 Mr Panote Sirivadhanabhakdi
 Mr Koh Teck Chuan

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 2020 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, Chapter 31A 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 2019		30 September 2020		21 October 2020	
	Direct	Deemed	Direct	Deemed	Direct	Deemed
Mr Law Song Keng	549,900	Nil	549,900	Nil	549,900	Nil
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 2020.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year, no director of the Trustee-Manager has received or became 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 FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 independent directors from the Board of Directors of the Trustee-Manager:

- (i) Dr David Wong See Hong (Chairman);
- (ii) Mr Law Song Keng (Member); and
- (iii) Mr Liew Choon Wei (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 Hospitality Trust Management Pte. Ltd.

Panote Sirivadhanabhakdi
Director

Koh Teck Chuan
Director

Singapore
24 November 2020

STATEMENT BY THE TRUSTEE-MANAGER OF FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

In the opinion of the directors,

- (a) The financial statements of FH-BT Group as set out on pages 152 to 260 are drawn up so as to give a true and fair view of the financial position of FH-BT Group as at 30 September 2020, 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;
- 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,
Fraser Hospitality Trust Management Pte. Ltd.

Panote Sirivadhanabhakdi
Director

Koh Teck Chuan
Director

Singapore
24 November 2020

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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.

Colin Low
Chief Executive Officer

Singapore
24 November 2020

STATEMENT ON THE POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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;



STATEMENT ON THE POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

- 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;
- 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.

STATEMENT ON THE POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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.

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



STATEMENT ON THE POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

- 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.

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.

STATEMENT ON THE POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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).

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 54,000 of management fees were paid 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.



STATEMENT ON THE POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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.

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 2020

Under Regulation 12(1) of the Business Trust 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 six members, four 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 Law Song Keng	(Chairman)
Mr Chua Phuay Hee	(Independent Director)
Mr Liew Choon Wei	(Independent Director)
Dr David Wong See Hong	(Independent Director)
Mr Panote Sirivadhanabhakdi	(Non-Executive Director)
Mr Koh Teck Chuan	(Non-Executive 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”).

STATEMENT ON COMPOSITION OF THE BOARD OF DIRECTORS OF FRASERS HOSPITALITY BUSINESS TRUST

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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:

- (i) the Trustee-Manager shall ensure that the FH-BT Units remain stapled to the FH-REIT Units;
- (ii) the Trustee-Manager shall ensure that, in relation to the composition of the Trustee-Manager Board:
 - (1) the Trustee-Manager Directors are also the REIT Manager Directors;
 - (2) at least a majority of the Trustee-Manager Directors shall be independent from management and business relationships with the Managers; and
 - (3) 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
- (iii) 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.

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)

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 2020, the Statement of Total Return and 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;
- (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 2020, the Statement of Total Return and Statement of Comprehensive Income, 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 2020, the Statement of Total Return and 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;

as set out on pages 152 to 260. Frasers Hospitality Trust, which comprises the FH-REIT Group and the FH-BT Group, is hereinafter referred to as the "Stapled Group".

In our opinion:

- (a) the accompanying consolidated financial statements of the FH-REIT Group and the Stapled Group present fairly, in all material respects, the financial position and portfolio holdings of the FH-REIT Group and the Stapled Group as at 30 September 2020 and the financial performance, changes in stapled securityholders' funds, and cash flows of the FH-REIT Group and the financial performance, distributable income, changes in stapled securityholders' funds and cash flows of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* 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 Trust Act, Chapter 31A 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 2020 and the financial performance, 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 the Stapled Group 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 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)

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

The Stapled Group has properties comprising serviced residences and hotel properties located in Australia, Japan, Malaysia, Singapore, Germany and United Kingdom. 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 a property operated under a hotel management contract represent significant asset items on the Statements of Financial Position, at SGD 2.03 billion and SGD 0.22 billion respectively as at 30 September 2020.

The Stapled Group's accounting policy is to state investment properties and freehold land and building included as part of property, plant and equipment, at fair value based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have significant impact to the financial statements.

The valuation reports obtained from the valuers also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that the Coronavirus Disease ("COVID-19") pandemic might have on the real estate market, the values might change more rapidly and significantly than during standard market conditions, the valuers have also recommended to keep the valuation of the properties under frequent review.

Our response

We evaluated the qualifications and competence of the external valuers. We held discussions with the valuers to understand their valuation methods, assumptions and basis used, including how they have considered the implications of COVID-19 and market uncertainty in the valuations where appropriate. We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We evaluated the appropriateness of the discount, terminal capitalisation and capitalisation rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

Our findings

We found the external valuers to be objective and competent. The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies and key assumptions used by the valuer are in line with generally accepted market practices and available market data.

INDEPENDENT AUDITORS' REPORT

TO THE STAPLED SECURITYHOLDERS OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST AND FRASERS HOSPITALITY BUSINESS TRUST
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Other information

Fraser 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 Statistics of Stapled Securityholders (the "Report"), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we will 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 identified above 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 Report, 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 the Stapled Group in accordance with the recommendations of RAP 7 issued by ISCA, and for such internal control 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 the Stapled 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 REIT Manager either intends to terminate the FH-REIT Group and the Stapled Group or to cease operations, 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 the Stapled Group.

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 liquidate FH-BT Group or to cease operations, 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.



INDEPENDENT AUDITORS' REPORT

TO THE STAPLED SECURITYHOLDERS OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST AND FRASERS HOSPITALITY BUSINESS TRUST
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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 control.
- Obtain an understanding of internal control 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 the Stapled Group.
- 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 use of the going concern basis of accounting by the REIT Manager and the Trustee-Manager 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 the Stapled Group 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 the Stapled Group 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 the Stapled Group 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 control 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.

INDEPENDENT AUDITORS' REPORT

TO THE STAPLED SECURITYHOLDERS OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST AND FRASERS HOSPITALITY BUSINESS TRUST
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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 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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.

The engagement partner on the audit resulting in this independent auditors' report is Ronald Tay Ser Teck.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

24 November 2020



STATEMENTS OF TOTAL RETURN AND STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2020

	Note	FHT		FH-REIT Group		FH-BT Group	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Master lease rental	10	67,083	115,220	76,027	130,348	-	-
Room revenue		13,466	26,352	-	-	13,466	26,352
Food and beverage revenue		3,785	5,944	-	-	3,785	5,944
Other income		4,239	2,289	649	-	3,590	2,289
Revenue		88,573	149,805	76,676	130,348	20,841	34,585
Property tax		(8,676)	(10,642)	(8,676)	(10,642)	-	-
Property insurance		(1,443)	(1,241)	(1,352)	(1,149)	(91)	(92)
Property management fees		(3,138)	(5,448)	(3,138)	(5,448)	-	-
Other property expenses		(4,273)	(2,616)	(4,273)	(2,616)	-	-
Operations and maintenance expenses		(4,204)	(6,401)	(180)	(153)	(4,440)	(7,249)
Energy and utilities expenses		(664)	(779)	-	-	(664)	(779)
Hotel management fee		(594)	(974)	-	-	(594)	(974)
Rental expense		-	-	-	-	(3,417)	(15,128)
Staff costs	3	(3,994)	(6,760)	-	-	(3,994)	(6,760)
Marketing expenses		(1,204)	(2,479)	-	-	(1,204)	(2,479)
Administrative expenses		(552)	(799)	-	-	(552)	(799)
Property operating expenses		(28,742)	(38,139)	(17,619)	(20,008)	(14,956)	(34,260)
Net property income		59,831	111,666	59,057	110,340	5,885	325
Depreciation	11	(3,921)	(3,815)	-	-	(4,322)	(524)
REIT Manager's management fees	4(a)	(5,466)	(7,369)	(5,466)	(7,369)	-	-
Trustee-Manager's management fees	4(b)	(54)	(48)	-	-	(54)	(48)
Other management fees	4(c)	(3,569)	(4,603)	(3,569)	(4,603)	-	-
Trustees' fees	5	(495)	(496)	(495)	(496)	-	-
Other trust expenses	6	(3,268)	(3,246)	(3,190)	(3,182)	(78)	(64)
Other income		-	11	-	11	-	-
Finance income		329	332	326	299	80	109
Amortisation of debt upfront costs	7(a)	(824)	(1,107)	(824)	(1,107)	-	-
Finance costs	7(b)	(19,750)	(20,503)	(19,828)	(20,579)	(2,418)	-
Total return before foreign exchange differences, fair value changes and tax		22,813	70,822	26,011	73,314	(907)	(202)
Foreign exchange (loss)/gain, net		(165)	(265)	(198)	(239)	33	(26)
Net change in fair value of investment properties	10	(136,777)	(15,574)	(149,604)	(26,435)	-	-
Revaluation of property, plant and equipment		(9,208)	-	-	-	-	-
Net change in fair value of derivative financial instruments		(328)	(114)	(328)	(114)	-	-
Realised gain on derivative financial instruments, net		256	842	256	842	-	-
Total return for the year before tax		(123,409)	55,711	(123,863)	47,368	(874)	(228)
Taxation	8	9,981	(3,954)	9,160	(2,376)	128	(6)
Total return for the year after tax		(113,428)	51,757	(114,703)	44,992	(746)	(234)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN AND STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2020

	Note	FHT		FH-REIT Group		FH-BT Group	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Total return attributable to:							
Stapled Securityholders and Perpetual Securities holders		(113,428)	51,757	(114,703)	44,992	(746)	(234)
Total return for the year after tax attributable to:							
- Stapled Securityholders		(117,890)	47,307	(119,165)	40,542	(746)	(234)
- Perpetual Securities holders		4,462	4,450	4,462	4,450	-	-
		(113,428)	51,757	(114,703)	44,992	(746)	(234)
Other comprehensive income							
Items that will not be reclassified to total return:							
Revaluation of property, plant and equipment	21(c)	(2,459)	(6,652)	-	-	-	-
Items that may be reclassified subsequently to total return:							
Effective portion of changes in fair value of cash flow hedges	21(a)	(16,526)	(3,152)	(16,526)	(3,152)	-	-
Net change in fair value of cash flow hedges reclassified to total return	21(a)	(2,365)	136	(2,365)	136	-	-
Foreign currency translation differences	21(b)	48,445	(37,075)	47,246	(36,486)	129	(345)
Total comprehensive income for the year, net of tax		(86,333)	5,014	(86,348)	5,490	(617)	(579)
Earnings per Stapled Security (cents)							
Basic	9	(6.14)	2.50				
Diluted	9	(6.14)	2.47				

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

YEAR ENDED 30 SEPTEMBER 2020

	Note	FHT		FH-REIT Group		FH-BT Group	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Reconciliation of total return to income available for distribution							
Total return for the year after tax, attributable to Stapled Securityholders and Perpetual Securities holders		(113,428)	51,757	(114,703)	44,992	(746)	(234)
Non-tax deductible/(non-taxable) items and other adjustments:							
Amortisation of debt upfront costs		824	1,107	824	1,107	-	-
Amortisation of other assets		13	31	13	31	-	-
Depreciation		3,921	3,815	-	-	4,322	524
Foreign exchange loss/(gain), net		158	243	191	217	(32)	26
Net change in fair value of investment properties		136,777	15,574	149,604	26,435	-	-
Revaluation of property, plant and equipment		9,208	-	-	-	-	-
Net change in fair value of derivative financial instruments		328	114	328	114	-	-
Other management fees paid and payable in Stapled Securities		1,626	4,297	1,626	4,297	-	-
Property management fees paid and payable in Stapled Securities, net of withholding tax		2,596	5,420	2,596	5,420	-	-
REIT Manager's management fees paid and payable in Stapled Securities		3,805	7,369	3,805	7,369	-	-
Trustee-Manager's management fees paid and payable in Stapled Securities		26	48	-	-	26	48
Trustee's fee in relation to FH-REIT		293	296	293	296	-	-
Interest expense on lease liabilities		111	-	111	-	2,418	-
Lease payments		-	-	-	-	(5,527)	-
Deferred tax	8	(11,537)	(941)	(10,714)	(2,296)	(130)	(217)
Other adjustments		(352)	(754)	36	215	28	32
Net effect of non-tax deductible/(non-taxable) items and other adjustments		147,797	36,619	148,713	43,205	1,105	413
Income available for distribution		34,369	88,376	34,010	88,197	359	179
Income available for distribution attributable to:							
- Stapled Securityholders		29,907	83,926	29,548	83,747	359	179
- Perpetual Securities holders		4,462	4,450	4,462	4,450	-	-
		34,369	88,376	34,010	88,197	359	179

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

YEAR ENDED 30 SEPTEMBER 2020

	FHT		FH-REIT Group		FH-BT Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Amount available for distribution to Stapled Securityholders at the beginning of the year	41,519	44,088	41,362	43,982	157	106
Income available for distribution attributable to Stapled Securityholders	29,907	83,926	29,548	83,747	359	179
Distribution to Stapled Securityholders during the year						
Distribution of 2.3380 cents per Stapled Security for the period from 1 April 2018 to 30 September 2018	-	(44,087)	-	(43,981)	-	(106)
Distribution of 2.2388 cents per Stapled Security for the period from 1 October 2018 to 31 March 2019	-	(42,408)	-	(42,386)	-	(22)
Distribution of 2.1741 cents per Stapled Security for the period from 1 April 2019 to 30 September 2019	(41,518)	-	(41,361)	-	(157)	-
Distribution of 0.3287 cents per Stapled Security for the period from 1 October 2019 to 31 March 2020	(6,315)	-	(6,315)	-	-	-
	(47,833)	(86,495)	(47,676)	(86,367)	(157)	(128)
Amount retained for working capital purposes	(2,991)	-	(2,955)	-	(36)	-
Amount available for distribution to Stapled Securityholders at the end of the year	20,602	41,519	20,279	41,362	323	157
Distribution per Stapled Security (cents)	1.3982	4.4129	1.3814	4.4035	0.0168	0.0094

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Note	FHT		FH-REIT Group		FH-BT Group	
		2020	2019	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets							
Investment properties	10	2,029,567	2,106,964	2,248,858	2,328,354	-	-
Property, plant and equipment	11	221,005	223,368	-	-	67,904	1,978
Derivative financial instruments	18	9,991	18,572	9,991	18,572	-	-
Rental deposits		-	-	-	-	1,936	1,765
Deferred expense	15(a)	-	-	-	-	1,763	1,783
Deferred tax assets	8	2,661	738	1,915	-	1,918	738
		<u>2,263,224</u>	<u>2,349,642</u>	<u>2,260,764</u>	<u>2,346,926</u>	<u>73,521</u>	<u>6,264</u>
Current assets							
Inventories		19	30	-	-	19	30
Other assets		4	17	4	17	-	-
Prepayments		2,046	2,063	1,833	1,685	213	378
Trade and other receivables	12	3,138	9,518	4,745	10,015	256	1,501
Derivative financial instruments	18	445	208	445	208	-	-
Cash and cash equivalents	13	92,473	84,995	88,969	80,175	3,504	4,820
		<u>98,125</u>	<u>96,831</u>	<u>95,996</u>	<u>92,100</u>	<u>3,992</u>	<u>6,729</u>
Total assets		<u>2,361,349</u>	<u>2,446,473</u>	<u>2,356,760</u>	<u>2,439,026</u>	<u>77,513</u>	<u>12,993</u>
Current liabilities							
Trade and other payables	14	18,920	14,986	17,115	10,736	4,423	7,223
Lease liabilities	16	-	-	-	-	3,349	-
Deferred income		-	21	-	21	-	-
Derivative financial instruments	18	546	6	546	6	-	-
Borrowings	17	50,000	25,000	50,000	25,000	-	-
Income tax payables		1,197	2,450	1,197	2,252	-	198
		<u>70,663</u>	<u>42,463</u>	<u>68,858</u>	<u>38,015</u>	<u>7,772</u>	<u>7,421</u>
Net current assets/(liabilities)		<u>27,462</u>	<u>54,368</u>	<u>27,138</u>	<u>54,085</u>	<u>(3,780)</u>	<u>(692)</u>
Non-current liabilities							
Rental deposits		23,281	22,272	25,217	24,037	-	-
Other payables	14	345	293	-	-	345	293
Lease liabilities	16	2,953	-	2,953	-	67,101	-
Deferred income	15(b)	7,529	7,881	9,292	9,664	-	-
Derivative financial instruments	18	24,397	10,893	24,397	10,893	-	-
Borrowings	17	836,388	829,199	836,388	829,199	-	-
Deferred tax liabilities	8	42,635	49,739	42,635	49,739	-	-
		<u>937,528</u>	<u>920,277</u>	<u>940,882</u>	<u>923,532</u>	<u>67,446</u>	<u>293</u>
Total liabilities		<u>1,008,191</u>	<u>962,740</u>	<u>1,009,740</u>	<u>961,547</u>	<u>75,218</u>	<u>7,714</u>
Net assets		<u>1,353,158</u>	<u>1,483,733</u>	<u>1,347,020</u>	<u>1,477,479</u>	<u>2,295</u>	<u>5,279</u>
Represented by:							
Stapled Securityholders' funds							
Stapled Securities in issue and to be issued	19	1,539,879	1,531,826	1,530,288	1,522,261	9,591	9,565
Issue costs		(25,764)	(25,764)	(25,759)	(25,759)	(5)	(5)
Revenue reserves		(112,340)	53,383	(108,565)	58,276	(6,743)	(3,604)
Hedging reserve	21(a)	(21,334)	(2,443)	(21,334)	(2,443)	-	-
Foreign currency translation reserve	21(b)	(127,562)	(176,007)	(127,889)	(175,135)	(548)	(677)
Revaluation reserve	21(c)	-	2,459	-	-	-	-
		<u>1,252,879</u>	<u>1,383,454</u>	<u>1,246,741</u>	<u>1,377,200</u>	<u>2,295</u>	<u>5,279</u>
Perpetual Securities holders' funds	20	<u>100,279</u>	<u>100,279</u>	<u>100,279</u>	<u>100,279</u>	<u>-</u>	<u>-</u>
		<u>1,353,158</u>	<u>1,483,733</u>	<u>1,347,020</u>	<u>1,477,479</u>	<u>2,295</u>	<u>5,279</u>
Number of Stapled Securities in issue ('000)	19	<u>1,921,243</u>	<u>1,894,217</u>	<u>1,921,243</u>	<u>1,894,217</u>	<u>1,921,243</u>	<u>1,894,217</u>
Net asset value per Stapled Security (cents)	33	<u>65.21</u>	<u>73.04</u>	<u>64.89</u>	<u>72.71</u>	<u>0.12</u>	<u>0.28</u>

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

YEAR ENDED 30 SEPTEMBER 2020

FHT	Note	Attributable to Stapled Securityholders							Perpetual Securities holders' funds	Total
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Total \$'000		
At 1 October 2019		1,531,826	(25,764)	53,383	(2,443)	(176,007)	2,459	1,383,454	100,279	1,483,733
Total return for the year		-	-	(113,428)	-	-	-	(113,428)	-	(113,428)
Total return for the year, attributable to Perpetual Securities holders		-	-	(4,462)	-	-	-	(4,462)	4,462	-
<u>Other comprehensive income</u>										
Effective portion of changes in fair value of cash flow hedges	21(a)	-	-	-	(16,526)	-	-	(16,526)	-	(16,526)
Net change in fair value of cash flow hedges reclassified to total return	21(a)	-	-	-	(2,365)	-	-	(2,365)	-	(2,365)
Foreign currency translation differences	21(b)	-	-	-	-	48,445	-	48,445	-	48,445
Revaluation of property, plant and equipment	21(c)	-	-	-	-	-	(2,459)	(2,459)	-	(2,459)
Total other comprehensive income for the year, net of tax		-	-	-	(18,891)	48,445	(2,459)	27,095	-	27,095
Total comprehensive income for the year, net of tax		-	-	(117,890)	(18,891)	48,445	(2,459)	(90,795)	4,462	(86,333)
<u>Contributions by and distributions to Stapled Securityholders</u>										
REIT Manager's management fees paid and payable in Stapled Securities		3,805	-	-	-	-	-	3,805	-	3,805
Trustee-Manager's management fees paid and payable in Stapled Securities		26	-	-	-	-	-	26	-	26
Other management fees paid and payable in Stapled Securities		1,626	-	-	-	-	-	1,626	-	1,626
Property management fees paid and payable in Stapled Securities		2,596	-	-	-	-	-	2,596	-	2,596
Distributions to Stapled Securityholders		-	-	(47,833)	-	-	-	(47,833)	-	(47,833)
Total contributions by and distributions to Stapled Securityholders		8,053	-	(47,833)	-	-	-	(39,780)	-	(39,780)
Distributions to Perpetual Securities holders		-	-	-	-	-	-	-	(4,462)	(4,462)
At 30 September 2020		1,539,879	(25,764)	(112,340)	(21,334)	(127,562)	-	1,252,879	100,279	1,353,158

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

YEAR ENDED 30 SEPTEMBER 2020

FHT	Note	Attributable to Stapled Securityholders							Perpetual Securities holders' funds	Total
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Total \$'000		
At 1 October 2018		1,514,692	(25,764)	92,571	573	(138,932)	9,111	1,452,251	100,279	1,552,530
Total return for the year		-	-	51,757	-	-	-	51,757	-	51,757
Total return for the year, attributable to Perpetual Securities holders		-	-	(4,450)	-	-	-	(4,450)	4,450	-
<u>Other comprehensive income</u>										
Effective portion of changes in fair value of cash flow hedges	21(a)	-	-	-	(3,152)	-	-	(3,152)	-	(3,152)
Net change in fair value of cash flow hedges reclassified to total return	21(a)	-	-	-	136	-	-	136	-	136
Foreign currency translation differences	21(b)	-	-	-	-	(37,075)	-	(37,075)	-	(37,075)
Revaluation of property, plant and equipment	21(c)	-	-	-	-	-	(6,652)	(6,652)	-	(6,652)
Total other comprehensive income for the year, net of tax		-	-	-	(3,016)	(37,075)	(6,652)	(46,743)	-	(46,743)
Total comprehensive income for the year, net of tax		-	-	47,307	(3,016)	(37,075)	(6,652)	564	4,450	5,014
<u>Contributions by and distributions to Stapled Securityholders</u>										
REIT Manager's management fees paid and payable in Stapled Securities		7,369	-	-	-	-	-	7,369	-	7,369
Trustee-Manager's management fees paid and payable in Stapled Securities		48	-	-	-	-	-	48	-	48
Other management fees paid and payable in Stapled Securities		4,297	-	-	-	-	-	4,297	-	4,297
Property management fees paid and payable in Stapled Securities		5,420	-	-	-	-	-	5,420	-	5,420
Distributions to Stapled Securityholders		-	-	(86,495)	-	-	-	(86,495)	-	(86,495)
Total contributions by and distributions to Stapled Securityholders		17,134	-	(86,495)	-	-	-	(69,361)	-	(69,361)
Distributions to Perpetual Securities holders		-	-	-	-	-	-	-	(4,450)	(4,450)
At 30 September 2019		1,531,826	(25,764)	53,383	(2,443)	(176,007)	2,459	1,383,454	100,279	1,483,733

