

LEADING WITH PURPOSE



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LEADING WITH PURPOSE

At Frasers Hospitality Trust (**FHT**), people are at the centre of everything we do. We help connect and strengthen businesses and communities. We consider our impact on people and the planet. Our Purpose – ***Inspiring experiences, creating places for good.*** – requires us to maintain a long-term view to business, creating lasting shared value for our stakeholders. We want to collaborate with like-minded partners, taking a science-based approach for outcomes that are equitable, people-focused and climate-positive. By being purpose-led, we challenge ourselves to constantly innovate and evolve as we strive to help build a more sustainable, inclusive and healthy world for all. As we aspire to be a leading real estate investment trust of choice, we believe we will build further on the progress made thus far in ensuring a more resilient, future-ready business.



ABOUT FRASERS HOSPITALITY TRUST

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 3,477 keys comprising 2,635 hotel rooms and 842 serviced residence units.

Our well-diversified portfolio consists of 14 quality assets in prime locations within 9 key cities in Asia, Australia and Europe. With a combined appraised value of approximately S\$1.90 billion as at 30 September 2022, these 8 hotels and 6 serviced residences are: InterContinental Singapore, Fraser Suites Singapore, Novotel Melbourne on Collins, Novotel Sydney Darling Square, Fraser Suites Sydney, 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 renowned international hospitality chains such as AccorHotels, InterContinental Hotels Group, 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, the TCC Group*, is one of the largest conglomerates in Southeast Asia engaging in a variety of businesses including real estate.



InterContinental Singapore

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

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**).

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

OUR STRATEGY

THE MANAGERS' MAIN OBJECTIVES ARE TO DELIVER STABLE, LONG-TERM GROWTH IN DISTRIBUTION AND NET ASSET VALUE TO OUR STAPLED SECURITYHOLDERS, WHILE MAINTAINING AN APPROPRIATE CAPITAL STRUCTURE.

ACQUISITION GROWTH

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

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

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

ACTIVE ASSET MANAGEMENT AND ENHANCEMENT STRATEGY

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

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

CAPITAL AND RISK MANAGEMENT STRATEGY

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

OUR PORTFOLIO

FHT HAS A WELL-DIVERSIFIED PORTFOLIO OF 14 QUALITY ASSETS, MOST OF WHICH ARE LOCATED IN PRIME LOCATIONS WITHIN KEY GATEWAY CITIES ACROSS ASIA, AUSTRALIA AND EUROPE.

S \$ 1.90 B

Total Portfolio Value¹

9

Key Cities

14

Properties

3,477

Keys

UNITED KINGDOM

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

GERMANY

- Maritim Hotel Dresden



AUSTRALIA

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

JAPAN

- ANA Crowne Plaza Kobe

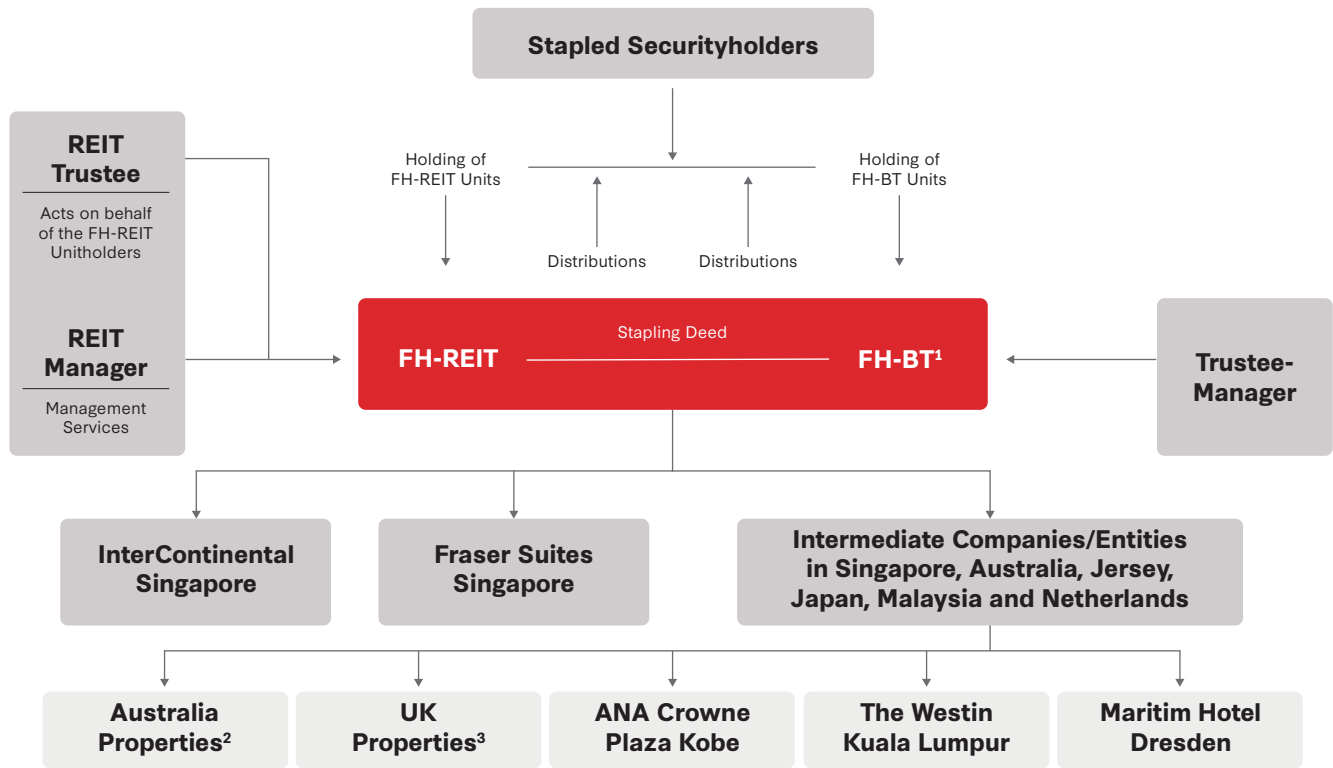
MALAYSIA

- The Westin Kuala Lumpur

SINGAPORE