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

YEAR ENDED 30 SEPTEMBER 2020

FH-REIT Group	Note	Attributable to Stapled Securityholders							Total \$'000	Total \$'000
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000	Perpetual Securities holders' funds \$'000		
At 1 October 2019		1,522,261	(25,759)	58,276	(2,443)	(175,135)	1,377,200	100,279	1,477,479	
Total return for the year		-	-	(114,703)	-	-	(114,703)	-	(114,703)	
Total return for the year, attributable to Perpetual Securities holders		-	-	(4,462)	-	-	(4,462)	4,462	-	
Other comprehensive income										
Effective portion of changes in fair value of cash flow hedges	21(a)	-	-	-	(16,526)	-	(16,526)	-	(16,526)	
Net change in fair value of cash flow hedges reclassified to total return	21(a)	-	-	-	(2,365)	-	(2,365)	-	(2,365)	
Foreign currency translation differences	21(b)	-	-	-	-	47,246	47,246	-	47,246	
Total other comprehensive income for the year, net of tax		-	-	-	(18,891)	47,246	28,355	-	28,355	
Total comprehensive income for the year, net of tax		-	-	(119,165)	(18,891)	47,246	(90,810)	4,462	(86,348)	
Contributions by and distributions to Stapled Securityholders										
REIT Manager's management fees paid and payable in Stapled Securities		3,805	-	-	-	-	3,805	-	3,805	
Other management fees paid and payable in Stapled Securities		1,626	-	-	-	-	1,626	-	1,626	
Property management fees paid and payable in Stapled Securities		2,596	-	-	-	-	2,596	-	2,596	
Distributions to Stapled Securityholders		-	-	(47,676)	-	-	(47,676)	-	(47,676)	
Total contributions by and distributions to Stapled Securityholders		8,027	-	(47,676)	-	-	(39,649)	-	(39,649)	
Distributions to Perpetual Securities holders		-	-	-	-	-	-	(4,462)	(4,462)	
At 30 September 2020		1,530,288	(25,759)	(108,565)	(21,334)	(127,889)	1,246,741	100,279	1,347,020	

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

YEAR ENDED 30 SEPTEMBER 2020

FH-REIT Group	Note	Attributable to Stapled Securityholders							Total \$'000	Total \$'000
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000	Perpetual Securities holders' funds \$'000		
At 1 October 2018		1,505,175	(25,759)	104,100	573	(138,649)	1,445,440	100,279	1,545,719	
Total return for the year		-	-	44,992	-	-	44,992	-	44,992	
Total return for the year, attributable to Perpetual Securities holders		-	-	(4,450)	-	-	(4,450)	4,450	-	
Other comprehensive income										
Effective portion of changes in fair value of cash flow hedges	21(a)	-	-	-	(3,152)	-	(3,152)	-	(3,152)	
Net change in fair value of cash flow hedges reclassified to total return	21(a)	-	-	-	136	-	136	-	136	
Foreign currency translation differences	21(b)	-	-	-	-	(36,486)	(36,486)	-	(36,486)	
Total other comprehensive income for the year, net of tax		-	-	-	(3,016)	(36,486)	(39,502)	-	(39,502)	
Total comprehensive income for the year, net of tax		-	-	40,542	(3,016)	(36,486)	1,040	4,450	5,490	
Contributions by and distributions to Stapled Securityholders										
REIT Manager's management fees paid and payable in Stapled Securities		7,369	-	-	-	-	7,369	-	7,369	
Other management fees paid and payable in Stapled Securities		4,297	-	-	-	-	4,297	-	4,297	
Property management fees paid and payable in Stapled Securities		5,420	-	-	-	-	5,420	-	5,420	
Distributions to Stapled Securityholders		-	-	(86,366)	-	-	(86,366)	-	(86,366)	
Total contributions by and distributions to Stapled Securityholders		17,086	-	(86,366)	-	-	(69,280)	-	(69,280)	
Distributions to Perpetual Securities holders		-	-	-	-	-	-	(4,450)	(4,450)	
At 30 September 2019		1,522,261	(25,759)	58,276	(2,443)	(175,135)	1,377,200	100,279	1,477,479	

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

YEAR ENDED 30 SEPTEMBER 2020

FH-BT Group	Note	Attributable to Stapled Securityholders							Total \$'000
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Perpetual Securities holders' funds \$'000		
At 1 October 2019		9,565	(5)	(3,604)	-	(677)	5,279	-	5,279
Adjustment on initial application of SFRS(I) 16	2.2	-	-	(2,236)	-	-	(2,236)	-	(2,236)
Adjusted balance at 1 October 2019		9,565	(5)	(5,840)	-	(677)	3,043	-	3,043
Total return for the year		-	-	(746)	-	-	(746)	-	(746)
<u>Other comprehensive income</u>									
Foreign currency translation differences	21(b)	-	-	-	-	129	129	-	129
Total other comprehensive income for the year, net of tax		-	-	-	-	129	129	-	129
Total comprehensive income for the year, net of tax		-	-	(746)	-	129	(617)	-	(617)
<u>Contributions by and distributions to Stapled Securityholders</u>									
Trustee-Manager's management fees paid and payable in Stapled Securities		26	-	-	-	-	26	-	26
Distributions to Stapled Securityholders		-	-	(157)	-	-	(157)	-	(157)
Total contributions by and distributions to Stapled Securityholders		26	-	(157)	-	-	(131)	-	(131)
At 30 September 2020		9,591	(5)	(6,743)	-	(548)	2,295	-	2,295

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

YEAR ENDED 30 SEPTEMBER 2020

FH-BT Group	Note	Attributable to Stapled Securityholders							Total \$'000	Perpetual Securities holders' funds \$'000	Total \$'000
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000	Total \$'000			
At 1 October 2018		9,517	(5)	(3,241)	-	(332)	5,939	-	5,939		
Total return for the year		-	-	(234)	-	-	(234)	-	(234)		
<u>Other comprehensive income</u>											
Foreign currency translation differences	21(b)	-	-	-	-	(345)	(345)	-	(345)		
Total other comprehensive income for the year, net of tax		-	-	-	-	(345)	(345)	-	(345)		
Total comprehensive income for the year, net of tax		-	-	(234)	-	(345)	(579)	-	(579)		
<u>Contributions by and distributions to Stapled Securityholders</u>											
Trustee-Manager's management fees paid and payable in Stapled Securities		48	-	-	-	-	48	-	48		
Distributions to Stapled Securityholders		-	-	(129)	-	-	(129)	-	(129)		
Total contributions by and distributions to Stapled Securityholders		48	-	(129)	-	-	(81)	-	(81)		
At 30 September 2019		9,565	(5)	(3,604)	-	(677)	5,279	-	5,279		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2020

	Note	FHT		FH-REIT Group		FH-BT Group	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Total return before tax		(123,409)	55,711	(123,863)	47,368	(874)	(228)
Adjustments for:							
Amortisation of debt upfront costs	7(a)	824	1,107	824	1,107	-	-
Amortisation of other assets		13	31	13	31	-	-
Depreciation	11	3,921	3,815	-	-	4,322	524
Effect of recognising rental income on a straight-line basis over the lease term	15(b)	(620)	(619)	(726)	(727)	-	-
Effect of recognising rental expense on a straight-line basis over the lease term	15(a)	-	-	-	-	106	108
Finance costs	7(b)	19,750	20,503	19,828	20,579	2,418	-
Finance income		(329)	(332)	(326)	(299)	(80)	(109)
Impairment loss on trade receivables		1,690	-	1,690	-	-	-
Net change in fair value of derivative financial instruments		328	114	328	114	-	-
Net change in fair value of investment properties	10	136,777	15,574	149,604	26,435	-	-
Revaluation of property, plant and equipment		9,208	-	-	-	-	-
Other management fees paid and payable in Stapled Securities		1,626	4,297	1,626	4,297	-	-
Property, plant and equipment written off		3	2	-	-	3	2
Property management fees paid and payable in Stapled Securities, net of withholding tax		2,596	5,420	2,596	5,420	-	-
REIT Manager's management fees paid and payable in Stapled Securities		3,805	7,369	3,805	7,369	-	-
Trustee-Manager's management fees paid and payable in Stapled Securities		26	48	-	-	26	48
Unrealised (gain)/loss on foreign exchange, net		(211)	(97)	(179)	(122)	(32)	25
Cash generated from operations before working capital changes		55,998	112,943	55,220	111,572	5,889	370
Changes in working capital:							
Inventories		11	4	-	-	11	4
Prepayments		17	(305)	(148)	(181)	165	(124)
Trade and other receivables		4,502	145	3,739	(202)	1,244	(369)
Trade and other payables		2,177	238	4,430	233	(2,989)	885
Deferred income		(21)	(665)	(21)	(665)	-	-
Cash generated from operations		62,684	112,360	63,220	110,757	4,320	766
Tax paid		(2,693)	(4,611)	(2,496)	(4,481)	(197)	(130)
Interest income received		329	332	326	299	3	33
Net cash generated from operating activities		60,320	108,081	61,050	106,575	4,126	669

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2020

	Note	FHT		FH-REIT Group		FH-BT Group	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
CASH FLOWS FROM INVESTING ACTIVITIES							
Additions to investment properties		(8,898)	(11,027)	(8,917)	(11,406)	-	-
Additions to property, plant and equipment	11	(690)	(1,216)	-	-	-	-
Net cash used in investing activities		(9,588)	(12,243)	(8,917)	(11,406)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES							
Distributions paid to Stapled Securityholders		(47,833)	(86,495)	(47,676)	(86,366)	(157)	(129)
Distributions paid to Perpetual Securities holders		(4,462)	(4,450)	(4,462)	(4,450)	-	-
Finance costs paid		(18,349)	(19,974)	(18,349)	(19,974)	-	-
Payment of lease liabilities	30	-	-	-	-	(5,527)	-
Proceeds from borrowings, net of debt upfront costs		55,000	473,495	55,000	473,495	-	-
Repayment of borrowings		(30,000)	(450,139)	(30,000)	(450,139)	-	-
Net cash used in financing activities		(45,644)	(87,563)	(45,487)	(87,434)	(5,684)	(129)
Net increase/(decrease) in cash and cash equivalents		5,088	8,275	6,646	7,735	(1,558)	540
Cash and cash equivalents at the beginning of the financial year		84,995	77,080	80,175	72,541	4,820	4,539
Effect of exchange rate changes on cash and cash equivalents		2,390	(360)	2,148	(101)	242	(259)
Cash and cash equivalents at the end of the financial year	13	92,473	84,995	88,969	80,175	3,504	4,820

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENT

AS AT 30 SEPTEMBER 2020

Property	Acquisition date	Tenure	Location	Existing use	Latest valuation \$'000	Valuation date	FHT			
							30 September 2020		30 September 2019	
							At valuation/ carrying value \$'000	Percentage of net assets %	At valuation/ carrying value \$'000	Percentage of net assets %
Investment properties										
InterContinental Singapore	14 July 2014	75 year leasehold expiring in 2089	80 Middle Road, Singapore 188966	Hotel	506,000	30 September 2020	506,000	37.39	532,000	35.86
Fraser Suites Singapore	14 July 2014	75 year leasehold expiring in 2089	491A River Valley Road, Singapore 248372	Serviced Residences	292,000	30 September 2020	292,000	21.58	305,000	20.56
The Westin Kuala Lumpur	14 July 2014	Freehold	199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia	Hotel	127,166	30 September 2020	127,166	9.40	138,180	9.31
ANA Crowne Plaza Kobe	14 July 2014	Freehold	1-Chome, Kitano-Cho Chuo-Ku, Kobe, 650-0002, Japan	Hotel	207,495	30 September 2020	207,495	15.33	214,973	14.49
Sofitel Sydney Wentworth	7 July 2015	75 year leasehold expiring in 2090	61-101 Phillip Street, Sydney, NSW 2000, Australia	Hotel	264,033	30 September 2020	264,033	19.51	260,596	17.56
Novotel Sydney Darling Square	14 July 2014	84 year leasehold expiring in 2098	17 Little Pier Street, Darling Harbour, NSW 2000, Australia	Hotel	108,566 ⁽¹⁾	30 September 2020	108,566 ⁽¹⁾	8.02	106,100	7.15
Fraser Suites Sydney	14 July 2014	75 year leasehold expiring in 2089	488 Kent Street, Sydney, NSW 2000, Australia	Serviced Residences	119,304	30 September 2020	119,304	8.82	119,130	8.03
Park International London	14 July 2014	75 year leasehold expiring in 2089	117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom	Hotel	68,098	30 September 2020	68,098	5.03	73,541	4.96
ibis Styles London Gloucester Road	14 July 2014	75 year leasehold expiring in 2089	108, 110 and 112 Cromwell Road, London, SW7 4ES, United Kingdom	Hotel	33,873	30 September 2020	33,873	2.50	35,157	2.37

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENT

AS AT 30 SEPTEMBER 2020

Property	Acquisition date	Tenure	Location	Existing use	Latest valuation \$'000	Valuation date	FHT			
							30 September 2020		30 September 2019	
							At valuation/ carrying value \$'000	Percentage of net assets %	At valuation/ carrying value \$'000	Percentage of net assets %
Fraser Place Canary Wharf London	14 July 2014	75 year leasehold expiring in 2089	80 Boardwalk Place, London E14 5SF, United Kingdom	Serviced Residences	67,569	30 September 2020	67,569	4.99	71,333	4.81
Fraser Suites Queens Gate London	14 July 2014	75 year leasehold expiring in 2089	39B Queens Gate Gardens, London SW7 5RR, United Kingdom	Serviced Residences	95,796	30 September 2020	95,796	7.08	101,734	6.86
Fraser Suites Glasgow	14 July 2014	75 year leasehold expiring in 2089	1-19 Albion Street Glasgow G1 1LH, Scotland, United Kingdom	Serviced Residences	16,230	30 September 2020	16,230	1.20	18,512	1.24
Fraser Suites Edinburgh	14 July 2014	75 year leasehold expiring in 2089	12-26 St Giles Street, Edinburgh EH1 1 PT, Scotland, United Kingdom	Serviced Residences	24,699	30 September 2020	24,699	1.83	26,155	1.75
Maritim Hotel Dresden	15 June 2016	Freehold	Devrientstrasse 10-12, 01067 Dresden, Germany	Hotel	98,738	30 September 2020	98,738	7.31	104,553	7.05
Investment properties							2,029,567	149.99	2,106,964	142.00
Property, plant and equipment										
Novotel Melbourne on Collins	19 October 2016	Freehold	270 Collins Street and 233-239 Collins Street, Melbourne Victoria, Australia	Hotel	221,005 ⁽²⁾	30 September 2020	221,005 ⁽²⁾	16.33	223,368 ⁽²⁾	15.05
Property, plant and equipment							221,005	16.33	223,368	15.05
Other net liabilities							(897,414)	(66.32)	(846,599)	(57.05)
Net assets of FHT							1,353,158	100.00	1,483,733	100.00

⁽¹⁾ The carrying value includes the right-of-use ("ROU") asset recognised on adoption of FRS 116 (Note 2.2).⁽²⁾ Includes the net book value of capitalised equipment, furniture and fittings.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENT

AS AT 30 SEPTEMBER 2020

Property	Acquisition date	Tenure	Location	Existing use	Latest valuation \$'000	Valuation date	FH-REIT Group			
							30 September 2020		30 September 2019	
							At valuation/ carrying value \$'000	Percentage of net assets %	At valuation/ carrying value \$'000	Percentage of net assets %
Investment properties										
InterContinental Singapore	14 July 2014	75 year leasehold expiring in 2089	80 Middle Road, Singapore 188966	Hotel	506,000	30 September 2020	506,000	37.56	532,000	36.01
Fraser Suites Singapore	14 July 2014	75 year leasehold expiring in 2089	491A River Valley Road, Singapore 248372	Serviced Residences	292,000	30 September 2020	292,000	21.68	305,000	20.64
The Westin Kuala Lumpur	14 July 2014	Freehold	199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia	Hotel	127,166	30 September 2020	127,166	9.44	138,180	9.35
ANA Crowne Plaza Kobe	14 July 2014	Freehold	1-Chome, Kitano-Cho Chuo-Ku, Kobe, 650-0002, Japan	Hotel	207,495	30 September 2020	207,495	15.40	214,973	14.55
Sofitel Sydney Wentworth	7 July 2015	75 year leasehold expiring in 2090	61-101 Phillip Street, Sydney, NSW 2000, Australia	Hotel	264,033	30 September 2020	264,033	19.60	260,596	17.64
Novotel Sydney Darling Square	14 July 2014	84 year leasehold expiring in 2098	17 Little Pier Street, Darling Harbour, NSW 2000, Australia	Hotel	108,566 ⁽¹⁾	30 September 2020	108,566 ⁽¹⁾	8.06	106,100	7.18
Fraser Suites Sydney	14 July 2014	75 year leasehold expiring in 2089	488 Kent Street, Sydney, NSW 2000, Australia	Serviced Residences	119,304	30 September 2020	119,304	8.86	119,130	8.06
Park International London	14 July 2014	75 year leasehold expiring in 2089	117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom	Hotel	68,098	30 September 2020	68,098	5.06	73,541	4.98

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENT

AS AT 30 SEPTEMBER 2020

Property	Acquisition date	Tenure	Location	Existing use	Latest valuation \$'000	Valuation date	FH-REIT Group			
							30 September 2020		30 September 2019	
							At valuation/ carrying value \$'000	Percentage of net assets %	At valuation/ carrying value \$'000	Percentage of net assets %
ibis Styles London Gloucester Road	14 July 2014	75 year leasehold expiring in 2089	108, 110 and 112 Cromwell Road, London, SW7 4ES, United Kingdom	Hotel	33,873	30 September 2020	33,873	2.51	35,157	2.38
Fraser Place Canary Wharf London	14 July 2014	75 year leasehold expiring in 2089	80 Boardwalk Place, London E14 5SF, United Kingdom	Serviced Residences	67,569	30 September 2020	67,569	5.02	71,333	4.83
Fraser Suites Queens Gate London	14 July 2014	75 year leasehold expiring in 2089	39B Queens Gate Gardens, London SW7 5RR, United Kingdom	Serviced Residences	95,796	30 September 2020	95,796	7.11	101,734	6.89
Fraser Suites Glasgow	14 July 2014	75 year leasehold expiring in 2089	1-19 Albion Street Glasgow G1 1LH, Scotland, United Kingdom	Serviced Residences	16,230	30 September 2020	16,230	1.20	18,512	1.25
Fraser Suites Edinburgh	14 July 2014	75 year leasehold expiring in 2089	12-26 St Giles Street, Edinburgh EH1 1 PT, Scotland, United Kingdom	Serviced Residences	24,699	30 September 2020	24,699	1.83	26,155	1.77
Maritim Hotel Dresden	15 June 2016	Freehold	Devrientstrasse 10-12, 01067 Dresden, Germany	Hotel	98,738	30 September 2020	98,738	7.34	104,553	7.08
Novotel Melbourne on Collins	19 October 2016	Freehold	270 Collins Street and 233-239 Collins Street, Melbourne Victoria, Australia	Hotel	219,291	30 September 2020	219,291	16.28	221,390	14.98
Investment properties							2,248,858	166.95	2,328,354	157.59
Other net liabilities							(901,838)	(66.95)	(850,875)	(57.59)
Net assets of FH-REIT Group							1,347,020	100.00	1,477,479	100.00

⁽¹⁾ The carrying value includes the ROU asset recognised on adoption of FRS 116 (Note 2.2).

Independent valuation of the properties was undertaken by valuers mentioned in Note 10 and Note 11.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 24 November 2020.

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”) (collectively, the “Stapled Group”).

FH-REIT is a Singapore-domiciled real estate investment trust constituted in Singapore pursuant to the Trust Deed dated 12 June 2014 which was amended by an amending and restating deed dated 20 June 2014 (collectively, 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 (“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 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 and principal place of business is located at 438 Alexandra Road, #17-01 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. GENERAL (CONT'D)

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 2020

1. GENERAL (CONT'D)

(a) REIT Manager's fees (cont'd)

(ii) Acquisition fee and divestment fee (cont'd)

- (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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. GENERAL (CONT'D)

(a) REIT Manager's fees (cont'd)

(iii) Development management fee (cont'd)

- (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;
- (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 2020

1. GENERAL (CONT'D)

(b) *Managed Investment Trust ("MIT") Manager's fees (cont'd)*

(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 2020

1. GENERAL (CONT'D)

(b) *Managed Investment Trust ("MIT") Manager's fees (cont'd)*

(ii) *Acquisition fee and divestment fee (cont'd)*

- (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 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 2020

1. GENERAL (CONT'D)

(f) *MIT's and MIT Sub-Trustee's fees*

Pursuant to the Investment Management Agreements,

- (i) MIT Trustee's fees are Australian Dollars ("AUD") 55,000 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, are AUD 15,000 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. GENERAL (CONT'D)

(i) *Property management fees (cont'd)*

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. GENERAL (CONT'D)

(j) *Trustee-Manager's fees (cont'd)*

- (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);
 - 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 the Stapled Group consistently to all periods presented in these financial statements, unless otherwise indicated in Note 2.2, which addresses the changes in accounting policies.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation

The financial statements of the FH-REIT Group and the Stapled Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* 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 in Singapore ("FRSs").

The 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 Trust Act, Chapter 31A 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.

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

The Stapled Group's properties are stated at their fair values, which are determined annually. The fair values are based on independent professional valuations conducted annually. The valuation reports obtained from the valuers also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that the COVID-19 pandemic might have on the real estate market, the valuers have also recommended to keep the valuation of the properties under frequent review.

The fair value of properties is determined using discounted cash flow and capitalisation methods. These fair values may differ from the prices at which the Stapled Group'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 directors' 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 amount of properties is disclosed in the Statements of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Significant accounting judgements and estimates (cont'd)

(b) Judgements made in applying accounting policies

In the process of applying the Stapled Group's accounting policies, the REIT Manager has made the following judgements, apart from those involving estimations, which have significant effects on the amounts recognised in the consolidated financial statements.

Income taxes

The Stapled Group 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. The Stapled Group 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

Various new FRSs or SFRS(I)s, amendments to and interpretations of FRSs or SFRS(I)s have been applied in the financial statements for the first time for the annual period beginning on 1 October 2019.

In addition, the Stapled Group early adopted the amendments to recognition and measurement principles of FRS 109/SFRS(I) 9 *Financial Instruments*, FRS 39/SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* and FRS107/SFRS(I) 7 *Financial Instruments: Disclosures* on 1 October 2019 in relation to the project on interest rate benchmark reform. The Stapled Group applied the interest rate benchmark reform amendments retrospectively to hedging relationship that existed at 1 October 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss accumulated in the cash flow hedging reserve in other comprehensive income ("OCI") that existed at 1 October 2019. The details of the accounting policies are disclosed in Note 2.16 and 26(a)(ii) for related disclosures about the risks and hedge accounting.

Other than FRS 116/SFRS(I) 16, the application of these amendments to standards and interpretations did not have a material impact on the financial statements.

FRS 116/SFRS(I) 16 Leases

The FH-REIT Group, the FH-BT Group and the Stapled Group (collectively, "the Entities") applied FRS 116/SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in revenue reserves or Stapled Securityholders' funds (as the case may be) at 1 October 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under FRS 17/SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116/SFRS(I) 16 have not generally been applied to comparative information.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 116/SFRS(I) 16 Leases (cont'd)

Definition of a lease

Previously, the Entities determined at contract inception whether an arrangement was or contained a lease under INT FRS 104/SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Entities now assess whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116/SFRS(I) 16.

On transition to FRS 116/SFRS(I) 16, the Entities elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Entities applied FRS 116/SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17/SFRS(I) 1-17 and INT FRS 104/SFRS(I) INT 4 were not reassessed for whether there is a lease under FRS 116/SFRS(I) 16. Therefore, the definition of a lease under FRS 116/SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 October 2019.

As a lessee

As a lessee, the Entities lease mainly land and buildings. The Entities previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Entities. Under FRS 116/SFRS(I) 16, the Entities recognise right-of-use ("ROU") assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Entities allocate the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property, the Entities have elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under FRS 17/SFRS(I) 1-17

Previously, the Entities classified property leases as operating leases under FRS 17/SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 October 2019. ROU assets are measured at either:

- their carrying amount as if FRS 116/SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application: the FH-BT Group applied this approach to its lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the FH-REIT Group and the Stapled Group applied this approach to their leases.

The Entities have tested their ROU assets for impairment on the date of transition and have concluded that there is no indication that the ROU assets are impaired.

The Entities used a number of practical expedients when applying FRS 116/SFRS(I) 16 to leases previously classified as operating leases under FRS 17/SFRS(I) 1-17. In particular, the Entities:

- did not recognise ROU assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from the measurement of the ROU asset at the date of initial application; and
- used hindsight when determining the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 116/SFRS(I) 16 Leases (cont'd)

As a lessor

The Stapled Group and the FH-REIT Group lease out their investment properties, including own property and ROU assets. The Stapled Group and the FH-REIT Group have classified these leases as operating leases.

The Stapled Group and the FH-REIT Group are not required to make any adjustments on transition to FRS 116/SFRS(I) 16 for leases in which they act as a lessors.

The Stapled Group and the FH-REIT Group have applied FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Impact on transition*

On transition to FRS 116/SFRS(I) 16, additional ROU assets and lease liabilities were recognised in the Statement of Financial Position. The impact on transition as of 1 October 2019 is summarised below:

	FHT \$'000	FH-REIT Group \$'000	FH-BT Group \$'000
At 1 October 2019			
ROU asset – investment property	2,700	2,700	–
ROU asset – property, plant and equipment	–	–	66,933
Deferred tax asset	–	–	958
Lease liabilities	2,700	2,700	70,128
Revenue reserves	–	–	2,236

* For the impact of FRS 116/SFRS(I) 16 on total return, see Note 30. For the impact of FRS 116/SFRS(I) 16 on segment information, see Note 29. For the details of accounting policies under FRS 116/SFRS(I) 16 and FRS 17/SFRS(I) 1-17, see Note 2.7.

When measuring lease liabilities for leases that were classified as operating leases, the Entities discounted lease payments using the applicable incremental borrowing rates at 1 October 2019. The weighted-average rates applied by the Stapled Group, the FH-REIT Group and the FH-BT Group are 4.01%, 4.01% and 3.48% respectively.

	FHT \$'000	FH-REIT Group \$'000	FH-BT Group \$'000
At 1 October 2019			
Operating lease commitments as disclosed under FRS 17/SFRS(I) 1-17 in the Entities's financial statements as at 30 September 2019	19,518	19,518	93,288
Discounted using the incremental borrowing rates at 1 October 2019	2,700	2,700	70,128
Lease liabilities recognised	2,700	2,700	70,128

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the Stapled Group 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 the Stapled Group 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 the Stapled Group's significant accounting policies. A list of significant subsidiaries is shown in Note 22.

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 the Stapled Group obtain control, and continue to be consolidated until the date that such control ceases.

(d) *Business combinations*

Business combinations are accounted for by applying the acquisition method in accordance with FRS 103/ SFRS(I) 3 *Business Combination* as at the date of acquisition, which is the date on which control is transferred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the FH-REIT Group, the FH-BT Group and the Stapled Group incur in connection with a business combination are recognised as expenses in the periods in which the costs are incurred and the services are received.

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.

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.

The FH-REIT Group, the FH-BT Group and the Stapled Group elect for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, at the date of acquisition. Other components of non-controlling interests are measured on their acquisition date at fair value, unless another measurement basis is required by another FRS/SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation and business combinations (cont'd)

(d) *Business combinations (cont'd)*

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the FH-REIT Group, the FH-BT Group and the Stapled Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment. Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. When the excess is negative, a bargain purchase is recognised immediately in the Statement of Total Return.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Trust and are presented separately in the Statement of Total Return and Statement of Comprehensive Income, and within the Stapled Securityholders' Funds in the Statement of Financial Position, separately from the Stapled Securityholders' Funds attributable to Stapled Securityholders. Changes in the Stapled Group'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 non-controlling interest 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 the Trust.

(e) *Property acquisition and business combinations*

Where a property is acquired, via corporate acquisitions or otherwise, the Managers consider the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The FH-REIT Group, the FH-BT Group and the Stapled Group account for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g. maintenance, cleaning, security, bookkeeping, hotel operations, etc.).

When acquisition of an asset or a group of assets that does not constitute a business, they are not treated as business combinations. In such cases, the acquirer shall identify and recognise the individual identifiable asset acquired and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. 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 the Stapled Group 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 the Stapled Group are presented in Singapore dollars ("SGD"), which is the functional currency of the FH-REIT Group, the FH-BT Group and the Stapled Group and rounded to the nearest thousand (\$'000), unless otherwise stated.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Foreign currencies (cont'd)

(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, except for differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in Stapled Securityholders' Funds directly.

(c) Foreign currency translation

The results and financial positions of foreign operations are translated into Singapore dollars using the following procedures:

- (i) Assets and liabilities are translated to Singapore dollars at exchange rates at the end of the reporting period; and
- (ii) 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 the Statement of Comprehensive Income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation, the cumulative amount of exchange differences recognised in OCI relating to the foreign operation is recognised in the Statement of Total Return 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 on consolidation in Stapled Securityholders' Funds.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the Stapled Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

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 fair value less accumulated depreciation and accumulated impairment losses while equipment, furniture and fittings 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 in valuation 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 the Stapled Group 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. 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment (cont'd)

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 year is as follows:

- Building 17 to 50 years
- Equipment, furniture and fittings 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.

2.7 Leases

The Stapled Group has applied FRS 116/SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17/SFRS(I) 1-17 and INT FRS 104/SFRS(I) INT 4. The details of accounting policies under FRS 17/SFRS(I) 1-17 and INT FRS 104/SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 October 2019

At inception of a contract, the Stapled Group 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. To assess whether a contract conveys the right to control the use of an identified asset, the Stapled Group uses the definition of a lease in FRS 116/SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 October 2019.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Stapled Group 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, the Stapled Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Stapled Group 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Leases (cont'd)

(a) *As a lessee (cont'd)*

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 the Stapled Group by the end of the lease term or the cost of the ROU asset reflects that the Stapled Group 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.

The Stapled Group 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 the Stapled Group 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 if the carrying amount of the ROU asset has been reduced to zero.

The Stapled Group presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

The Stapled Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Stapled Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Leases (cont'd)

(b) *As a lessor*

At inception or on modification of a contract that contains a lease component, the Stapled Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Stapled Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Stapled Group 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, the Stapled Group 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 the Stapled Group applies FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Stapled Group 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'.

Generally, the accounting policies applicable to the Stapled Group as a lessor in the comparative period were not different from FRS 116/SFRS(I) 16.

Policy applicable before 1 October 2019

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item is classified as an operating lease.

As lessor

The accounting policy for rental income under operating leases is stated in Note 2.21(a). Variable rental are recognised as revenue in the period in which they are earned.

As lessee

Payments made under operating leases are recognised in the Statement of Total Return on a straightline basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the Stapled Group 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; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Stapled Group 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 Stapled Group 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(b) *Classification and subsequent measurement (cont'd)*

Business model assessment (cont'd)

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 Stapled Group's continuing recognition of the assets.

Non-derivative financial 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, the Stapled Group 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 Stapled Group 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 Stapled Group'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 and impairment are recognised in the Statement of Total Return. Any gain or loss on derecognition is recognised in the Statement of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(c) *Derecognition*

A financial asset is derecognised when the contractual rights to receive cash flow from the asset have expired, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial asset that is created or retained by the Stapled Group is recognised as a separate asset or liability.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised in OCI is recognised in the Statement of Total Return.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, the Stapled Group 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 Receivables

Trade and other receivables, including amounts due from related companies are classified and accounted for as financial assets at amortised cost. The accounting policy is stated in Note 2.8.

An allowance is made for uncollectible amounts when there is objective evidence that the Stapled Group will not be able to collect the debt. Bad debts are written off when identified. Further details of accounting policy for impairment of financial assets are stated in Note 2.17.

2.10 Other assets

Other assets comprise operating supplies and equipment. They are stated at cost less accumulated amortisation.

2.11 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.

2.12 Cash and cash equivalents

Cash on hand and in banks and fixed deposits which are held to maturity are classified and accounted for as financial assets at amortised cost. The accounting policy is stated in Note 2.8.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial liabilities

(a) *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Stapled Group 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.

(c) *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Total Return.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, the Stapled Group 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.

2.14 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 considerations received (paid) for rental deposits and its fair value on initial recognition and it is credited (charged) to the Statement of Total Return as rental income (expense) on a straight-line basis over the individual lease term.

2.15 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in Statement of Total Return over the period of the borrowings using the effective interest method.

2.16 Derivative financial instruments and hedge accounting

The Stapled Group uses derivative financial instruments to hedge against risks associated with foreign currency and interest rate fluctuations. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the Statement of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Derivative financial instruments and hedge accounting (cont'd)

Foreign exchange forward contracts are used to hedge its risks associated primarily with foreign currency fluctuations. Interest rate swap contracts are used to hedge its risks associated with interest rate fluctuations. Cross-currency swaps are used to hedge its risks associated with foreign currency fluctuations. It is the Stapled Group's policy not to trade in derivative financial instruments.

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 that qualifies for hedge accounting are recognised immediately in the Statement of Total Return.

The Stapled Group designates certain derivative financial instruments as hedging instruments in qualifying hedging relationships. At the inception of a hedge relationship, the Stapled Group formally designates and documents the hedge relationship to which the Stapled Group wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Stapled Group 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.

Applicable from 1 October 2019 for hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Stapled Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Stapled Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. A similar exception is also provided for a discontinued cash flow hedging relationship.

The Stapled Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Stapled Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Derivative financial instruments and hedge accounting (cont'd)

(a) Cash flow hedges

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 OCI and accumulated in the hedging reserve. The effective portion of changes in fair value of the derivative that is recognised in OCI 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 equity 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 expected future cash flows affect the Statement of Total Return.

(b) Net investment hedges

The Stapled Group 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 hedge net investment is disposed of, the cumulative amount in OCI is transferred to the Statement of Total Return.

2.17 Impairment

(a) Non-financial assets

The carrying amounts of the Stapled Group's non-financial assets, other than investment properties, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Impairment (cont'd)

(a) *Non-financial assets (cont'd)*

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 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*

The Stapled Group recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

Loss allowances of the Stapled Group 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

The Stapled Group 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

The Stapled Group 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, the Stapled Group 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.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Stapled Group 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 Stapled Group'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.

The Stapled Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Stapled Group in full, without recourse by the Stapled Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Impairment (cont'd)

(b) *Non-derivative financial assets (cont'd)*

General approach (cont'd)

The maximum period considered when estimating ECL is the maximum contractual period over which the Stapled Group 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 the Stapled Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Stapled Group 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 Stapled Group on terms that the Stapled Group 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 Stapled Group 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 Stapled Group's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Stapled Securityholders' Funds

Stapled Securityholders' Funds represent the Stapled Securityholders' residual interest in the Stapled Group's net assets upon termination.

Expenses incurred in connection with the issuance and placement of Stapled Securities are deducted directly against Stapled Securityholders' Funds.

2.19 Perpetual Securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the FH-REIT Group. As the FH-REIT Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

2.20 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.

2.21 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 is recognised when the relevant rooms and services are rendered to the customers.

(c) *Dividend and distribution income*

Dividend and distribution income is recognised in the Statement of Total Return on the date when the right to receive the payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 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 the Stapled Group 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.

2.23 Finance income and finance costs

Finance income comprises interest income on funds invested that are recognised in the Statement of Total Return.

Finance costs comprises interest expense on borrowings and amortisation of debt-related transaction costs that are recognised in the Statement of Total Return.

Interest income or all borrowing costs are recognised as it accrues, in the Statement of Total Return, 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 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Stapled Group will comply with the conditions associated with the grants.

Grants that compensate the Stapled Group for expenses incurred are recognised in the Statement of Total Return, 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.

2.25 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Total Return except to the extent that it relates to items recognised directly in Statement of Changes in Stapled Securityholders' Funds.

The Stapled Group 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.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financing 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 the Stapled Group 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.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group 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.

A deferred tax asset is recognised for unused tax losses, 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. 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

In determining the amount of current and deferred tax, the Stapled Group take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Stapled Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Stapled Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.26 Earnings per Stapled Security

The Stapled Group 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 the Stapled Group 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.

2.27 Segment reporting

An operating segment is a component of the Stapled Group, 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 the Stapled Group'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 Chief Financial Officer, the Asset Managers and the Investment Managers. CODMs review the Stapled Group's, the FH-REIT Group's and the FH-BT Group's internal reporting in order to assess performance and operations of the Stapled 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 asset 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 derivate financial instruments.

Segment capital expenditure is the total costs incurred on investment properties and property, plant and equipment during the financial year.

2.28 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 the Stapled Group; or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Contingencies (cont'd)

- (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 the Stapled Group, 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.

2.29 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.

2.30 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Stapled Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRS/SFRS(I)s, interpretations and amendments to FRS/SFRS(I)s are not expected to have a significant impact on the Stapled Group's financial statements:

- Amendments to References to Conceptual Framework in FRS/SFRS(I) Standards
- Definition of a Business (Amendments to FRS 103/SFRS(I) 3 *Business Combinations*)
- Definition of Material (Amendments to FRS 1/SFRS(I) 1-1 *Presentation of Financial Statements* and FRS 8/SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- FRS 117/SFRS(I) 17 *Insurance Contracts*
- Classification of Liabilities as Current or Non-Current (Amendments to FRS 1/SFRS(I) 1-1 *Presentation of Financial Statements*)
- Covid-19-Related Rent Concessions (Amendment to FRS 116/SFRS(I) 16 *Leases*)

3. STAFF COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Salaries, bonuses and other costs	3,619	6,227	-	-	3,619	6,227
Contributions to defined contribution plans	375	533	-	-	375	533
	<u>3,994</u>	<u>6,760</u>	<u>-</u>	<u>-</u>	<u>3,994</u>	<u>6,760</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

4. MANAGEMENT FEES

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) REIT Manager's management fees						
- Base fee	4,899	4,720	4,899	4,720	-	-
- Performance fee	567	2,649	567	2,649	-	-
	<u>5,466</u>	<u>7,369</u>	<u>5,466</u>	<u>7,369</u>	<u>-</u>	<u>-</u>
(b) Trustee-Manager's management fees						
- Base fee	34	38	-	-	34	38
- Performance fee	20	10	-	-	20	10
	<u>54</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>54</u>	<u>48</u>
(c) Other management fees						
- MIT Manager's base fee	2,200	2,340	2,200	2,340	-	-
- MIT Manager's performance fee	1,058	1,957	1,058	1,957	-	-
- Kobe Asset Manager's management fee	193	187	193	187	-	-
- ABS Servicer fee	118	119	118	119	-	-
	<u>3,569</u>	<u>4,603</u>	<u>3,569</u>	<u>4,603</u>	<u>-</u>	<u>-</u>

Included in the REIT Manager's, Trustee-Manager's and MIT Manager's management fees are an aggregate of 11,326,000 (2019: 16,404,000) Stapled Securities, amounting to approximately SGD 5,457,000 (2019: SGD 11,714,000), that have been or will be issued to the Managers and the MIT Manager as satisfaction of the management fees payable in Stapled Securities, at prices ranging from 36.60 cents to 71.05 cents (2019: 70.47 cents to 73.10 cents) per Stapled Security.

5. TRUSTEES' FEES

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trustees' fees						
- FH-REIT Trustee's fees	293	296	293	296	-	-
- Other trustee fees	202	200	202	200	-	-
	<u>495</u>	<u>496</u>	<u>495</u>	<u>496</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. OTHER TRUST EXPENSES

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Audit fees paid and payable to auditor of the Trusts	427	388	365	337	62	51
Non-audit fees paid and payable to:						
– Auditor of the Trusts	308	271	295	267	13	4
– Other auditors	144	5	144	5	–	–
Other expenses	2,389	2,582	2,386	2,573	3	9
	<u>3,268</u>	<u>3,246</u>	<u>3,190</u>	<u>3,182</u>	<u>78</u>	<u>64</u>

7. FINANCE COSTS AND AMORTISATION OF DEBT UPFRONT COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities measured at amortised cost:						
(a) Amortisation of debt upfront costs	<u>824</u>	<u>1,107</u>	<u>824</u>	<u>1,107</u>	<u>–</u>	<u>–</u>
(b) Finance costs						
– interest expense on loans and borrowings	19,107	19,990	19,107	19,990	–	–
– interest expense on lease liabilities	111	–	111	–	2,418	–
– others	532	513	610	589	–	–
	<u>19,750</u>	<u>20,503</u>	<u>19,828</u>	<u>20,579</u>	<u>2,418</u>	<u>–</u>

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.

FH-BT which is registered as a business trust in Singapore under the Business Trust 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 the Stapled Group's operations in Singapore, Australia, UK, Japan, Malaysia and Germany.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

8. TAXATION (CONT'D)

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% (2019: 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.

Under the COVID-19 relief measures announced by IRAS, FH-REIT will have until 31 December 2021 (or any extension allowed) to distribute at least 90% of the Specified Taxable Income derived in the financial year ended 30 September 2020.

(ii) Tax Ruling 2

FH-REIT 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 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 2020

8. TAXATION (CONT'D)

Tax (credit)/expense

The major components of tax (credit)/expense for the financial year ended 30 September 2020 are:

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statements of Total Return						
Current tax expense/(credit)						
- Current year income tax	497	2,681	514	2,477	(17)	204
- Overprovision in respect of prior year	(215)	-*	(215)	-*	-	-
	282	2,681	299	2,477	(17)	204
Deferred tax credit						
- Origination and reversal of deductible temporary differences	(1,812)	(217)	(1,840)	-	(130)	(217)
- Origination and reversal of taxable temporary differences	(9,725)	(724)	(8,874)	(2,296)	-	-
	(11,537)	(941)	(10,714)	(2,296)	(130)	(217)
Withholding tax expense	1,274	2,214	1,255	2,195	19	19
	(9,981)	3,954	(9,160)	2,376	(128)	6

* Denotes amount less than \$1,000

Relationship between tax (credit)/expense and accounting profit

A reconciliation between tax (credit)/expense and the product of accounting profit multiplied by the prevailing corporate tax rate for the financial year ended 30 September 2020 is as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total return for the year before tax	(123,409)	55,711	(123,863)	47,368	(874)	(228)
Tax at the domestic rates applicable to profits in the countries where the Stapled Group operates	(28,097)	11,243	(28,787)	9,864	(234)	(78)
Adjustments:						
Expenses not deductible for tax purposes	25,657	10,585	26,116	11,473	2,008	569
Income not subject to tax	(7,416)	(15,875)	(6,202)	(16,943)	(2,064)	(504)
Tax transparency	(833)	(3,584)	(833)	(3,584)	-	-
Deferred tax assets not recognised	249	2	151	2	98	-
Utilisation of unrecognised tax losses	(49)	(46)	(49)	(46)	-	-
Overprovision of prior year tax	(215)	-*	(215)	-*	-	-
Withholding tax	1,274	2,214	1,255	2,195	19	19
Others	(551)	(585)	(596)	(585)	45	-
	(9,981)	3,954	(9,160)	2,376	(128)	6

* Denotes amount less than \$1,000

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

8. TAXATION (CONT'D)

Deferred tax assets

Deferred tax assets as at 30 September 2020 shown on the Statements of Financial Position (prior to offsetting of balances) are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets:						
Provision and accruals	(42)	35	-	-	(42)	35
Lease liabilities	-	-	-	-	1,172	-
Unabsorbed capital allowances	(181)	703	(969)	-	788	703
Fair value loss on investment properties	-	-	2,884	-	-	-
Revaluation loss on property, plant and equipment	2,884	-	-	-	-	-
	<u>2,661</u>	<u>738</u>	<u>1,915</u>	<u>-</u>	<u>1,918</u>	<u>738</u>

The movements in the deferred tax assets are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	(738)	(560)	-	-	(738)	(560)
Recognition of deferred tax asset on initial application of FRS 116/SFRS(I) 16	-	-	-	-	(958)	-
Adjusted balance at 1 October	(738)	(560)	-	-	(1,696)	(560)
Recognised in Statements of Total Return	(1,812)	(217)	(1,840)	-	(130)	(217)
Translation differences	(111)	39	(75)	-	(92)	39
At 30 September	<u>(2,661)</u>	<u>(738)</u>	<u>(1,915)</u>	<u>-</u>	<u>(1,918)</u>	<u>(738)</u>

Deferred tax liabilities

Deferred tax liabilities as at 30 September 2020 shown on the Statements of Financial Position (prior to offsetting of balances) are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities:						
Arising from acquisition of subsidiaries	4,820	4,726	4,820	4,726	-	-
Fair value gain on investment properties	30,299	39,411	30,299	38,569	-	-
Revaluation gain on property, plant and equipment	-	(842)	-	-	-	-
Others	7,516	6,444	7,516	6,444	-	-
	<u>42,635</u>	<u>49,739</u>	<u>42,635</u>	<u>49,739</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

8. TAXATION (CONT'D)

The movements in the deferred tax liabilities are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 October	49,739	53,085	49,739	53,085	-	-
Recognised in Statements of Total Return	(9,725)	(724)	(8,874)	(2,296)	-	-
Recognised in Stapled Securityholders' Funds	758	(1,528)	-	-	-	-
Translation differences	1,863	(1,094)	1,770	(1,050)	-	-
At 30 September	42,635	49,739	42,635	49,739	-	-

9. EARNINGS PER STAPLED SECURITY

The calculation of basic earnings per Stapled Security is based on:

	2020	FHT 2019
Total return for the year attributable to Stapled Securityholders (\$'000)	(117,890)	47,307
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)	1,894,217	1,869,165
Effect of management fees paid/payable in Stapled Securities ('000)	23,482	23,060
	1,917,699	1,892,225
Basic Earnings per Stapled Security (cents)	(6.14)	2.50

The calculation of diluted earnings per Stapled Security is based on:

	2020	FHT 2019
Total return for the year attributable to Stapled Securityholders (\$'000)	(117,890)	47,307
Weighted average number of Stapled Securities used in arriving at diluted earnings per Stapled Security ('000):		
Weighted average number of Stapled Securities (basic) ('000)	1,917,699	1,892,225
Effect of contingently issuable Stapled Securities ('000)	-	17,433
	1,917,699	1,909,658
Diluted Earnings per Stapled Security (cents)	(6.14)	2.47

At 30 September 2020, 8,375,000 contingently issuable Stapled Securities were excluded from the diluted weighted average number of Stapled Securities calculation as their effect would have been anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

10. INVESTMENT PROPERTIES

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statements of Financial Position:						
At 1 October	2,106,964	2,151,867	2,328,354	2,397,657	-	-
Recognition of ROU asset on initial application of FRS 116	2,700	-	2,700	-	-	-
Adjusted balance at 1 October	2,109,664	2,151,867	2,331,054	2,397,657	-	-
Capital expenditure	9,339	11,280	9,358	11,658	-	-
Net fair value change	(136,777)	(15,574)	(149,604)	(26,435)	-	-
Translation differences	47,341	(40,609)	58,050	(54,526)	-	-
At 30 September	2,029,567	2,106,964	2,248,858	2,328,354	-	-
Statements of Total Return:						
Rental revenue from investment properties:						
- Minimum lease payments	57,078	56,801	62,604	62,430	-	-
- Variable rent based on lessees' gross operating revenue and/or gross operating profit	9,385	57,800	12,697	67,191	-	-
- Effect of recognising rental income on a straight-line basis over lease term (Note 15(b))	620	619	726	727	-	-
	67,083	115,220	76,027	130,348	-	-

The investment properties as at the reporting date are as follows:

	FHT		FH-REIT Group	
	Carrying value		Carrying value	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
InterContinental Singapore	506,000	532,000	506,000	532,000
Fraser Suites Singapore	292,000	305,000	292,000	305,000
The Westin Kuala Lumpur	127,166	138,180	127,166	138,180
ANA Crowne Plaza Kobe	207,495	214,973	207,495	214,973
Sofitel Sydney Wentworth	264,033	260,596	264,033	260,596
Novotel Sydney Darling Square	108,566 ⁽¹⁾	106,100	108,566 ⁽¹⁾	106,100
Fraser Suites Sydney	119,304	119,130	119,304	119,130
Park International London	68,098	73,541	68,098	73,541
ibis Styles London Gloucester Road	33,873	35,157	33,873	35,157
Fraser Place Canary Wharf London	67,569	71,333	67,569	71,333
Fraser Suites Queens Gate London	95,796	101,734	95,796	101,734
Fraser Suites Glasgow	16,230	18,512	16,230	18,512
Fraser Suites Edinburgh	24,699	26,155	24,699	26,155
Maritim Hotel Dresden	98,738	104,553	98,738	104,553
Novotel Melbourne on Collins	-	-	219,291	221,390
	2,029,567	2,106,964	2,248,858	2,328,354

⁽¹⁾ The carrying value includes the ROU asset recognised on adoption of FRS 116 (Note 2.2).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

	FHT 2020 \$'000	FH-REIT Group 2020 \$'000
Fair value of investment properties (based on independent valuation)	2,026,614	2,245,905
Add: Carrying amount of lease liabilities	2,953	2,953
Carrying value of investment properties	<u>2,029,567</u>	<u>2,248,858</u>

The fair values of the investment properties were based on independent valuations undertaken by the following independent valuers:

Country	2020	2019
Singapore	CBRE Pte. Ltd.	CBRE Pte. Ltd.
Malaysia	C H Williams Talhar & Wong Sdn Bhd	C H Williams Talhar & Wong Sdn Bhd
Japan	CBRE K. K.	CBRE K. K.
Australia	CBRE Valuations Pty Limited	CBRE Valuations Pty Limited
UK	CBRE Hotels Limited	CBRE Hotels Limited
Germany	CBRE GmbH	CBRE GmbH

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 27.

Investment property pledged as security

As at 30 September 2020 and 30 September 2019, The Westin Kuala Lumpur is mortgaged to secure the Medium Term Notes issued by a subsidiary (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and Building \$'000	Equipment, furniture and fittings \$'000	Total \$'000
FHT			
Cost			
At 1 October 2018	244,834	7,090	251,924
Additions	379	837	1,216
Written off	-	(3)	(3)
Net change in revaluation recognised in OCI	(8,180)	-	(8,180)
Elimination of accumulated depreciation on revaluation	(3,103)	-	(3,103)
Translation differences	(14,078)	(427)	(14,505)
At 30 September 2019	219,852	7,497	227,349
At 1 October 2019	219,852	7,497	227,349
Additions	19	671	690
Written off	-	(20)	(20)
Net change in revaluation recognised in OCI	(1,701)	-	(1,701)
Net change in revaluation recognised in Statement of Total Return	(9,208)	-	(9,208)
Elimination of accumulated depreciation on revaluation	(3,255)	-	(3,255)
Translation differences	11,598	411	12,009
At 30 September 2020	217,305	8,559	225,864
Accumulated depreciation			
At 1 October 2018	-	(3,492)	(3,492)
Depreciation	(3,103)	(712)	(3,815)
Written off	-	1	1
Elimination of accumulated depreciation on revaluation	3,103	-	3,103
Translation differences	-	222	222
At 30 September 2019	-	(3,981)	(3,981)
At 1 October 2019	-	(3,981)	(3,981)
Depreciation	(3,255)	(666)	(3,921)
Written off	-	17	17
Elimination of accumulated depreciation on revaluation	3,255	-	3,255
Translation differences	-	(229)	(229)
At 30 September 2020	-	(4,859)	(4,859)
Carrying amounts			
At 1 October 2018	244,834	3,598	248,432
At 30 September 2019	219,852	3,516	223,368
At 30 September 2020	217,305	3,700	221,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building \$'000	Equipment, furniture and fittings \$'000	Total \$'000
FH-BT Group			
Cost			
At 1 October 2018	–	6,022	6,022
Additions	–	–	–
Written off	–	(3)	(3)
Translation differences	–	(348)	(348)
At 30 September 2019	–	5,671	5,671
At 1 October 2019	–	5,671	5,671
Recognition of ROU asset on initial application of SFRS(I) 16	70,128	–	70,128
Adjusted balance at 1 October 2019	70,128	5,671	75,799
Written off	–	(20)	(20)
Translation differences	3,555	288	3,843
At 30 September 2020	73,683	5,939	79,622
Accumulated depreciation			
At 1 October 2018	–	(3,380)	(3,380)
Depreciation	–	(524)	(524)
Written off	–	1	1
Translation differences	–	210	210
At 30 September 2019	–	(3,693)	(3,693)
At 1 October 2019	–	(3,693)	(3,693)
Recognition of ROU asset on initial application of SFRS(I) 16	(3,195)	–	(3,195)
Adjusted balance at 1 October 2019	(3,195)	(3,693)	(6,888)
Depreciation	(3,976)	(346)	(4,322)
Written off	–	17	17
Translation differences	(323)	(202)	(525)
At 30 September 2020	(7,494)	(4,224)	(11,718)
Carrying amounts			
At 1 October 2018	–	2,642	2,642
At 30 September 2019	–	1,978	1,978
At 30 September 2020	66,189	1,715	67,904

Independent valuation of the freehold land and building was undertaken by CBRE Valuations Pty Limited on 30 September 2020 (2019: CBRE Valuations Pty Limited). In relying on the valuation report, 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 the valuation techniques and inputs used are disclosed in Note 27.

The carrying amount of the freehold land and buildings as at 30 September 2020 would be SGD 217.3 million (2019: SGD 218.8 million) if the property had been measured using the cost model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

12. TRADE AND OTHER RECEIVABLES

	FHT		FH-REIT Group		FH-BT Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables:						
- related companies of the REIT Manager	85	5,404	85	5,403	-	1
- FH-BT Group	-	-	970	1,290	-	-
- third parties	2,175	684	2,175	-	-	684
	2,260	6,088	3,230	6,693	-	685
Allowance for impairment loss	(1,740)	-	(1,740)	-	-	-
Net trade receivables	520	6,088	1,490	6,693	-	685
Other receivables:						
- related parties	193	174	193	174	-**	-**
- FH-BT Group	-	-	893	708	-	-
- net VAT*/ GST receivable	1,090	854	1,090	854	-	-
- third parties	1,317	2,381	1,061	1,565	256	816
	2,600	3,409	3,237	3,301	256	816
Accrued interest income	7	11	7	11	-	-
Deposits	11	10	11	10	-	-
Total trade and other receivables	3,138	9,518	4,745	10,015	256	1,501

* VAT: value added tax

** Denotes amount less than \$1,000

Trade receivable 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 the Stapled Group, the FH-REIT Group and the FH-BT Group to credit risk and impairment losses for trade receivables is disclosed in Note 26(b).

Other receivables from related parties 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash in hand and at bank	68,631	80,543	65,127	75,723	3,504	4,820
Fixed deposits	23,842	4,452	23,842	4,452	-	-
Total cash and cash equivalents	92,473	84,995	88,969	80,175	3,504	4,820

Fixed deposits earn interest at 0.03% to 2.00% per annum (2019: 3.75%) with remaining tenures of 1 month (2019: 9 months).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

14. TRADE AND OTHER PAYABLES

	FHT		FH-REIT Group		FH-BT Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables						
- related companies of the REIT Manager	3,366	-	3,366	-	-	-
- FH-REIT Group	-	-	-	-	970	1,290
- third parties	835	1,175	676	408	159	767
	<u>4,201</u>	<u>1,175</u>	<u>4,042</u>	<u>408</u>	<u>1,129</u>	<u>2,057</u>
Other payables						
- related companies of the REIT Manager	4,074	344	4,046	344	28	-
- FH-REIT Group	-	-	-	-	893	708
- advanced deposits	829	1,957	-	-	829	1,957
- net VAT/GST payable	1,476	2,451	1,476	2,352	-	99
- third parties	103	492	103	492	-	-
	<u>6,482</u>	<u>5,244</u>	<u>5,625</u>	<u>3,188</u>	<u>1,750</u>	<u>2,764</u>
Accruals						
- interest	3,761	3,828	3,761	3,828	-	-
- others	4,476	4,739	3,687	3,312	1,544	2,402
	<u>8,237</u>	<u>8,567</u>	<u>7,448</u>	<u>7,140</u>	<u>1,544</u>	<u>2,402</u>
Provision for employee benefits	345	293	-	-	345	293
Total trade and other payables	<u>19,265</u>	<u>15,279</u>	<u>17,115</u>	<u>10,736</u>	<u>4,768</u>	<u>7,516</u>
Represented by:						
- Current	18,920	14,986	17,115	10,736	4,423	7,223
- Non-current	345	293	-	-	345	293
	<u>19,265</u>	<u>15,279</u>	<u>17,115</u>	<u>10,736</u>	<u>4,768</u>	<u>7,516</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.

Advanced deposits are contract liabilities under SFRS(I) 15 and they relate primarily to advanced consideration received from hotel customers. Advanced deposits are recognised as revenue when the FH-BT Group fulfils its performance obligation under the contract with the customer. Significant changes in the advanced deposits during the year are as follows:

	FH-BT Group	
	2020 \$'000	2019 \$'000
Revenue recognised that was included in advanced deposits at the beginning of the year	(1,957)	(2,045)
Increase due to cash received, excluding amounts recognised as revenue during the year	<u>829</u>	<u>1,957</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

15. DEFERRED EXPENSE AND INCOME

	FHT		FH-REIT Group		FH-BT Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
(a) Deferred expense (Non-current)						
Cost						
At 1 October	-	-	-	-	2,092	2,220
Translation differences	-	-	-	-	106	(128)
At 30 September	-	-	-	-	2,198	2,092
Accumulated amortisation						
At 1 October	-	-	-	-	(309)	(217)
Charge for the financial year	-	-	-	-	(106)	(108)
Translation differences	-	-	-	-	(20)	16
At 30 September	-	-	-	-	(435)	(309)
Net deferred expense	-	-	-	-	1,763	1,783
(b) Deferred income (Non-current)						
Cost						
At 1 October	10,856	11,285	12,948	13,505	-	-
Translation differences	379	(429)	485	(557)	-	-
At 30 September	11,235	10,856	13,433	12,948	-	-
Accumulated amortisation						
At 1 October	(2,975)	(2,448)	(3,284)	(2,665)	-	-
Charge for the financial year	(620)	(619)	(726)	(727)	-	-
Translation differences	(111)	92	(131)	108	-	-
At 30 September	(3,706)	(2,975)	(4,141)	(3,284)	-	-
Net deferred income	7,529	7,881	9,292	9,664	-	-

Deferred expense (non-current) relates to the difference between the considerations 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 Total Return as rental expense on a straight-line basis over the individual lease term.

Deferred income (non-current) relates to the difference between the considerations 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 2020

16. LEASE LIABILITIES

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current	-	-	-	-	3,349	-
Non-current	2,953	-	2,953	-	67,101	-
	<u>2,953</u>	<u>-</u>	<u>2,953</u>	<u>-</u>	<u>70,450</u>	<u>-</u>

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 30(a)).

The incremental borrowing rates of the Stapled Group's, the FH-REIT Group's and the FH-BT Group's lease liabilities are 4.01%, 4.01% and 3.48% (2019: Nil) per annum respectively.

The lease liability of FH-BT Group is fully repayable by September 2036 whereas the lease liability of the Stapled Group and FH-REIT Group is fully repayable by September 2098.

17. BORROWINGS

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current						
Medium term notes (secured)	31,378	31,255	31,378	31,255	-	-
Fixed rate notes (unsecured)	240,000	240,000	240,000	240,000	-	-
Bonds (unsecured)	30,666	30,069	30,666	30,069	-	-
Bank loans (unsecured)	537,348	531,684	537,348	531,684	-	-
	<u>839,392</u>	<u>833,008</u>	<u>839,392</u>	<u>833,008</u>	<u>-</u>	<u>-</u>
Less: unamortised debt upfront costs	(3,004)	(3,809)	(3,004)	(3,809)	-	-
	<u>836,388</u>	<u>829,199</u>	<u>836,388</u>	<u>829,199</u>	<u>-</u>	<u>-</u>
Current						
Bank loans (unsecured)	50,000	25,000	50,000	25,000	-	-
	<u>50,000</u>	<u>25,000</u>	<u>50,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Total borrowings	<u>886,388</u>	<u>854,199</u>	<u>886,388</u>	<u>854,199</u>	<u>-</u>	<u>-</u>

Medium Term Notes (secured)

A Medium Term Note – Senior Bond of MYR 95.0 million (equivalent to SGD 31.4 million) (2019: MYR 95.0 million (equivalent to SGD 31.3 million)) is secured by The Westin Kuala Lumpur with a carrying amount of SGD 127.2 million (2019: SGD 138.2 million). At the end of the financial year, the Senior Bond has been fully issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. BORROWINGS (CONT'D)

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 (Note 20).

At the end of the financial year, an aggregate principal amount of SGD 240.0 million (2019: SGD 240.0 million) fixed rate notes have been issued by FH-REIT Treasury Pte. Ltd.. These comprise:

- SGD 120.0 million (2019: SGD 120.0 million) of 5-year fixed rate notes; and
- SGD 120.0 million (2019: SGD 120.0 million) of 7-year fixed rate notes.

SGD 660.0 million (2019: SGD 660.0 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 30.7 million) (2019: JPY 2.35 billion (equivalent to SGD 30.1 million)). The bonds carry a variable interest rate. At the end of the financial year, the bonds have been fully issued.

Bank loans (unsecured)

As at the end of the financial year, the FH-REIT Group has the following facilities:

Facilities fully drawn down

- FH-REIT's indirect subsidiary, FHT Sydney Trust 3, secured a AUD 120.0 million (equivalent to SGD 117.3 million) (2019: AUD 120.0 million (equivalent to SGD 111.7 million)) term loan facility. FH-REIT has provided a corporate guarantee to the lending bank in respect of the AUD 120.0 million term loan.
- Term Loan Facility of SGD 70.0 million (2019: SGD 70.0 million) is unsecured.
- Term Loan Facility of SGD 350.0 million (2019: SGD 350.0 million) is unsecured and it comprises of 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.

Facilities partially drawn down or available for utilisation

- Uncommitted Multi-Currency Short-Term Facilities of SGD 75.0 million (2019: SGD 75.0 million) of which SGD 25.0 million (2019: SGD 50.0 million) remained unutilised. At the end of the financial year, SGD 50.0 million (2019: SGD 25.0 million) was utilised.
- Revolving Credit Facility (the "RCF") of SGD 20.0 million (2019: SGD 60.0 million) of which SGD 20.0 million (2019: SGD 20.0 million) is committed. At the end of the financial year, SGD 20.0 million (2019: SGD 60.0 million) remained unutilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. BORROWINGS (CONT'D)

Terms and debt repayment structure

	Currency	Nominal Interest rate	Year of maturity	Face Value \$'000	Carrying Value \$'000
FHT and FH-REIT Group					
2020					
Medium term notes (secured)	MYR	4.85%	2024	31,378	31,258
Fixed rate notes (unsecured)	SGD	2.63% - 3.08%	2022 - 2024	240,000	239,543
Bonds (unsecured)	JPY	JPY TIBOR ⁽¹⁾ + 0.95%	2022	30,666	30,558
Bank loans (unsecured)	SGD	SOR ⁽²⁾ + 1.0% - 1.05%	2023 - 2026	420,000	418,004
Bank loans (unsecured)	AUD	BBSY ⁽³⁾ + 1.35%	2023	117,348	117,025
Bank loans (unsecured)	SGD	1.16% - 1.18%	2020	50,000	50,000
Total loan and borrowings				889,392	886,388
2019					
Medium term notes (secured)	MYR	4.85%	2024	31,255	31,104
Fixed rate notes (unsecured)	SGD	2.63% - 3.08%	2022 - 2024	240,000	239,382
Bonds (unsecured)	JPY	JPY TIBOR ⁽¹⁾ + 0.95%	2022	30,069	29,903
Bank loans (unsecured)	SGD	SOR ⁽²⁾ + 1.0% - 1.05%	2023 - 2026	420,000	417,545
Bank loans (unsecured)	AUD	BBSY ⁽³⁾ + 1.35%	2023	111,684	111,265
Bank loans (unsecured)	SGD	2.23% - 2.71%	2019	25,000	25,000
Total loan and borrowings				858,008	854,199

Included in the borrowings as at 30 September 2020 were borrowings of SGD 395.0 million (2019: SGD 370.0 million) which together with interest rate swaps have been designated as a cash flow hedges (Note 18).

⁽¹⁾ Tokyo interbank offered rate ("TIBOR")

⁽²⁾ Swap-offer rate ("SOR")

⁽³⁾ Australian dollar bank bill swap bid rate ("BBSY")

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	FHT				FH-REIT Group				FH-BT Group						
	Liabilities		Net assets		Liabilities		Net assets		Liabilities		Net assets				
	Loans and borrowings \$'000	Accrued interest* \$'000	Lease liabilities \$'000	Revenue reserves \$'000	Perpetual Securities holders' funds \$'000	Total \$'000	Loans and borrowings \$'000	Accrued interest* \$'000	Lease liabilities \$'000	Revenue reserves \$'000	Perpetual Securities holders' funds \$'000	Total \$'000	Lease liabilities \$'000	Revenue reserves \$'000	Total \$'000
Balance at 1 October 2019	854,199	3,828	-	53,383	100,279	1,011,689	854,199	3,828	-	58,276	100,279	1,016,582	-	(3,604)	(3,604)
Recognition of lease liabilities on initial application of FRS 116/ SFRS(I) 16	-	-	2,700	-	-	2,700	-	-	2,700	-	-	2,700	70,128	(2,236)	67,892
Adjusted balance at 1 October 2019	854,199	3,828	2,700	53,383	100,279	1,014,389	854,199	3,828	2,700	58,276	100,279	1,019,282	70,128	(5,840)	64,288
Changes from financing cash flows															
Distributions paid to Stapled Securityholders	-	-	-	(47,833)	-	(47,833)	-	-	-	(47,676)	-	(47,676)	-	(157)	(157)
Distributions paid to Perpetual Securities holders	-	-	-	(4,462)	(4,462)	(8,924)	-	-	-	-	(4,462)	(4,462)	-	-	-
Finance costs paid	-	(18,349)	-	-	-	(18,349)	-	(18,349)	-	-	-	(18,349)	-	-	-
Payment of lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	(5,527)	-	(5,527)
Proceeds from borrowings, net of debt upfront costs	55,000	-	-	-	-	55,000	55,000	-	-	-	-	55,000	-	-	-
Repayment of borrowings	(30,000)	-	-	-	-	(30,000)	(30,000)	-	-	-	-	(30,000)	-	-	-
Total changes from financing cash flows	25,000	(18,349)	-	(47,833)	(4,462)	(45,644)	25,000	(18,349)	-	(47,676)	(4,462)	(45,487)	(5,527)	(157)	(5,684)
Effect of changes in foreign exchange rates	6,365	(825)	142	-	-	5,682	6,365	(825)	142	-	-	5,682	3,431	-	3,431
Liability-related changes															
Amortisation of debt-upfront costs	824	-	-	-	-	824	824	-	-	-	-	824	-	-	-
Interest expense	-	19,107	111	-	-	19,218	-	19,107	111	-	-	19,218	2,418	-	2,418
Total liability-related other changes	824	19,107	111	-	-	20,042	824	19,107	111	-	-	20,042	2,418	-	2,418
Equity-related other changes															
Balance at 30 September 2020	886,388	3,761	2,953	(112,340)	100,279	881,041	886,388	3,761	2,953	(108,565)	100,279	884,816	70,450	(6,743)	63,707

* Included as part of trade and other payables

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	FHT			FH-REIT Group			FH-BT Group					
	Liabilities	Net assets		Liabilities	Net assets		Liabilities	Net assets				
	Loans and borrowings \$'000	Accrued interest* \$'000	Revenue reserves \$'000	Perpetual Securities holders' funds \$'000	Total \$'000	Loans and borrowings \$'000	Accrued interest* \$'000	Revenue reserves \$'000	Perpetual Securities holders' funds \$'000	Total \$'000	Revenue reserves \$'000	Total \$'000
Balance at 1 October 2018	835,016	3,840	92,571	100,279	1,031,706	835,016	3,840	104,100	100,279	1,043,235	(3,241)	(3,241)
Changes from financing cash flows												
Distributions paid to Stapled Security holders	-	-	(86,495)	-	(86,495)	-	-	(86,366)	-	(86,366)	(129)	(129)
Distributions paid to Perpetual Securities holders	-	(19,974)	-	(4,450)	(19,974)	-	(19,974)	-	(4,450)	(19,974)	-	-
Finance costs paid	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings, net of debt upfront costs	473,495	-	-	-	473,495	473,495	-	-	-	473,495	-	-
Repayment of borrowings	(450,139)	-	-	-	(450,139)	(450,139)	-	-	-	(450,139)	-	-
Total changes from financing cash flows	23,356	(19,974)	(86,495)	(4,450)	(87,563)	23,356	(19,974)	(86,366)	(4,450)	(87,434)	(129)	(129)
Effect of changes in foreign exchange rates	(5,280)	(28)	-	-	(5,308)	(5,280)	(28)	-	-	(5,308)	-	-
Liability-related changes												
Amortisation of debt-upfront costs	1,107	-	-	-	1,107	1,107	-	-	-	1,107	-	-
Interest expense	-	19,990	-	-	19,990	-	19,990	-	-	19,990	-	-
Total liability-related other changes	1,107	19,990	-	-	21,097	1,107	19,990	-	-	21,097	-	-
Equity-related other changes												
Balance at 30 September 2019	854,199	3,828	53,383	100,279	1,011,689	854,199	3,828	58,276	100,279	1,016,582	(234)	(3,604)

* Included as part of trade and other payables

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Year of maturity	Nominal amount '000	Assets \$'000	Liabilities \$'000
FHT and FH-REIT Group				
2020				
<i>Cash flow hedge</i>				
Interest rate swaps	2023 – 2026	SGD 395,000	-	(21,886)
<i>Net investment hedge</i>				
Cross-currency swap	2021	AUD 100,000	7,292	-
Cross-currency swap	2021	EUR 19,249	-	(546)
Cross-currency swap	2021	GBP 33,935	445	-
Cross-currency swap	2022	GBP 67,099	2,699	-
Cross-currency swap	2024	JPY 10,036,600	-	(2,511)
			10,436	(3,057)
Total			10,436	(24,943)
Represented by:				
Current			445	(546)
Non-current			9,991	(24,397)
			10,436	(24,943)
2019				
<i>Non-hedging instrument</i>				
Currency forward (sell)	2019	AUD 2,574	55	-
Currency forward (sell)	2019	EUR 1,500	42	-
Currency forward (sell)	2019	GBP 1,217	111	-
Currency forward (sell)	2020	MYR 4,000	-*	(6)
			208	(6)
<i>Cash flow hedge</i>				
Interest rate swaps	2023 – 2026	SGD 370,000	-	(2,870)
<i>Net investment hedge</i>				
Cross-currency swap	2021	AUD 100,000	9,757	-
Cross-currency swap	2021	EUR 19,249	1,020	-
Cross-currency swap	2021	GBP 33,935	2,497	-
Cross-currency swap	2022	GBP 67,099	5,298	-
Cross-currency swap	2024	JPY 10,036,600	-	(8,023)
			18,572	(8,023)
Total			18,780	(10,899)
Represented by:				
Current			208	(6)
Non-current			18,572	(10,893)
			18,780	(10,899)

* Denotes amount less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

	2020	FHT 2019	FH-REIT Group 2020	FH-REIT Group 2019
Derivative financial instruments as a percentage of net assets	1.07%	0.53%	1.08%	0.53%

(a) Currency forwards

Forward currency contracts are used by FH-REIT Group to hedge foreign currency risks arising from the receipts of net income from overseas subsidiaries where certainty exists over the amounts at the time of hedging.

(b) 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 (2019: Singapore dollar) denominated loans into fixed rate loans.

(ii) 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 (2019: Australia, Japan, Netherlands and Jersey Channel Islands).

(c) As at 30 September 2020, the fixed interest rates of the outstanding interest rate swaps and cross-currency swaps range between 0.60% to 4.00% (2019: 0.77% to 4.00%) while the floating interest rates are linked to the Singapore dollar SOR (2019: Singapore dollar SOR) as applicable to FH-REIT Group's borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

19. STAPLED SECURITIES IN ISSUE AND TO BE ISSUED

	Number of Stapled Securities '000	FHT 2019 \$'000	Number of Stapled Securities '000	FH-REIT Group 2019 \$'000	Number of Stapled Securities '000	FH-BT Group 2019 \$'000
Stapled Securities in issue						
At 1 October 2018	1,869,165	1,503,290	1,869,165	1,493,803	1,869,165	9,487
REIT Manager's management fees paid in Stapled Securities	10,576	7,407	10,576	7,407	10,576	-
Trustee-Manager's management fees paid in Stapled Securities	70	49	70	-	70	49
Other management fees paid in Stapled Securities	6,636	4,638	6,636	4,638	6,636	-
Property management fees paid in Stapled Securities	7,770	5,461	7,770	5,461	7,770	-
At 30 September 2019	1,894,217	1,520,845	1,894,217	1,511,309	1,894,217	9,536
Stapled Securities to be issued						
REIT Manager's management fees payable in Stapled Securities	7,047	5,014	7,047	5,014	7,047	-
Trustee-Manager's management fees payable in Stapled Securities	40	29	40	-	40	29
Other management fees payable in Stapled Securities	4,359	3,104	4,359	3,104	4,359	-
Property management fees payable in Stapled Securities	3,995	2,834	3,995	2,834	3,995	-
At 30 September 2019	15,441	10,981	15,441	10,952	15,441	29
Total Stapled Securities in issue and to be issued	1,909,658	1,531,826	1,909,658	1,522,261	1,909,658	9,565

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FOR THE YEAR ENDED 30 SEPTEMBER 2020

19. STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

	Number of Stapled Securities '000	FHT 2020 \$'000	Number of Stapled Securities '000	FH-REIT Group 2020 \$'000	Number of Stapled Securities '000	FH-BT Group 2020 \$'000
Stapled Securities in issue						
At 1 October 2019	1,894,217	1,520,845	1,894,217	1,511,309	1,894,217	9,536
REIT Manager's management fees paid in Stapled Securities	12,052	7,440	12,052	7,440	12,052	-
Trustee-Manager's management fees paid in Stapled Securities	77	47	77	-	77	47
Other management fees paid in Stapled Securities	6,573	4,182	6,573	4,182	6,573	-
Property management fees paid in Stapled Securities	8,324	5,065	8,324	5,065	8,324	-
At 30 September 2020	<u>1,921,243</u>	<u>1,537,579</u>	<u>1,921,243</u>	<u>1,527,996</u>	<u>1,921,243</u>	<u>9,583</u>
Stapled Securities to be issued						
REIT Manager's management fees payable in Stapled Securities	2,910	1,379	2,910	1,379	2,910	-
Trustee-Manager's management fees payable in Stapled Securities	16	8	16	-	16	8
Other management fees payable in Stapled Securities	1,144	548	1,144	548	1,144	-
Property management fees payable in Stapled Securities	761	365	761	365	761	-
At 30 September 2020	<u>4,831</u>	<u>2,300</u>	<u>4,831</u>	<u>2,292</u>	<u>4,831</u>	<u>8</u>
Total Stapled Securities in issue and to be issued	<u>1,926,074</u>	<u>1,539,879</u>	<u>1,926,074</u>	<u>1,530,288</u>	<u>1,926,074</u>	<u>9,591</u>

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.

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.

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FOR THE YEAR ENDED 30 SEPTEMBER 2020

20. PERPETUAL SECURITIES

On 12 May 2016, FH-REIT issued SGD 100.0 million of fixed rate subordinated perpetual securities with an initial distribution rate of 4.45% per annum with the first distribution rate reset falling on 12 May 2021 and subsequent resets occurring every five years thereafter.

The perpetual securities have no fixed redemption date and redemption is at the option of FH-REIT in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of FH-REIT and will be non-cumulative.

In the event of winding-up of FH-REIT, these perpetual securities rank *pari passu* with the most junior class of preferred units (if any) and rank ahead of the Stapled Securityholders of FHT, but junior to the claims of all other present and future creditors of FH-REIT.

FHT shall not declare or pay any dividends or make any payments to the Stapled Securityholders, or redeem, reduce, cancel, buy-back or acquire any Stapled Securities, unless FH-REIT pays all scheduled distributions to the holders of the perpetual securities.

These perpetual securities are classified as equity instruments and movements are presented in equity in the Statement of Changes in Stapled Securityholders' Funds.

21. RESERVE

(a) Hedging reserve

	FHT		FH-REIT Group		FH-BT Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 October	(2,443)	573	(2,443)	573	-	-
Effective portion of changes in fair value of cash flow hedges	(16,526)	(3,152)	(16,526)	(3,152)	-	-
Net change in fair value of cash flow hedges reclassified to total return	(2,365)	136	(2,365)	136	-	-
At 30 September	(21,334)	(2,443)	(21,334)	(2,443)	-	-

Hedging reserve represents the effective portion of the cumulative fair value changes of derivative financial instruments. The fair value changes that are recognised in OCI are not subjected to tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

21. RESERVE (CONT'D)

(b) Foreign currency translation reserve

	FHT		FH-REIT Group		FH-BT Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 October	(176,007)	(138,932)	(175,135)	(138,649)	(677)	(332)
Net translation differences arising from translation of foreign operations	55,194	(27,156)	53,995	(26,567)	129	(345)
Net exchange differences on hedge of net investments in foreign operations	(6,749)	(9,919)	(6,749)	(9,919)	-	-
At 30 September	(127,562)	(176,007)	(127,889)	(175,135)	(548)	(677)

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.

(c) Revaluation reserve

	FHT		FH-REIT Group		FH-BT Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 October	2,459	9,111	-	-	-	-
Net change in revaluation on property, plant and equipment	(1,701)	(8,180)	-	-	-	-
Related deferred tax	(758)	1,528	-	-	-	-
At 30 September	-	2,459	-	-	-	-

The revaluation reserve relates to the revaluation of property, plant and equipment, net of deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

22. 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	
			2020 %	2019 %
Held by FH-REIT				
Excellence Prosperity TMK Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT Australia Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT Australia Trust ⁽²⁾	Australia	Investment holding Australia	100 ⁽³⁾	100 ⁽³⁾
FHT Japan Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT Malaysia Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT UK Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FH-REIT Treasury Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT Investment 1 Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
Held by FH-REIT subsidiaries				
FHT Australia Trust ⁽²⁾	Australia	Investment holding Australia	100 ⁽³⁾	100 ⁽³⁾
FHT Sydney Trust 1 ⁽²⁾	Australia	Property holding Australia	100	100
FHT Sydney Trust 2 ⁽²⁾	Australia	Property holding Australia	100	100
FHT Sydney Trust 3 ⁽²⁾	Australia	Property holding Australia	100	100
FHT Melbourne Trust 1 ⁽²⁾	Australia	Property holding Australia	100	100
FHT London 1 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

22. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of constitution	Principal activities/ place of business	Effective interest held by FHT	
			2020 %	2019 %
Held by FH-REIT subsidiaries				
FHT London 2 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT London 3 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT London 4 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT Scotland 1 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT Scotland 2 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
Kobe Excellence TMK ⁽²⁾	Japan	Property holding Japan	100	100
Excellence Prosperity (Japan) KK ⁽²⁾	Japan	Investment holding Japan	100	100
Notable Vision Sdn. Bhd. ⁽²⁾	Malaysia	Property holding Malaysia	100 ⁽⁴⁾	100 ⁽⁴⁾
FHT Investment Holding 1 B.V. ⁽⁵⁾	Netherlands	Investment holding Netherlands	100	100
FHT Property 1 B.V. ⁽⁵⁾	Netherlands	Property holding Germany	100	100
Held by FH-BT				
FH-BT Australia Operations Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
Held by FH-BT subsidiary				
FH-BT NMCS Operations Pty Ltd ⁽²⁾	Australia	Hotel Australia	100	100

⁽¹⁾ Audited KPMG LLP, Singapore.

⁽²⁾ Audited by other member firms of KPMG International.

⁽³⁾ Held by FH-REIT and FHT Australia Pte. Ltd. in shareholdings of 50.0% (2019: 50%) and 50.0% (2019: 50.0%) respectively.

⁽⁴⁾ This structured entity is consolidated in the financial statements in accordance with FRS 110 *Consolidated Financial Statements*.

⁽⁵⁾ Not required to be audited under laws of the country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to those related party information disclosed elsewhere in the financial statements, there were the following significant transactions between the Stapled Group and related parties took place during the financial year at terms agreed between parties:

	FHT		FH-REIT Group		FH-BT Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
With related companies of the Managers						
- Rental income received and receivable	59,662	107,580	59,661	107,569	1	11
- Reimbursement of expenses paid on behalf	(1,551)	(958)	(1,551)	(958)	-	-
With the REIT Manager						
- Base management fee paid and payable	(4,899)	(4,720)	(4,899)	(4,720)	-	-
- Performance management fee paid and payable	(567)	(2,649)	(567)	(2,649)	-	-
- Reimbursement of expenses paid on behalf	(81)	(140)	(80)	(139)	(1)	(1)
- Servicer fee paid and payable	(118)	(119)	(118)	(119)	-	-
With the MIT Manager						
- Base management fee paid and payable	(2,200)	(2,340)	(2,200)	(2,340)	-	-
- Performance management fee paid and payable	(1,058)	(1,957)	(1,058)	(1,957)	-	-
With the Trustee-Manager						
- Base management fee paid and payable	(34)	(38)	-	-	(34)	(38)
- Performance management fee paid and payable	(20)	(10)	-	-	(20)	(10)
With the Property Managers						
- Property management fees paid and payable	(3,138)	(5,448)	(3,138)	(5,448)	-	-
With the Trustee						
- FH-REIT Trustee fees paid and payable	(293)	(296)	(293)	(296)	-	-
- Other trustee fees paid and payable	(202)	(200)	(202)	(200)	-	-
Between FH-REIT Group and FH-BT Group						
Master lease rental received and receivable/(paid and payable)	-	-	8,944	15,128	(8,944)	(15,128)
Reimbursement of expenses (paid on behalf)/received	-	-	(139)	(96)	139	96

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

24. COMMITMENTS AND CONTINGENCIES

(a) Financial guarantee contracts

As at 30 September 2020, FH-REIT has provided a corporate guarantee of AUD 120.0 million (SGD 117.3 million) (2019: AUD 120.0 million (SGD 111.7 million)) in respect of the term loan undertaken by a subsidiary (Note 17). As at the reporting date, the Stapled Group and FH-REIT Group do not consider it probable that a claim will be made against FH-REIT under the guarantee.

(b) Capital commitments

Capital expenditures contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Commitments in respect of:						
– contracted capital expenditure for properties	5,108	9,836	4,925	9,645	183	191

25. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below summarises the accounting classification of the Stapled Group's, FH-REIT Group's and FH-BT Group's financial assets and liabilities at the reporting date:

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost						
Trade and other receivables*	2,048	8,664	3,655	9,161	256	1,501
Cash and cash equivalents (Note 13)	92,473	84,995	88,969	80,175	3,504	4,820
Rental deposits	–	–	–	–	1,936	1,765
	94,521	93,659	92,624	89,336	5,696	8,086
Derivative assets at fair value through profit or loss						
Derivative financial instruments (Note 18)	–	208	–	208	–	–
Derivative assets at fair value – cash flow/net investment hedges						
Derivative financial instruments (Note 18)	10,436	18,572	10,436	18,572	–	–

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FOR THE YEAR ENDED 30 SEPTEMBER 2020

25. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at amortised cost						
Trade and other payables**	16,960	10,871	15,639	8,384	3,939	5,460
Borrowings (Note 17)	886,388	854,199	886,388	854,199	-	-
Lease liabilities (Note 16)	2,953	-	2,953	-	70,450	-
Rental deposits	23,281	22,272	25,217	24,037	-	-
	<u>929,582</u>	<u>887,342</u>	<u>930,197</u>	<u>886,620</u>	<u>74,389</u>	<u>5,460</u>
Derivative liabilities at fair value through profit or loss						
Derivative financial instruments (Note 18)	-	6	-	6	-	-
Derivative liabilities at fair value – cash flow/net investment hedges						
Derivative financial instruments (Note 18)	24,943	10,893	24,943	10,893	-	-

* excluding net VAT/GST receivable

** excluding net VAT/GST payable and advanced deposits

26. FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Stapled Group. The Stapled Group 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 the Stapled Group'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 the Stapled Group. 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 the Stapled Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group. The Audit, Risk and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc 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 the Stapled Group's risk management policies and procedures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Stapled Group's total return and Stapled Securityholders' funds. 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 the Stapled Group normally conduct their business in their respective functional currencies.

The Stapled Group's foreign currency risk mainly relates to its AUD, Sterling Pound ("GBP"), MYR, JPY and Euro ("EUR") denominated investments, distribution income and interest income from its foreign subsidiaries. The Managers monitor the Stapled Group'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 the Stapled Group'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 at least six months forward by using forward currency contracts (Note 18).

The FH-REIT's investments in Australia, Japan, Netherlands and Jersey Channel Islands subsidiaries are hedged by AUD, JPY, EUR and GBP denominated cross-currency swaps as disclosed in 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. The Stapled Group's investments in its Australia, Japan and Malaysia subsidiaries are naturally hedged by taking offshore foreign currency denominated borrowings.

To assess hedge effectiveness, the Stapled Group, FH-REIT Group and FH-BT Group 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). The Stapled Group, FH-REIT Group and FH-BT Group'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 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

The Stapled Group'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
FHT						
2020						
Financial assets						
Cash and cash equivalents	69	693	966	76	-	-
Trade and other receivables	1	14	-	3,650	576	-
Derivative financial instruments	-	7,292	-	3,144	-	-
	<u>70</u>	<u>7,999</u>	<u>966</u>	<u>6,870</u>	<u>576</u>	<u>-</u>
Financial liabilities						
Trade and other payables	(90)	-	-	-	-	-
Derivative financial instruments	-	-	(546)	-	-	(2,511)
	<u>(90)</u>	<u>-</u>	<u>(546)</u>	<u>-</u>	<u>-</u>	<u>(2,511)</u>
Net currency exposure	(20)	7,999	420	6,870	576	(2,511)
2019						
Financial assets						
Cash and cash equivalents	74	492	433	1,561	-	-
Trade and other receivables	-	46,113	6,540	21,964	1,929	5,813
Derivative financial instruments	-	9,812	1,062	7,906	-	-
	<u>74</u>	<u>56,417</u>	<u>8,035</u>	<u>31,431</u>	<u>1,929</u>	<u>5,813</u>
Financial liabilities						
Trade and other payables	-	(44,772)	(5,177)	(19,896)	-	(8,247)
Derivative financial instruments	-	-	-	-	(6)	(8,023)
	<u>-</u>	<u>(44,772)</u>	<u>(5,177)</u>	<u>(19,896)</u>	<u>(6)</u>	<u>(16,270)</u>
Net currency exposure	74	11,645	2,858	11,535	1,923	(10,457)

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FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FH-REIT Group						
2020						
Financial assets						
Cash and cash equivalents	69	9	966	76	-	-
Trade and other receivables	1	-	-	3,650	576	-
Derivative financial instruments	-	7,292	-	3,144	-	-
	70	7,301	966	6,870	576	-
Financial liabilities						
Trade and other payables	(90)	-	-	-	-	-
Derivative financial instruments	-	-	(546)	-	-	(2,511)
	(90)	-	(546)	-	-	(2,511)
Net currency exposure	(20)	7,301	420	6,870	576	(2,511)
2019						
Financial assets						
Cash and cash equivalents	74	8	433	1,561	-	-
Trade and other receivables	-	46,100	6,540	21,964	1,929	5,813
Derivative financial instruments	-	9,812	1,062	7,906	-	-
	74	55,920	8,035	31,431	1,929	5,813
Financial liabilities						
Trade and other payables	-	(44,772)	(5,177)	(19,896)	-	(8,247)
Derivative financial instruments	-	-	-	-	(6)	(8,023)
	-	(44,772)	(5,177)	(19,896)	(6)	(16,270)
Net currency exposure	74	11,148	2,858	11,535	1,923	(10,457)

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FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FH-BT Group						
2020						
Financial assets						
Cash and cash equivalents	-	684	-	-	-	-
Trade and other receivables	-	14	-	-	-	-
Net currency exposure	-	698	-	-	-	-
2019						
Financial assets						
Cash and cash equivalents	-	484	-	-	-	-
Trade and other receivables	-	13	-	-	-	-
Net currency exposure	-	497	-	-	-	-

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 by the amounts as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FHT						
2020						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	-*	7	10	37	6	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(1,028)	(318)	(1,860)	-	(1,383)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	-*	(7)	(10)	(37)	(6)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	1,007	309	1,815	-	1,356
2019						
Increase/(Decrease) in total return for the financial year						
- 1% weakening of the Singapore dollar	1	(6)	(5)	16	6	(24)
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(990)	(304)	(1,788)	-	(1,367)
(Decrease)/Increase in total return for the financial year						
- 1% strengthening of the Singapore dollar	(1)	6	5	(16)	(6)	24
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	990	304	1,788	-	1,394

NOTES TO THE FINANCIAL STATEMENTS

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FH-REIT Group						
2020						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	-*	-*	10	37	6	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(1,028)	(318)	(1,860)	-	(1,383)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	-*	-*	(10)	(37)	(6)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	1,007	309	1,815	-	1,356

* Denotes amount less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FH-REIT Group						
2019						
Increase/(Decrease) in total return for the financial year						
- 1% weakening of the Singapore dollar	1	(11)	(5)	16	6	(24)
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(990)	(304)	(1,788)	-	(1,367)
(Decrease)/Increase in total return for the financial year						
- 1% strengthening of the Singapore dollar	(1)	11	5	(16)	(6)	24
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	990	304	1,788	-	1,394
FH-BT Group						
2020						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	-	7	-	-	-	-
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	-	(7)	-	-	-	-
2019						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	-	5	-	-	-	-
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	-	(5)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of the Stapled Group's financial instruments will fluctuate because of changes in market interest rates.

The Stapled Group'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.

Derivatives

Interest rate derivative financial instruments in respect of the Stapled Group's borrowings have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Stapled Group's policy. Generally, the maturities of these interest rate derivative financial instruments follow the maturities of the related borrowings.

As at the reporting date, the interest rate derivative financial instruments, i.e. 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 Stapled Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to Singapore swap offer rates ("SOR"). The Stapled Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association's ("ISDA") master agreements. The Stapled Group is currently in discussions with counterparties of respective contracts. No derivative instruments have been modified as at 30 September 2020.

Hedge accounting

The Stapled Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 30 September 2020. The Stapled Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rate which is SOR.

The Stapled Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship. The Stapled Group applies the amendments to FRS 109/SFRS(I) 9 issued to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness.

The Stapled Group's exposure to Singapore-dollar SOR designated in hedging relationships is SGD 395.0 million nominal amount at 30 September 2020, representing both the nominal amount of the hedging interest rate swap and principal amount of the Stapled Group's hedged SGD-denominated secured bank loan liabilities maturing in 2023 to 2026.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

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	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Variable rate instruments						
Borrowings	(618,014)	(586,753)	(618,014)	(586,753)	-	-
Derivative financial instruments	395,000	370,000	395,000	370,000	-	-
	<u>(223,014)</u>	<u>(216,753)</u>	<u>(223,014)</u>	<u>(216,753)</u>	<u>-</u>	<u>-</u>

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) the Stapled Group's total return (before any tax effects) and Stapled Securityholders' funds by the amounts below. This analysis assumes that all other variables remain constant.

FHT and FH-REIT Group Cash flow sensitivity	Total return		Stapled Securityholders' funds	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$'000	\$'000	\$'000	\$'000
2020	<u>(2,230)</u>	<u>2,230</u>	<u>17,543</u>	<u>(16,585)</u>
2019	<u>(2,167)</u>	<u>2,167</u>	<u>18,367</u>	<u>(19,607)</u>

(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 the Stapled Group, as and when they fall due.

Trade and other receivables

The Stapled Group'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) under the Master Lease Agreements.

In addition, Frasers 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 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Credit risk concentration profile

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. At the end of the reporting period, approximately 13.9% of the Stapled Group's trade and other receivables were due from a third party lessee. In 2019, approximately 56.8% of the Stapled Group's trade and other receivables were due from related companies of the REIT Manager. Other than as disclosed herein, the Stapled Group has no significant concentration of credit risk at the reporting date.

Expected credit loss assessment for individual lessees and customers

The Stapled Group uses either an allowance matrix or comparable industry historical default rate 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 separately for exposures in different segments (geographic region) based on actual credit loss experiences, adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Stapled Group'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 as at 30 September 2020. There was no impairment loss arising from trade receivables as at 30 September 2019 as the ECL was negligible.

	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
2020						
FHT						
Gross carrying amount	197	348	–	102	1,613	2,260
Allowance for impairment loss	37	291	–	79	1,333	1,740
FH-REIT Group						
Gross carrying amount	1,167	348	–	102	1,613	3,230
Allowance for impairment loss	37	291	–	79	1,333	1,740
FH-BT Group						
Gross carrying amount	–	–	–	–	–	–
Allowance for impairment loss	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

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	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	-	-	-	-	-	-
Impairment loss recognised	(1,690)	-	(1,690)	-	-	-
Translation differences	(50)	-	(50)	-	-	-
At 30 September	(1,740)	-	(1,740)	-	-	-

The Stapled Group 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 and included in "Other property expenses".

Derivatives

Derivatives are only entered into with banks and financial institution counterparties with sound credit ratings. Details of the derivatives held by the Stapled Group, the FH-REIT Group and the FH-BT Group are set out in Note 18.

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. The Stapled Group 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 the Stapled Group 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 the Stapled Group'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, the Stapled Group maintains several lines of credit (Note 17).

The Stapled Group has contractual commitments to incur capital expenditure at the reporting date (Note 24(b)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Stapled Group's 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	Within one year \$'000	Between one and five years \$'000	More than five years \$'000	Total \$'000
FHT					
2020					
Non-derivative financial liabilities					
Trade and other payables*	(13,199)	(12,854)	(31)	(314)	(13,199)
Borrowings (gross) (Note 17)	(889,392)	(50,000)	(739,392)	(100,000)	(889,392)
Interest payable on borrowings	(3,761)	(20,353)	(56,099)	(1,726)	(78,178)
Lease liabilities (Note 16)	(2,953)	-	-	(20,934)	(20,934)
Rental deposits	(23,281)	-	-	(31,576)	(31,576)
	<u>(932,586)</u>	<u>(83,207)</u>	<u>(795,522)</u>	<u>(154,550)</u>	<u>(1,033,279)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)	(21,886)	(5,785)	(16,516)	(900)	(23,201)
Cross-currency swaps (gross-settled)	(3,057)				
- outflow		(31,990)	(137,087)	-	(169,077)
- inflow		33,047	132,961	-	166,008
	<u>(24,943)</u>	<u>(4,728)</u>	<u>(20,642)</u>	<u>(900)</u>	<u>(26,270)</u>
	<u>(957,529)</u>	<u>(87,935)</u>	<u>(816,164)</u>	<u>(155,450)</u>	<u>(1,059,549)</u>
2019					
Non-derivative financial liabilities					
Trade and other payables*	(7,043)	(6,749)	(30)	(264)	(7,043)
Borrowings (gross) (Note 17)	(858,008)	(25,000)	(463,008)	(370,000)	(858,008)
Interest payable on borrowings	(3,828)	(23,420)	(79,641)	(9,997)	(113,058)
Rental deposits	(22,272)	-	-	(30,801)	(30,801)
	<u>(891,151)</u>	<u>(55,169)</u>	<u>(542,679)</u>	<u>(411,062)</u>	<u>(1,008,910)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)	(2,870)	(249)	(2,493)	(237)	(2,979)
Foreign exchange contracts (gross-settled)	(6)				
- outflow		(1,059)	-	-	(1,059)
- inflow		1,048	-	-	1,048
Cross-currency swaps (gross-settled)	(8,023)				
- outflow		(515)	(4,441)	(142,956)	(147,912)
- inflow		1,843	15,189	121,863	138,895
	<u>(10,899)</u>	<u>1,068</u>	<u>8,255</u>	<u>(21,330)</u>	<u>(12,007)</u>
	<u>(902,050)</u>	<u>(54,101)</u>	<u>(534,424)</u>	<u>(432,392)</u>	<u>(1,020,917)</u>

* excluding VAT/GST payable, interest payable and advanced deposits (as the case may be)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

	Carrying amount \$'000	Within one year \$'000	Between one and five years \$'000	More than five years \$'000	Total \$'000
FH-REIT Group					
2020					
Non-derivative financial liabilities					
Trade and other payables*	(11,878)	(11,878)	-	-	(11,878)
Borrowings (gross) (Note 17)	(889,392)	(50,000)	(739,392)	(100,000)	(889,392)
Interest payable on borrowings	(3,761)	(20,353)	(56,099)	(1,726)	(78,178)
Lease liabilities (Note 16)	(2,953)	-	-	(20,934)	(20,934)
Rental deposits	(25,217)	-	-	(35,410)	(35,410)
	<u>(933,201)</u>	<u>(82,231)</u>	<u>(795,491)</u>	<u>(158,070)</u>	<u>(1,035,792)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)	(21,886)	(5,785)	(16,516)	(900)	(23,201)
Cross-currency swaps (gross-settled)	(3,057)				
- outflow		(31,990)	(137,087)	-	(169,077)
- inflow		33,047	132,961	-	166,008
	<u>(24,943)</u>	<u>(4,728)</u>	<u>(20,642)</u>	<u>(900)</u>	<u>(26,270)</u>
	<u>(958,144)</u>	<u>(86,959)</u>	<u>(816,133)</u>	<u>(158,970)</u>	<u>(1,062,062)</u>
2019					
Non-derivative financial liabilities					
Trade and other payables*	(4,556)	(4,556)	-	-	(4,556)
Borrowings (gross) (Note 17)	(858,008)	(25,000)	(463,008)	(370,000)	(858,008)
Interest payable on borrowings	(3,828)	(23,420)	(79,641)	(9,997)	(113,058)
Rental deposits	(24,037)	-	-	(34,449)	(34,449)
	<u>(890,429)</u>	<u>(52,976)</u>	<u>(542,649)</u>	<u>(414,446)</u>	<u>(1,010,071)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)	(2,870)	(249)	(2,493)	(237)	(2,979)
Foreign exchange contracts (gross-settled)	(6)				
- outflow		(1,059)	-	-	(1,059)
- inflow		1,048	-	-	1,048
Cross-currency swaps (gross-settled)	(8,023)				
- outflow		(515)	(4,441)	(142,956)	(147,912)
- inflow		1,843	15,189	121,863	138,895
	<u>(10,899)</u>	<u>1,068</u>	<u>8,255</u>	<u>(21,330)</u>	<u>(12,007)</u>
	<u>(901,328)</u>	<u>(51,908)</u>	<u>(534,394)</u>	<u>(435,776)</u>	<u>(1,022,078)</u>

* excluding VAT/GST payable, interest payable and advanced deposits (as the case may be)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

	Carrying amount \$'000	Within one year \$'000	Between one and five years \$'000	More than five years \$'000	Total \$'000
FH-BT Group					
2020					
Non-derivative financial liabilities					
Trade and other payables*	(3,939)	(3,594)	(31)	(314)	(3,939)
Lease liabilities (Note 16)	(70,450)	(815)	(4,063)	(50,060)	(54,938)
	<u>(74,389)</u>	<u>(4,409)</u>	<u>(4,094)</u>	<u>(50,374)</u>	<u>(58,877)</u>
2019					
Non-derivative financial liabilities					
Trade and other payables*	(5,460)	(5,166)	(30)	(264)	(5,460)

* excluding VAT/GST payable, interest payable and advanced deposits (as the case may be)

The maturity analyses above show the contractual undiscounted cash flows of the Stapled Group'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.

(d) Derivative financial assets and liabilities designated as cash flow hedges

The table below indicates the periods in which the cash flows associated with the cash flow hedges are expected to occur and the fair value of the related hedging instruments.

	Carrying amount \$'000	Within one year \$'000	Between one and five years \$'000	More than five years \$'000	Expected cash flows \$'000
FHT and FH-REIT Group					
2020					
Interest rate swaps					
Liabilities	(21,886)	(5,785)	(16,516)	(900)	(23,201)
2019					
Interest rate swaps					
Liabilities	(2,870)	(249)	(2,493)	(237)	(2,979)

NOTES TO THE FINANCIAL STATEMENTS

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27. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Stapled Group 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 2020 and 30 September 2019.

(b) Classifications and fair values

The following tables show the carrying amounts and fair values of assets and 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. Further, for the current year, the fair value disclosure of lease liabilities is also not required.

	Fair value			Carrying amount
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Total \$'000
FHT 2020				
Assets and Liabilities measured at fair value:				
Financial assets				
Cross-currency swaps	10,436	-	10,436	10,436
Non-financial assets				
Investment properties	-	2,029,567	2,029,567	2,029,567
Property, plant and equipment*	-	217,305	217,305	217,305
	-	2,246,872	2,246,872	2,246,872
Financial liabilities				
Interest rate swaps	(21,886)	-	(21,886)	(21,886)
Cross-currency swaps	(3,057)	-	(3,057)	(3,057)
	(24,943)	-	(24,943)	(24,943)
Liabilities not measured at fair value but for which fair value are disclosed:				
Financial liabilities				
Borrowings (non-current)	(272,749)	-	(272,749)	(270,802)
Rental deposits (non-current)	-	(23,032)	(23,032)	(23,281)
	(272,749)	(23,032)	(295,781)	(294,083)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Classifications and fair values (cont'd)

	Fair value			Carrying amount
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Total \$'000
FHT				
2019				
Assets and Liabilities measured at fair value:				
Financial assets				
Currency forward contracts	208	-	208	208
Cross-currency swaps	18,572	-	18,572	18,572
	<u>18,780</u>	<u>-</u>	<u>18,780</u>	<u>18,780</u>
Non-financial assets				
Investment properties	-	2,106,964	2,106,964	2,106,964
Property, plant and equipment*	-	219,852	219,852	219,852
	<u>-</u>	<u>2,326,816</u>	<u>2,326,816</u>	<u>2,326,816</u>
Financial liabilities				
Currency forward contracts	(6)	-	(6)	(6)
Interest rate swaps	(2,870)	-	(2,870)	(2,870)
Cross-currency swaps	(8,023)	-	(8,023)	(8,023)
	<u>(10,899)</u>	<u>-</u>	<u>(10,899)</u>	<u>(10,899)</u>
Liabilities not measured at fair value but for which fair value are disclosed:				
Financial liabilities				
Borrowings (non-current)	(272,796)	-	(272,796)	(270,486)
Rental deposits (non-current)	-	(20,122)	(20,122)	(22,272)
	<u>(272,796)</u>	<u>(20,122)</u>	<u>(292,918)</u>	<u>(292,758)</u>

* relates to freehold land and building

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Classifications and fair values (cont'd)

	Fair value			Carrying amount
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Total \$'000
FH-REIT Group				
2020				
Assets and Liabilities measured at fair value:				
Financial assets				
Cross-currency swaps	10,436	-	10,436	10,436
Non-financial assets				
Investment properties	-	2,248,858	2,248,858	2,248,858
Financial liabilities				
Interest rate swaps	(21,886)	-	(21,886)	(21,886)
Cross-currency swaps	(3,057)	-	(3,057)	(3,057)
	(24,943)	-	(24,943)	(24,943)
Liabilities not measured at fair value but for which fair value are disclosed:				
Financial liabilities				
Borrowings (non-current)	(272,749)	-	(272,749)	(270,802)
Rental deposits (non-current)	-	(25,828)	(25,828)	(25,217)
	(272,749)	(25,828)	(298,577)	(296,019)
2019				
Assets and Liabilities measured at fair value:				
Financial assets				
Currency forward contracts	208	-	208	208
Cross-currency swaps	18,572	-	18,572	18,572
	18,780	-	18,780	18,780
Non-financial assets				
Investment properties	-	2,328,354	2,328,354	2,328,354
Financial liabilities				
Currency forward contracts	(6)	-	(6)	(6)
Interest rate swaps	(2,870)	-	(2,870)	(2,870)
Cross-currency swaps	(8,023)	-	(8,023)	(8,023)
	(10,899)	-	(10,899)	(10,899)
Liabilities not measured at fair value but for which fair value are disclosed:				
Financial liabilities				
Borrowings (non-current)	(272,796)	-	(272,796)	(270,486)
Rental deposits (non-current)	-	(22,317)	(22,317)	(24,037)
	(272,796)	(22,317)	(295,113)	(294,523)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Classifications and fair values (cont'd)

	Fair value			Carrying amount Total \$'000
	Level 2 \$'000	Level 3 \$'000	Total \$'000	
FH-BT Group				
2020				
Assets not measured at fair value but for which fair value are disclosed:				
Financial assets				
Rental deposits (non-current)	-	2,796	2,796	1,936
2019				
Assets not measured at fair value but for which fair value are disclosed:				
Financial assets				
Rental deposits (non-current)	-	2,195	2,195	1,765

(c) Level 2 fair value measurements

Currency forward contracts, interest rate swaps and cross-currency swaps are valued using market comparison technique where the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs

The non-financial assets of the Stapled Group categorised within Level 3 of the fair value hierarchy are investment properties (Note 10) and property, plant and equipment (Note 11).

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	Unobservable inputs	2020 Range	2019 Range
Asia	Discounted cash flow method	Discount rate	4.50% – 8.00%	4.30% – 8.00%
		Terminal capitalisation rate	4.00% – 6.00%	4.00% – 6.00%
Australia	Discounted cash flow method	Discount rate	7.00% – 7.75%	7.50% – 8.50%
		Terminal capitalisation rate	5.50% – 6.25%	5.75% – 6.50%
	Capitalisation method	Capitalisation rate	5.25% – 6.00%	5.50% – 6.25%
Europe	Discounted cash flow method	Discount rate	7.00% – 9.75%	7.00% – 9.50%
		Terminal capitalisation rate	5.00% – 7.75%	5.00% – 7.50%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) *Level 3 fair value measurements (cont'd)*

(i) **Information about significant unobservable inputs (cont'd)**

Interrelationship between key unobservable inputs and fair value measurement

The estimated fair values vary inversely against the discount rate, terminal capitalisation rate and capitalisation rate.

(ii) **Movement in Level 3 assets measured at fair value**

The movements of Level 3 assets, which comprise investment properties and property, plant and equipment, have been disclosed in Note 10 and Note 11 respectively.

(iii) **Valuation policies and procedures**

The fair values of the properties are determined annually by independent professional valuers.

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 the Stapled Group) 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 the Stapled Group 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 the Stapled Group'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.

(e) *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, 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

28. CAPITAL MANAGEMENT

The primary objective of the Stapled Group's capital management is to ensure that it maintains an optimal capital structure to support the business and maximise Stapled Securityholders' value.

The Stapled Group is in compliance with all externally imposed capital requirements for the financial years ended 30 September 2020 and 30 September 2019. There are no substantial changes in the Stapled Group's approach to capital management during the year.

The FH-REIT Group is subject to the aggregate leverage limit as defined in the Property Fund Guidelines of the CIS Code. The CIS Code stipulates that borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% of the deposited property.

On 16 April 2020, the MAS announced that the Aggregate Leverage limit for Singapore REITs ("S-REITs") will be raised from 45.0% to 50.0% with immediate effect. In its public consultation last year, the MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45.0% limit (up to 50.0%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation.

As at 30 September 2020, the FH-REIT Group's Aggregate Leverage⁽¹⁾ was 37.7% (2019: 35.2%) with an interest coverage ratio⁽²⁾ of 2.3 times computed in accordance with the Appendix 6 of the CIS Code issued by MAS. The Group had complied with the Aggregate Leverage limit during the financial period.

⁽¹⁾ The impact of FRS 116 leases (adopted with effect from 1 October 2019) has been excluded for the purpose of computing the aggregate leverage ratio.

⁽²⁾ For purpose of computing interest coverage ratio, interest expense excludes the unwinding of discounting effect on present value of lease liability and long term security deposits payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

29. OPERATING SEGMENTS

Segment information is presented in respect of the Stapled Group's operating segments from two dimensions: (a) geographical; and (b) line of business.

The operations of each of the Stapled Group'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 the Stapled Group. There are six (2019: 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 – three Sydney investment properties are leased, two operated as hotels, 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 the Stapled Group under master leases and hotel under management contract have different risks and returns. This forms the basis of identifying the business segments of the Stapled Group. There are two (2019: 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 the Stapled Group 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 the Stapled Group

For the purpose of monitoring segment performance, CODMs monitor the non-financial assets as well as financial assets attributable to each segment.

Information regarding the Stapled Group's reportable segments is presented in the following tables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

29. OPERATING SEGMENTS (CONT'D)

Major Customers

Revenue from related companies of the Managers accounted for approximately SGD 59.7 million (2019: SGD 107.6 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
FHT							
1 October 2019 to 30 September 2020							
Revenue	19,510	38,390	4,852	7,791	11,228	6,802	88,573
Property operating expenses	(4,442)	(15,824)	(570)	(3,046)	(2,987)	(1,873)	(28,742)
Segment net property income	15,068	22,566	4,282	4,745	8,241	4,929	59,831
Depreciation	-	(3,921)	-	-	-	-	(3,921)
Net change in fair value of investment properties	(39,688)	(23,946)	(12,373)	(14,672)	(34,194)	(11,904)	(136,777)
Revaluation of property, plant and equipment	-	(9,208)	-	-	-	-	(9,208)
Total reportable segment return							(90,075)
Unallocated items:							
- Finance income							329
- Trust expenses							(13,676)
- Finance costs							(19,750)
- Foreign exchange loss, net							(165)
- Net change in fair value of derivative financial instruments							(328)
- Realised gain on derivative financial instruments, net							256
Total return for the year, before tax							(123,409)
Taxation							9,981
Total return for the year							(113,428)
Reportable segmental non-current assets	807,991	715,568	127,166	207,495	306,265	98,739	2,263,224
Reportable segmental current assets	41,079	18,855	4,477	21,871	7,272	4,571	98,125
Total assets for reportable segments	849,070	734,423	131,643	229,366	313,537	103,310	2,361,349
Capital expenditure	688	4,089	902	3,079	1,180	91	10,029

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

29. OPERATING SEGMENTS (CONT'D)

(a) By geographical segments (cont'd)

	Singapore \$'000	Australia \$'000	Malaysia \$'000	Japan \$'000	UK \$'000	Germany \$'000	Total \$'000
FHT							
1 October 2018 to 30 September 2019							
Revenue	32,195	63,764	6,190	16,717	23,907	7,032	149,805
Property operating expenses	(4,918)	(24,021)	(580)	(2,880)	(5,579)	(161)	(38,139)
Segment net property income	27,277	39,743	5,610	13,837	18,328	6,871	111,666
Depreciation	-	(3,815)	-	-	-	-	(3,815)
Net change in fair value of investment properties	1,591	(30,507)	(1,010)	7,334	1,578	5,440	(15,574)
Other income	-	-	-	11	-	-	11
Total reportable segment return							92,288
Unallocated items:							
- Finance income							332
- Trust expenses							(16,869)
- Finance costs							(20,503)
- Foreign exchange loss, net							(265)
- Net change in fair value of derivative financial instruments							(114)
- Realised gain on derivative financial instruments, net							842
Total return for the year, before tax							55,711
Taxation							(3,954)
Total return for the year							51,757
Reportable segmental non-current assets	855,572	709,932	138,180	214,973	326,432	104,553	2,349,642
Reportable segmental current assets	8,623	22,995	6,638	40,536	12,406	5,633	96,831
Total assets for reportable segments	864,195	732,927	144,818	255,509	338,838	110,186	2,446,473
Capital expenditure	3,409	3,104	1,010	1,400	3,476	97	12,496

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

29. OPERATING SEGMENTS (CONT'D)

(b) Reconciliation of reportable total return

	FHT	
	2020	2019
	\$'000	\$'000
Total return		
Total reportable segment return	(90,075)	92,288
Unallocated items	(23,353)	(40,531)
Consolidated total return	<u>(113,428)</u>	<u>51,757</u>

(c) By business segments

	Master leases	Hotel under management	Consolidation	Total
	\$'000	contract	adjustments	\$'000
	\$'000	\$'000	\$'000	\$'000
FHT				
1 October 2019 to 30 September 2020				
Revenue	76,676	20,841	(8,944)	88,573
Property operating expenses	(17,619)	(14,956)	3,833	(28,742)
Segment net property income	59,057	5,885	(5,111)	59,831
Depreciation	-	(4,322)	401	(3,921)
Net change in fair value of investment properties	(149,604)	-	12,827	(136,777)
Revaluation of property, plant and equipment	-	-	(9,208)	(9,208)
Finance income	326	80	(77)	329
Trust expenses	(13,544)	(132)	-	(13,676)
Finance costs	(19,828)	(2,418)	2,496	(19,750)
Foreign exchange (loss)/gain, net	(198)	33	-	(165)
Net change in fair value of derivative financial instruments	(328)	-	-	(328)
Realised gain on derivative financial instruments, net	256	-	-	256
Total return for the year, before tax				(123,409)
Taxation				9,981
Total return for the year				(113,428)
Reportable segmental non-current assets	2,260,764	73,521	(71,061)	2,263,224
Reportable segmental current assets	95,996	3,992	(1,863)	98,125
Total assets for reportable segments	2,356,760	77,513	(72,924)	2,361,349
Capital expenditure	9,339	690	-	10,029

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

29. OPERATING SEGMENTS (CONT'D)

(c) By business segments (cont'd)

	Master leases \$'000	Hotel under management contract \$'000	Consolidation adjustments \$'000	Total \$'000
FHT				
1 October 2018 to 30 September 2019				
Revenue	130,348	34,585	(15,128)	149,805
Property operating expenses	(20,008)	(34,260)	16,129	(38,139)
Segment net property income	110,340	325	1,001	111,666
Depreciation	-	(524)	(3,291)	(3,815)
Net change in fair value of investment properties	(26,435)	-	10,861	(15,574)
Other income	11	-	-	11
Finance income	299	109	(76)	332
Trust expenses	(16,757)	(112)	-	(16,869)
Finance costs	(20,579)	-	76	(20,503)
Foreign exchange loss, net	(239)	(26)	-	(265)
Net change in fair value of derivative financial instruments	(114)	-	-	(114)
Realised gain on derivative financial instruments, net	842	-	-	842
Total return for the year, before tax				55,711
Taxation				(3,954)
Total return for the year				51,757
Reportable segmental non-current assets	2,346,926	6,264	(3,548)	2,349,642
Reportable segmental current assets	92,100	6,729	(1,998)	96,831
Total assets for reportable segments	2,439,026	12,993	(5,546)	2,446,473
Capital expenditure	11,280	1,216	-	12,496

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

30. 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. As at 30 September 2020, 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.

Previously, these leases were classified as operating leases under FRS 17/SFRS(I) 1-17.

Information about leases for which the Stapled Group, 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
FH-BT Group	
At 1 October 2019	66,933
Depreciation charge for the year	(3,976)
Translation differences	3,232
At 30 September 2020	<u>66,189</u>

Amounts recognised in the Statement of Total Return

	FHT \$'000	FH-REIT Group \$'000	FH-BT Group \$'000
2020 – Leases under FRS 116/SFRS(I) 16			
Interest on lease liabilities	111	111	2,418
Expenses relating to leases with variable rent	-	-	<u>3,417</u>
2019 – Operating leases under FRS 17/SFRS(I) 1-17			
Rental expense	-	-	<u>15,128</u>

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 5.5 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

30. LEASES (CONT'D)

(a) *Leases as lessee (FRS 116/SFRS(I) 16) (cont'd)*

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 \$115.0 million.

(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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

30. LEASES (CONT'D)

(b) Leases as lessor (cont'd)

Operating lease (cont'd)

	FHT Group \$'000	FH-REIT Group \$'000
2020 – Operating leases under FRS 116/SFRS(I) 16		
Less than 1 year	57,824	63,574
1 to 2 years	57,824	63,574
2 to 3 years	57,824	63,574
3 to 4 years	55,533	61,283
4 to 5 years	46,642	52,392
More than 5 years	428,010	491,575
Total	<u>703,657</u>	<u>795,972</u>
2019 – Operating leases under FRS 17/SFRS(I) 1-17		
Less than 1 year	56,292	61,764
Between 1 and 5 years	222,778	244,668
More than 5 years	461,297	527,222
Total	<u>740,367</u>	<u>833,654</u>

31. GOVERNMENT GRANTS

Singapore

There were the following government grants during the year, collectively the “government grants”:

- Under the Resilience Budget announced on 26 March 2020, qualifying non-residential properties (“qualifying properties”) will be granted property tax rebate for the period of 1 January 2020 to 31 December 2020. Under the Resilience Budget, owners of qualifying properties will be granted rebates of up to 100% on their property tax payable. Owners are required to unconditionally and fully pass on the rebate for the property tax to their tenants within the prescribed timeframe.
- Under the COVID-19 (Temporary Measures) (Amendment) Act passed on 5 June 2020, owners of qualifying properties are required to provide rental relief for Small and Medium Enterprises and Non-Profit Organisations operating in qualifying non-residential properties (the “Rental Relief”). The Rental Relief is supported by government assistance whereby owners of such qualifying properties will be granted government cash grant.

During the financial year, FH-REIT received government grants on its qualifying properties amounting to a total of SGD 2.9 million (i.e. grant income). Out of which SGD 2.2 million of the amount received was passed on to the master lessees (i.e. grant expense). The grant income and grant expense was presented net and recognised in the Statement of Total Return as “Other income” in the Stapled Group and the FH-REIT Group.

Australia

The Australian Government enacted on 9 April 2020, the JobKeeper Payments wage subsidy (“JKP”) to support businesses significantly affected by COVID-19. During the financial year, a subsidiary of FH-BT received AUD 1.5 million (approximately SGD 1.4 million) of JKP (i.e. grant income), out of which AUD 0.7 million (approximately SGD 0.6 million) of the JKP received was also passed on to eligible employees (i.e. grant expense). Accordingly, the grant income and grant expense was presented net and recognised in Statement of Total Return as “Staff costs” in the Stapled Group and the FH-BT Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

32. FINANCIAL RATIOS

	FHT		FH-REIT Group	
	2020	2019	2020	2019
	%	%	%	%
Expense to weighted average net assets ⁽¹⁾				
– with performance fee of the Managers	0.87	1.04	0.87	1.03
– without performance fee of the Managers	0.76	0.73	0.76	0.73
Total operating expenses to net asset value ⁽²⁾	3.47	3.89	2.25	2.41
Portfolio turnover ratio ⁽³⁾	–	–	–	–

⁽¹⁾ 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 the Stapled Group and the FH-REIT Group, excluding property expenses, interest expense and tax expense, where applicable.

⁽²⁾ The expense ratios are computed based on total operating expense of SGD 46,909,000 and SGD 30,338,000 (2019: SGD 57,716,000 and SGD 35,659,000) of the Stapled Group 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).

⁽³⁾ The portfolio turnover ratios are computed based on the lesser of purchases or sales of underlying properties of the Stapled Group and the FH-REIT Group expressed as a percentage of daily average net asset value.

33. NET ASSET VALUE PER STAPLED SECURITY

	FHT		FH-REIT Group		FH-BT Group	
	2020	2019	2020	2019	2020	2019
Net asset value per Stapled Security is computed based on:						
Net assets (\$'000)	1,252,879	1,383,454	1,246,741	1,377,200	2,295	5,279
Total issued Stapled Securities at 30 September ('000) (Note 19)	1,921,243	1,894,217	1,921,243	1,894,217	1,921,243	1,894,217

34. SUBSEQUENT EVENTS

- On 16 October 2020, FH-REIT accepted the facility letter for the conversion of the existing Uncommitted Multi-Currency Short-Term Facilities of SGD 50.0 million to a three-year committed revolving credit facility.
- On 27 October 2020, FH-REIT accepted the facility letter for a one-year committed revolving credit facility of SGD 40.0 million.
- On 30 October 2020, the REIT Manager and Trustee-Manager declared a distribution of 1.0695 cents per Stapled Security to Stapled Securityholders in respect of the period from 1 April 2020 to 30 September 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

34. SUBSEQUENT EVENTS (CONT'D)

- On 4 November 2020, the following Stapled Securities were issued:

In payment of	Period of fees accrual	VWAP ⁽¹⁾ for the relevant period	Number of Stapled Securities issued
REIT Manager base fee	1 April 2020 to 30 June 2020	47.95 cents	2,581,596
MIT Manager base fee	1 April 2020 to 30 June 2020	47.95 cents	1,144,135
Property management fees	1 April 2020 to 30 June 2020	47.95 cents	760,776
Trustee-Manager base fee	1 April 2020 to 30 June 2020	47.95 cents	15,881
REIT Manager base fee	1 July 2020 to 30 September 2020	42.96 cents	328,454 ⁽²⁾
Total			4,830,842

⁽¹⁾ Volume weighted average price for all trades of FHT Stapled Securities on Singapore Exchange Securities Trading Limited in the ordinary course of trading for the last 10 business days of the relevant period in which the respective fees accrue.

⁽²⁾ 328,454 Stapled Securities relating to partial satisfaction of the REIT Manager base fee for the period from 1 July 2020 to 30 September 2020, the remaining balance of the REIT Manager base fee for the period from 1 July 2020 to 30 September 2020 was paid in cash.

- REIT Trustee and Trustee-Manager have entered into a facility agreement dated 24 November 2020 pursuant to which the REIT Trustee, as lender (the "Lender") has agreed to extend a revolving credit facility of up to SGD5.0 million (the "Facility") to the Trustee-Manager, as borrower (the "Borrower"). The termination date for the Facility is 31 March 2022, which can be extended if requested by the Borrower and agreed by the Lender, to 31 March 2023.
- The Managers have been closely monitoring the COVID-19 outbreak since early 2020, given the disruptions and uncertainty that it has on global economic prospects. The Managers have assessed the inherent risk of the outbreak and has put in place mitigating measures including those directed by the respective authorities. As at the date of this report, the Managers have considered substantially all available information in their assessment of the impact of COVID-19 on the Stapled Group. However, as the situation continues to evolve, the Managers are unable to ascertain the full impact of COVID-19 to the Stapled Group in the medium-to-longer term. Given the unprecedented COVID-19 situation, the Managers will continue to monitor the situation and take the appropriate measures to deal with the implications of COVID-19 in accordance with guidelines, regulations and legislations provided by the authorities in the respective countries that the Stapled Group operates in and will take the necessary actions to ensure the long-term sustainability of the Stapled Group.

FINANCIAL STATEMENT OF TRUSTEE-MANAGER

FRASERS HOSPITALITY TRUST MANAGEMENT PTE. LTD.

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DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors have pleasure in presenting their statement to the member together with the audited financial statements of Frasers Hospitality Trust Management Pte. Ltd. (the "Company") for the financial year ended 30 September 2020.

In our opinion:

- (i) the financial statements set out on pages 266 to 283 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2020 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 Singapore Companies Act, Chapter 50 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 Law Song Keng
 Mr Chua Phuay Hee
 Mr Liew Choon Wei
 Dr David Wong See Hong
 Mr Panote Sirivadhanabhakdi
 Mr Koh Teck Chuan

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, Chapter 50, particulars of interests of directors who held office at the end of the financial year 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 1 October 2019	As at 30 September 2020	As at 1 October 2019	As at 30 September 2020
Koh Teck Chuan				
- Frasers Property Limited				
• Awards under FPL RSP	Nil	Nil	Nil	270,450 ⁽¹⁾
• Awards under FPL PSP	Nil	Nil	Nil	154,400 ⁽²⁾
- Frasers Property Treasury Pte. Ltd.				
• S\$200,000,000 3.95% Notes due 2021 (Series 4)	250,000	250,000	Nil	Nil

(1) For the FPL RSP, the actual number of FPL shares to be delivered pursuant to the awards granted under the FPL RSP will range from 0% to 150% and is contingent on the level of achievement of performance targets set over a two-year performance period.

(2) For the FPL PSP, the actual number of FPL shares to be delivered pursuant to the awards granted under FPL PSP will range from 0% to 200% and is contingent on the level of achievement of performance targets set over a three-year performance period.

DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 independent directors from the Board of Directors of the Company:

- (i) Dr David Wong See Hong (Chairman)
- (ii) Mr Law Song Keng (Member); and
- (iii) Mr Liew Choon Wei (Member).

AUDITOR

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Panote Sirivadhanabhakdi
Director

Koh Teck Chuan
Director

Singapore
24 November 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF 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 2020, 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 266 to 283.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('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 2020 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

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

24 November 2020



STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 \$'000	2019 \$'000
REVENUE	4	54	48
COSTS AND EXPENSES	5		
Administrative costs		(5)	(4)
Other operating costs		(2)	(2)
		<u>(7)</u>	<u>(6)</u>
PROFIT BEFORE TAXATION		47	42
Taxation	6	<u>(3)</u>	<u>(2)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER TAXATION		<u>44</u>	<u>40</u>

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Note	2020 \$'000	2019 \$'000
NON-CURRENT ASSETS			
Investment in a subsidiary	7	3	3
Intangible asset	8	12	14
		<u>15</u>	<u>17</u>
CURRENT ASSETS			
Other receivables	9	35	28
Cash at bank		164	124
		<u>199</u>	<u>152</u>
TOTAL ASSETS		<u>214</u>	<u>169</u>
CURRENT LIABILITIES			
Other payables	10	6	6
Income tax payable		4	3
		<u>10</u>	<u>9</u>
NET CURRENT ASSETS		189	143
NET ASSETS		<u>204</u>	<u>160</u>
Financed by: –			
Share capital	11	10	10
Retained earnings		194	150
TOTAL EQUITY		<u>204</u>	<u>160</u>

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2020

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
2019			
At 1 October 2018	10	110	120
Profit for the year	-	40	40
Total comprehensive income for the year	-	40	40
At 30 September 2019	10	150	160
2020			
At 1 October 2019	10	150	160
Profit for the year	-	44	44
Total comprehensive income for the year	-	44	44
At 30 September 2020	10	194	204

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2020

	2020 \$'000	2019 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	47	42
Adjustment for:		
Amortisation of intangible asset	2	2
Operating cash flow before working capital changes	<u>49</u>	<u>44</u>
Changes in working capital:		
Other receivables	(7)	1
Other payables	-*	(17)
Cash generated from operations	<u>42</u>	<u>28</u>
Income tax paid	<u>(2)</u>	<u>(1)</u>
Net cash generated from operating activities	<u>40</u>	<u>27</u>
Net increase in cash at bank	40	27
Cash at bank at beginning of the year	<u>124</u>	<u>97</u>
Cash at bank at end of the year	<u>164</u>	<u>124</u>

* Denotes amount less than \$1,000

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The following notes form an integral part of the financial statements.

The financial statements for the financial year ended 30 September 2020 were authorised for issue in accordance with a resolution of the directors on 24 November 2020.

1. CORPORATE INFORMATION

Frasers Hospitality Trust Management Pte. Ltd. (the “Company”) is a limited liability company. It is a wholly-owned subsidiary of Frasers Property Limited (“Frasers 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 and principal place of business of the Company is located at 438 Alexandra Road, #17-01 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 Frasers Hospitality Business Trust, a business trust which is part of Frasers Hospitality Trust (“FHT”), a stapled group comprising Frasers Hospitality Real Estate Investment Trust and its subsidiaries, and Frasers 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 (“\$”), 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 in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. BASIS OF PREPARATION (CONT'D)

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 2019. 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 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Intangible assets (cont'd)

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; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Non-derivative financial assets (cont'd)

Classification and subsequent measurement (cont'd)

Financial assets at amortised cost (cont'd)

Business model assessment (cont'd)

- 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 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Non-derivative financial assets (cont'd)

Classification and subsequent measurement (cont'd)

Financial assets at amortised cost (cont'd)

Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

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.

Financial assets at amortised cost comprise of other receivables and cash at bank.

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently 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.

3.5 Non-derivative financial liabilities

Initial recognition and measurement

The Company classifies non-derivative financial liabilities as other financial liabilities. Other financial liabilities comprise of other payables.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Non-derivative financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

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 to sell. 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 profit or loss.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(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 borrower 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 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(b) *Non-derivative financial assets (cont'd)*

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 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 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.

3.9 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.

3.10 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 a business combination, 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, 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.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning on and after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The adoption of these new standards, interpretations and amendments to SFRS(I)s when they become effective are not expected to have any significant impact on the Company's financial statements.

4. REVENUE

	2020 \$'000	2019 \$'000
Management fee	54	48

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

	2020 \$'000	2019 \$'000
Included in costs and expenses:		
Administrative expenses		
– Professional fees	(4)	(4)
– Other administrative costs	(1)	–*
	(5)	(4)
Other operating costs		
– Amortisation of intangible asset	(2)	(2)
	(7)	(6)

* Denotes amount less than \$1,000

6. TAXATION

	2020 \$'000	2019 \$'000
Current tax expense		
– Current year income tax	4	3
– Overprovision in prior year	(1)	(1)
	3	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. TAXATION (CONT'D)

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:

	2020 \$'000	2019 \$'000
Profit before tax for the year	47	42
Tax at Singapore income tax rate of 17% (2019: 17%)	8	7
Adjustments:		
Non-deductible expenses	-*	-*
Effect of partial tax exemption	(4)	(4)
Overprovision in prior year	(1)	(1)
	<u>3</u>	<u>2</u>

* Denotes amount less than \$1,000

7. INVESTMENT IN A SUBSIDIARY

	2020 \$'000	2019 \$'000
Unquoted shares, at cost	3	3

Name of subsidiary	Country of incorporation	Principal activities	Effective equity held	
			2020 %	2019 %
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

8. INTANGIBLE ASSET

	Total \$'000
<u>Cost</u>	
At 1 October 2018, 30 September 2019 and 30 September 2020	18
<u>Accumulated Amortisation</u>	
At 1 October 2018	(2)
Charge for the year	(2)
At 30 September 2019 and 1 October 2019	(4)
Charge for the year	(2)
At 30 September 2020	(6)
<u>Net Book Value</u>	
At 1 October 2018	16
At 30 September 2019	14
At 30 September 2020	12

9. OTHER RECEIVABLES

	2020 \$'000	2019 \$'000
Accrued management fee	35	28

10. OTHER PAYABLES

	2020 \$'000	2019 \$'000
Accruals	6	4
Other creditor	-	2
Amount due to a related entity	-	-*
Total other payables	6	6

* Denotes amount less than \$1,000

Amount due to a related entity is non-trade in nature, unsecured, interest-free, and repayable on demand.

11. SHARE CAPITAL

	2020 \$'000	2019 \$'000
Fully paid ordinary shares		
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

The directors of the Company are employees of either the immediate holding company or a related corporation and no consideration is paid to these companies for the services rendered by the directors.

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.

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 the carrying amount of each class of financial assets recognised in the statement of financial position.

As at 30 September 2020 and 30 September 2019, 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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.



STATISTICS OF STAPLED SECURITYHOLDERS

ISSUED AND FULLY PAID-UP STAPLED SECURITIES

As at 24 November 2020

1,926,073,869 Stapled Securities (voting rights: 1 vote per Stapled Security)

Market capitalisation of approximately SGD924.5 million (based on closing price of SGD0.48 per Stapled Security on 24 November 2020).

20 LARGEST STAPLED SECURITYHOLDERS

As at 24 November 2020

No.	Name	No. of Stapled Securities	%
1	DB Nominees (Singapore) Pte Ltd	723,262,404	37.55
2	Frasers Property Hospitality Trust Holdings Pte. Ltd.	466,618,417	24.23
3	DBS Nominees (Private) Limited	181,847,225	9.44
4	Citibank Nominees Singapore Pte Ltd	107,605,689	5.59
5	Raffles Nominees (Pte.) Limited	43,572,496	2.26
6	DBSN Services Pte. Ltd.	23,860,076	1.24
7	Frasers Hospitality Asset Management Pte. Ltd.	19,825,429	1.03
8	Meren Pte Ltd	14,004,800	0.73
9	HSBC (Singapore) Nominees Pte Ltd	12,909,505	0.67
10	UOB Kay Hian Private Limited	12,603,543	0.65
11	Frasers Hospitality Pte. Ltd.	11,668,847	0.61
12	United Overseas Bank Nominees (Private) Limited	9,965,000	0.52
13	OCBC Securities Private Limited	8,406,926	0.44
14	BNP Paribas Nominees Singapore Pte. Ltd.	7,511,360	0.39
15	Phillip Securities Pte Ltd	4,808,951	0.25
16	CGS-CIMB Securities (Singapore) Pte. Ltd.	4,422,590	0.23
17	Maybank Kim Eng Securities Pte. Ltd.	3,953,043	0.21
18	Jack Investment Pte Ltd	3,839,500	0.20
19	Morgan Stanley Asia (Singapore) Securities Pte Ltd	3,183,145	0.17
20	Chien Chung Ming	3,059,700	0.16
	TOTAL	1,666,928,646	86.57

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

As at 24 November 2020

Size of Holdings	No. of Stapled Securityholders	%	No. of Stapled Securities	%
1 - 99	71	0.54	3,218	0.00
100 - 1,000	1,356	10.39	1,236,383	0.06
1,001 - 10,000	6,563	50.28	34,460,797	1.79
10,001 - 1,000,000	5,030	38.54	198,376,591	10.30
1,000,001 and above	32	0.25	1,691,996,880	87.85
Total	13,052	100.00	1,926,073,869	100.00

Country	No. of Stapled Securityholders	%	No. of Stapled Securities	%
Singapore	12,766	97.81	1,918,367,448	99.60
Malaysia	204	1.56	5,527,929	0.29
Others	82	0.63	2,178,492	0.11
Total	13,052	100.00	1,926,073,869	100.00

STATISTICS OF STAPLED SECURITYHOLDERS

SUBSTANTIAL STAPLED SECURITYHOLDERS

As at 24 November 2020

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 ⁽¹⁾	-	-	498,112,693	25.86	498,112,693	25.86
Thai Beverage Public Company Limited ⁽²⁾	-	-	498,112,693	25.86	498,112,693	25.86
International Beverage Holdings Limited ⁽³⁾	-	-	498,112,693	25.86	498,112,693	25.86
InterBev Investment Limited ⁽⁴⁾	-	-	498,112,693	25.86	498,112,693	25.86
Siriwana Co., Ltd. ⁽⁵⁾	-	-	498,112,693	25.86	498,112,693	25.86
Maxtop Management Corp. ⁽⁶⁾	-	-	498,112,693	25.86	498,112,693	25.86
Risen Mark Enterprise Ltd. ⁽⁷⁾	-	-	498,112,693	25.86	498,112,693	25.86
Golden Capital (Singapore) Limited ⁽⁸⁾	-	-	498,112,693	25.86	498,112,693	25.86
MM Group Limited ⁽⁹⁾	-	-	498,112,693	25.86	498,112,693	25.86
TCC Assets Limited ⁽¹⁰⁾	-	-	498,112,693	25.86	498,112,693	25.86
Charoen Sirivadhanabhakdi ⁽¹¹⁾	-	-	498,112,693	25.86	498,112,693	25.86
Khunying Wanna Sirivadhanabhakdi ⁽¹²⁾	-	-	498,112,693	25.86	498,112,693	25.86
TCC Group Investments Limited	707,310,200	36.72	-	-	707,310,200	36.72
Atinant Bijananda ⁽¹³⁾	-	-	707,310,200	36.72	707,310,200	36.72
Thapana Sirivadhanabhakdi ⁽¹³⁾	-	-	707,310,200	36.72	707,310,200	36.72
Wallapa Traisorat ⁽¹³⁾	-	-	707,310,200	36.72	707,310,200	36.72
Thapanee Techajareonvikul ⁽¹³⁾	-	-	707,310,200	36.72	707,310,200	36.72
Panote Sirivadhanabhakdi ⁽¹³⁾	-	-	707,310,200	36.72	707,310,200	36.72

Notes:

- ⁽¹⁾ 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**”).
- ⁽²⁾ 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.
- ⁽³⁾ 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.
- ⁽⁴⁾ 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.
- ⁽⁵⁾ Siriwana Co., Ltd. (“**SCL**”) holds a greater than 20% 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.
- ⁽⁶⁾ Maxtop Management Corp. (“**MMC**”) together with Risen Mark Enterprise Ltd. (“**RM**”) and Golden Capital (Singapore) Limited (“**GC**”) collectively hold a greater than 20% 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
 - Each of FHAM, FHPL and FPHTH holds Stapled Securities in FHT.
- MMC 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

- (7) RM together with MMC and GC collectively hold a greater than 20% 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
 - Each of FHAM, FHPL and FPHTH holds Stapled Securities in FHT.
- RM 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.
- (8) GC together with MMC and RM collectively hold a greater than 20% 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
 - Each of FHAM, FHPL and FPHTH holds Stapled Securities in FHT.
- GC 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.
- (9) MM Group Limited (“MM”) holds a 100% direct interest in each of MMC, RM and GC;
- MMC, RM and GC collectively hold a greater than 20% 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
 - Each of FHAM, FHPL and FPHTH holds Stapled Securities in FHT.
- MM 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.
- (10) TCC Assets Limited (“TCCA”) holds a majority 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.
- 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.
- (11) Charoen Sirivadhanabhakdi and his spouse, 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 FPHTH; and
 - Each of FHAM, FHPL and FPHTH 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.
- (12) Khunying Wanna Sirivadhanabhakdi and her spouse, 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 FPHTH; and
 - Each of FHAM, FHPL and FPHTH holds Stapled Securities in FHT.
- 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.
- (13) 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 (“TCCG”);
- TCCG 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 TCCG has an interest, by virtue of Section 4 of the SFA.

STAPLED SECURITYHOLDINGS OF DIRECTORS OF THE MANAGERS

As at 21 October 2020

Name of Director	No. of Stapled Securities Held	
	Direct Interest	Deemed Interest
Mr Law Song Keng	549,900	Nil
Mr Panote Sirivadhanabhakdi	Nil	707,310,200

FREE FLOAT

Based on information made available to the Managers as at 24 November 2020, approximately 37% 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 the financial period from 1 October 2019 to 30 September 2020 ("FY2020") which fall within the Listing Manual of the Singapore Exchange Securities Trading Limited ("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) \$'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) \$'000
Frasers Hospitality Asset Management Pte. Ltd. – Management fees paid and payable ¹ – Reimbursement of expenses paid on behalf of FH-REIT – Servicer fees paid and payable	REIT Manager of FH-REIT	(5,466) (80) (118)	– – –
Frasers Hospitality Trust Management Pte. Ltd. – Management fees paid and payable ¹	Trustee-Manager of FH-BT	(54)	–
FHT Australia Management Pty Ltd – Management fees paid and payable ¹	MIT Manager of FHT Australia Trust	(3,258)	–
Frasers Hospitality Pte. Ltd. – Management, marketing and trademark licence fees paid and payable ¹	Operator of Fraser Suites Singapore and Fraser Suites Sydney	(2,155)	–
Frasers Hospitality UK Ltd. – Management, marketing and trademark licence fees paid and payable ¹	Operator of Fraser Place Canary Wharf London, Fraser Suites Queens Gate London, Fraser Suites Edinburgh and Fraser Suites Glasgow	(983)	–
BCH Hotel Investment Pte. Ltd. – Rental income from InterContinental Singapore ²	Master Lessee of InterContinental Singapore	8,639	–
River Valley Apartments Pte. Ltd. – Rental income from Fraser Suites Singapore ²	Master Lessee of Fraser Suites Singapore	10,103	–

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) \$'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) \$'000
Fairdace Limited – Rental income from Fraser Place Canary Wharf London ² – Rental income from Fraser Suites Glasgow London ²	Master Lessee of Fraser Place Canary Wharf London and Fraser Suites Glasgow	2,644 956	– –
39QGG Management Limited – Rental income from Fraser Suites Queens Gate ²	Master Lessee of Fraser Suites Queens Gate London	3,195	–
P I Hotel Management Limited – Rental income from ibis Styles London Gloucester Road ² – Rental income from Park International London ²	Master Lessee of Park International London and ibis Styles London Gloucester Road	1,065 2,307	– –
Frasers (St. Giles Street) Management Limited – Rental income from Fraser Suites Edinburgh ²	Master Lessee of Fraser Suites Edinburgh	887	–
Frasers Town Hall Residences Operations Pty Ltd – Rental income from Fraser Suites Sydney ² – Reimbursement of expenses paid on behalf of FH-REIT	Master Lessee of Fraser Suites Sydney	4,956 (491)	– –
Frasers Town Hall Land Pty Ltd – Reimbursement of expenses paid on behalf of FH-REIT	Wholly-owned subsidiary of Frasers Property	(709)	–
Frasers Sydney ML Hotel Pty Ltd – Rental income from Novotel Sydney Darling Square ² – Reimbursement of expenses paid on behalf of FH-REIT	Master Lessee of Novotel Sydney Darling Square	3,737 (6)	– –
JBB Hotels Sdn Bhd – Rental income from The Westin Kuala Lumpur ²	Master Lessee of The Westin Kuala Lumpur	4,851	–

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) \$'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) \$'000
K.K. Shinkobe Holding	Master Lessee of ANA Crowne Plaza Kobe (Hotel)	7,724	-
- Rental income from ANA Crowne Plaza Kobe ²		(28)	-
- Reimbursement of expenses paid on behalf of FH-REIT			
Y.K. Toranomom Properties	Master Lessee of ANA Crowne Plaza Kobe (Retail)	2,049	-
- Rental income from ANA Crowne Plaza Kobe ²		(1,037)	-
- Reimbursement of expenses paid on behalf of FH-REIT			
Ananke Holdings Pty Ltd	Master Lessee of Sofitel Sydney Wentworth	8,597	-
- Rental income from Sofitel Sydney Wentworth ²		(219)	-
- Reimbursement of expenses paid on behalf of FH-REIT			
Frasers Hospitality Australia Pty Ltd	Wholly-owned subsidiary of Frasers Property	(1,090)	-
- Reimbursement of expenses paid on behalf of FH-REIT			
Frasers Property Limited	Controlling Shareholder of the Managers and Controlling Stapled Securityholder	(20)	-
- Reimbursement of expenses paid on behalf of FH-REIT			
Perpetual (Asia) Limited	Trustee of FH-REIT	(293)	-
- Trustee's fees			
The Trust Company (Australia) Limited	MIT Trustee of FHT Australia Trust and its sub-trusts	(110)	-
- Trustee's fees			

Please also refer to Note 23 '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), the FH-BT Trust Deed dated 20 June 2014 (as amended), the FHT Australia Trust Deed dated 20 June 2014 (as amended) 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.

INTERESTED PERSON TRANSACTIONS

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.

Notes

- 1 A summary of the number of Stapled Securities issued for the payment of the REIT management fees, Trustee-Manager management fees and MIT management fees to the REIT Manager, the Trustee-Manager and the MIT Manager and serviced residence management fees to FHPL and FHUK in FY2020 is as follows:

	Issue date	Number of Stapled Securities issued	Value \$'000
Frasers Hospitality Asset Management Pte. Ltd.			
Base fees for the period from 1 April 2019 to 30 September 2019	4 Nov 2019	3,336,260	2,365
Performance fees for the period from 1 October 2018 to 30 September 2019	4 Nov 2019	3,711,241	2,649
Base fees for the period from 1 October 2019 to 31 March 2020	13 May 2020	5,004,781	2,426
Frasers Hospitality Trust Management Pte. Ltd.			
Base fees for the period from 1 April 2019 to 30 September 2019	4 Nov 2019	26,134	19
Performance fees for the period from 1 October 2018 to 30 September 2019	4 Nov 2019	13,784	10
Base fees for the period from 1 October 2019 to 31 March 2020	13 May 2020	37,063	18
FHT Australia Management Pty Ltd			
Base fees for the period from 1 April 2019 to 30 September 2019	4 Nov 2019	1,616,114	1,147
Performance fees for the period from 1 October 2018 to 30 September 2019	4 Nov 2019	2,742,616	1,957
Base fees for the period from 1 October 2019 to 31 March 2020	13 May 2020	2,214,465	1,078
Frasers Hospitality Pte. Ltd.			
Management fees for the period from 1 April 2019 to 30 September 2019	4 Nov 2019	2,175,526	1,543
Management fees for the period from 1 October 2019 to 31 March 2020	13 May 2020	2,625,000	1,330
Frasers Hospitality UK Ltd.			
Management fees for the period from 1 April 2019 to 30 September 2019	4 Nov 2019	1,819,482	1,291
Management fees for the period from 1 October 2019 to 31 March 2020	13 May 2020	1,703,651	901

Frasers Property Hospitality Trust Holdings Pte. Ltd. ("Frasers Property Hospitality Trust Holdings"), a wholly-owned subsidiary of Frasers Property Limited, has been nominated by the REIT Manager to receive 12,052,282 Stapled Securities which the REIT Manager is entitled to receive as payment of its fees and pursuant to the nomination agreement between the REIT Manager and Frasers Property Hospitality Trust Holdings dated 5 May 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to the REIT Manager approximately SGD7.4 million being an amount equal to the aggregate issue price of such Stapled Securities.

Frasers Property Hospitality Trust Holdings has been nominated by the Trustee-Manager to receive 76,981 Stapled Securities which the Trustee-Manager is entitled to receive as payment of its fees and pursuant to the nomination agreement between the Trustee-Manager and Frasers Property Hospitality Trust Holdings dated 30 December 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to the Trustee-Manager approximately SGD0.05 million being an amount equal to the aggregate issue price of such Stapled Securities.

Frasers Property Hospitality Trust Holdings has been nominated by the MIT Manager to receive 6,573,195 Stapled Securities which the MIT Manager is entitled to receive as payment of its fees and pursuant to the nomination agreement between the MIT Manager and Frasers Property Hospitality Trust Holdings dated 5 May 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to the MIT Manager approximately SGD4.2 million being an amount equal to the aggregate issue price of such Stapled Securities.

Frasers Property Hospitality Trust Holdings has been nominated by the FHPL to receive 4,800,526 Stapled Securities which FHPL is entitled to receive as payment of its fees and pursuant to the nomination agreement between FHPL and Frasers Property Hospitality Trust Holdings dated 5 May 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to FHPL approximately SGD2.9 million being an amount equal to the aggregate issue price of such Stapled Securities.

Frasers Property Hospitality Trust Holdings has been nominated by the FHUK to receive 3,523,133 Stapled Securities which FHUK is entitled to receive as payment of its fees and pursuant to the nomination agreement between FHUK and Frasers Property Hospitality Trust Holdings dated 5 May 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to FHUK approximately SGD2.2 million being an amount equal to the aggregate issue price of such Stapled Securities.

- 2 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 6th annual general meeting (the “**AGM**”) of Frasers Hospitality Trust (“**FHT**”) (a stapled group comprising Frasers Hospitality Real Estate Investment Trust (“**FH-REIT**”) and Frasers Hospitality Business Trust (“**FH-BT**”)) will be held by way of electronic means on 20 January 2021 at 10.00 a.m. for the following purposes:

ROUTINE BUSINESS

Ordinary Resolution (1)

- To receive and adopt the Report of the Trustee-Manager issued by Frasers 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 Frasers 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 2020 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) 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:
 - (i) 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
 - (ii) 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 ("**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, Chapter 31A of Singapore 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-REIT and FH-BT to give effect to the authority conferred by this Resolution.

BY ORDER OF THE BOARD

Frasers Hospitality Asset Management Pte. Ltd.

(as manager of Frasers Hospitality Real Estate Investment Trust)
(Company Registration No. 201331351D)

Frasers Hospitality Trust Management Pte. Ltd.

(as trustee-manager of Frasers Hospitality Business Trust)
(Company Registration No. 201401270M)

Catherine Yeo

Company Secretary

21 December 2020

NOTES:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will sent to Stapled Securityholders and will also be made available via publication on FHT’s website at the URL www.frasershospitalitytrust.com and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. **Due to the current COVID-19 restriction orders in Singapore, a Stapled Securityholder will not be able to attend the AGM in person.** Alternative arrangements relating to the attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audiovisual webcast or live audio-only streaming), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are as set out in the following notes.



NOTICE OF ANNUAL GENERAL MEETING

3. Stapled Securityholders will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Stapled Securityholders must pre-register at FHT's pre-registration website at the URL www.frasershospitalitytrust.com from now till 10.00 a.m. on 18 January 2021 to enable the Managers to verify their status as Stapled Securityholders.

Following the verification, authenticated Stapled Securityholders will each receive an email, which will contain a user ID and password details as well as instructions on how to access the live audio-visual webcast and live audio-only stream of the AGM proceedings, by 10.00 a.m. on 19 January 2021. Stapled Securityholders who do not receive an email by 10.00 a.m. on 19 January 2021 but have registered by 10.00 a.m. on 18 January 2021 should contact the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or by email to FHTAGM2021@boardroomlimited.com.

4. Stapled Securityholders may also submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM. In order to do so, their questions must be submitted in the following manner by 10.00 a.m. on 17 January 2021:

- (a) via FHT's pre-registration website at www.frasershospitalitytrust.com; or
- (b) via email to the Managers, at ir@fraserhospitality.com; or
- (c) if submitted by post, be deposited at the office of the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Stapled Securityholders who submit questions by email or by post must provide the following information:

- (1) the Stapled Securityholder's full name;
- (2) the Stapled Securityholder's address; and
- (3) the manner in which the Stapled Securityholders holds Stapled Securities in FHT (e.g., via SRS).

The Managers will address all substantial and relevant questions received at least 72 hours before the AGM prior to or during the AGM. The Managers will publish the responses to the substantial and relevant questions which the Managers are unable to address during the AGM, on FHT's website and on SGXNET prior to the AGM. The Managers will publish the minutes of the AGM on FHT's website and on SGXNET, and the minutes will include the responses to the substantial and relevant questions which are addressed during the AGM. Stapled Securityholders will not be able to ask questions at the AGM live during the audio-visual webcast or audio-stream, and therefore it is important for Stapled Securityholders who wish to ask questions to submit their questions in advance of the AGM.

5. If a Stapled Securityholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In addition to the printed copies of the Proxy Form for the AGM which will be sent to Stapled Securityholders, the Proxy Form is available on FHT's website and at the website of SGX-ST at the URLs www.frasershospitalitytrust.com and <https://www.sgx.com/securities/company-announcements>, respectively. Additional printed copies of the Proxy Form, if required, can be requested from Boardroom Corporate & Advisory Services Pte. Ltd. by calling +65 6536 5355 (during office hours). Requests for printed copies of the Proxy Form should be made by 8 January 2021.

NOTICE OF ANNUAL GENERAL MEETING

In appointing the Chairman of the AGM as proxy, a Stapled Securityholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

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 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted electronically, be submitted via email to the Stapled Security Registrar at FHTAGM2021@boardroomlimited.com,

in either case, by 10.00 a.m. on 18 January 2021, being 48 hours before the time fixed for the AGM.

A Stapled Securityholder who wishes to submit a Proxy Form must first 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.

In view of the COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for Stapled Securityholders to submit completed Proxy Forms by post, Stapled Securityholders are strongly encouraged to submit completed Proxy Forms electronically via email.

7. Persons who hold Stapled Securities through relevant intermediaries (as defined below), and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such Stapled Securities as soon as possible in order to make the necessary arrangements for them to participate in the AGM. For the avoidance of doubt, SRS Investors who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream and/or (b) submitting questions in advance of the AGM should refer to notes 3 and 4 above respectively. However, SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their SRS Operators to submit their votes by 5.00 p.m. on 8 January 2021, being seven (7) working days before the date of the AGM.

“**relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 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, Chapter 289 of Singapore and who holds Stapled Securities in that capacity.
8. The Chairman of the AGM, as proxy, need not be a Stapled Securityholder of FHT.

NOTICE OF ANNUAL GENERAL MEETING

9. The Annual Report for the financial year ended 30 September 2020 may be accessed at FHT's website at the URL www.frasershospitalitytrust.com.
10. Due to the constantly evolving COVID-19 situation in Singapore, the Managers may be required to change the arrangements for the AGM at short notice. Stapled Securityholders should check FHT's website at the URL www.frasershospitalitytrust.com for the latest updates on the status of the AGM.

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 AGM of FHT or (ii) the date by which the next AGM 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.

Fundraising 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 the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Stapled Securityholder 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 the appointment of the Chairman of the AGM as proxy 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) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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 their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. 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.

Note: This Proxy Form may be accessed at Frasers Hospitality Trust's website at www.frasershospitalitytrust.com, and will be made available on the website of the SGX-ST at <https://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 (during office hours). Requests for printed copies of the Proxy Form should be made by 8 January 2021.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM (as defined below) as proxy, the Stapled Securityholder (as defined below) accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 21 December 2020.

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 AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. In addition to the printed copies of the Notice of AGM dated 21 December 2020 which will be sent to holders of Stapled Securities in Frasers Hospitality Trust (the "**Stapled Securityholders**"), the Notice of AGM will also be available through electronic means via publication on Frasers Hospitality Trust's website at www.frasershospitalitytrust.com, and will also be made available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions either before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM.
- Due to the current COVID-19 restriction orders in Singapore, a Stapled Securityholder will not be able to attend the AGM in person. If a Stapled Securityholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.**
- If a SRS investor wishes to appoint the Chairman of the AGM as proxy, he/she should approach his/her SRS Operators to submit his/her votes by 5.00 p.m. on 8 January 2021, being 7 working days before the date of the AGM.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the AGM as a Stapled Securityholder's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

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 the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy to attend, to speak and to vote for me/us on my/our behalf at the AGM to be held by way of electronic means on **Wednesday, 20 January 2021 at 10.00 a.m.**, and at any adjournment thereof.

I/We direct the Chairman of the AGM as my/our proxy to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder.

NO.	RESOLUTIONS RELATING TO:	No. of Votes For*	No. of Votes Against*	No. of Votes to Abstain*
	ROUTINE BUSINESS			
1.	To receive and adopt the Trustee-Manager's Report, 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 2020 and the Auditors' Report thereon			
2.	To re-appoint KPMG LLP as Auditors of FHT comprising FH-REIT and FH-BT, and to authorise the REIT Manager and the Trustee-Manager to fix their remuneration			
	SPECIAL BUSINESS			
3.	To authorise the REIT Manager and the Trustee-Manager to issue Stapled Securities and to make or grant convertible instruments			

* Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of Stapled Securities that the Chairman of the AGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ [2020/2021] (delete as appropriate)

Total number of Stapled Securities held (Note 4)

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..

Glue all sides firmly. Do not staple or spot seal.

Glue all sides firmly. Do not staple or spot seal.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**NOTES:**

1. **Due to the current COVID-19 restriction orders in Singapore, a Stapled Securityholder will not be able to attend the AGM in person.** If a Stapled Securityholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. This Proxy Form is available on FHT's website and at the website of SGX-ST at the URLs www.frasershospitalitytrust.com and <https://www.sgx.com/securities/company-announcements>, respectively. In appointing the Chairman of the AGM as proxy, a Stapled Securityholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
2. SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their SRS Operators to submit their votes by 5.00 p.m. on 8 January 2021, being 7 working days before the date of the AGM.
3. The Chairman of the AGM, as proxy, need not be a Stapled Securityholder of FHT.
4. 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, 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 of FHT, 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.
5. 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 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted electronically, be submitted via email to the Stapled Security Registrar at FHTAGM2021@boardroomlimited.com,
 in either case, by 10.00 a.m. on 18 January 2021, being 48 hours before the time fixed for the AGM.

A Stapled Securityholder who wishes to submit a Proxy Form must first 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.

In view of the COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for Stapled Securityholders to submit completed Proxy Forms by post, Stapled Securityholders are strongly encouraged to submit completed Proxy Forms electronically via email.

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BUSINESS REPLY SERVICE
PERMIT NO. 09195

**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.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Postage will
be paid by
addressee.
For posting
in Singapore
only.

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6. The Proxy Form must be under the hand of the appointor or of his/her 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.
7. Where a Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority must (failing previous registration with the Managers) be lodged with the Proxy Form; or, if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. Any reference to a time of day is made by reference to Singapore time.

General

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 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 his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Managers.

GLOSSARY

Abbreviation/Short Form	Term
ADR	Average Daily Rate
AGM	Annual General Meeting
AR2020	Annual Report 2020
ARCC	Audit, Risk and Compliance Committee
BCM	Business Continuity Management
BCP	Business Continuity Plan
BTA	Business Trusts Act
CAGR	Compound Annual Growth Rate
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Code of Corporate Governance 2018
Chairman	The Chairman of the Board
CIS Code	Code on Collective Investment Schemes
Company Secretary	The Company Secretary of the Managers
Corporate Guarantors	Frasers Property and TCC Land International Limited
DI	Distributable Income Attributable to Stapled Securityholders
Directors	All directors of the REIT Manager and the Trustee-Manager
DPS	Distribution per Stapled Security
ERM	Enterprise-wide Risk Management
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, FPL 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
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
HRMSG	Hotels, Resorts, Motels, Serviced Apartments and Guest Houses
IMF	International Monetary Fund
IR	Investor Relations
ISAAP	International Serviced Accommodation Accreditation Process
IT	Information Technology
Key Management Personnel	Senior Management comprising the CEO and the CFO of the Managers
KL	Kuala Lumpur
KPIs	Key Performance Indicators

GLOSSARY

Abbreviation/Short Form	Term
KRIs	Key Risk Indicators
MAS	Monetary Authority of Singapore
MCO	Movement Control Order
MICE	Meetings, Incentives, Conferences and Events
MOA	Manual of Authority
Moody's	Moody's Investor Service
NPI	Net Property Income
NRC	Nominating and Remuneration Committee
NSW	New South Wales
qoq	Quarter-on-Quarter
RAP	Recommended Accounting Practice
REIT Trustee	Trustee of FH-REIT or Perpetual (Asia) Limited
RCF	Revolving Credit Facility
RevPAR	Revenue per available room
REITAS	REIT Association of Singapore
ROU	Right-of-Use
RSSP	Restricted Stapled Securities Plan
Stapled Securities	Stapled Securities of FHT
Stapled Securityholders	Holders of FHT's Stapled Securities
SFA	Securities and Futures Act
SFLCB	Securities and Futures (Licensing and Conduct of Business)
SGX-ST	Singapore Exchange Securities Trading Limited
SID	Singapore Institute of Directors
SPVs	Special Purpose Vehicles
SREITs	Singapore Real Estate Investment Trusts
SSC	Sustainability Steering Committee
STB	Singapore Tourism Board
STI Plans	Short-term Incentive Plans
TAFEP	Tripartite Alliance for Fair and Progressive Employment Practices
TCCG	TCC Group Investments Limited
The Board	Board of Directors of FH-REIT and FH-BT
The Management	The Management of the Managers
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.
Trust Deeds	FH-REIT Trust Deed, FH-BT Trust Deed and the Stapling Deed
UNSDGs	United Nations Sustainable Development Goals
UNWTO	World Tourism Organization
VM2020	Visit Malaysia 2020
WALE	Weighted Average Lease Expiry
YE	Year Ended
yoy	Year-on-Year
YTD	Year-to-Date

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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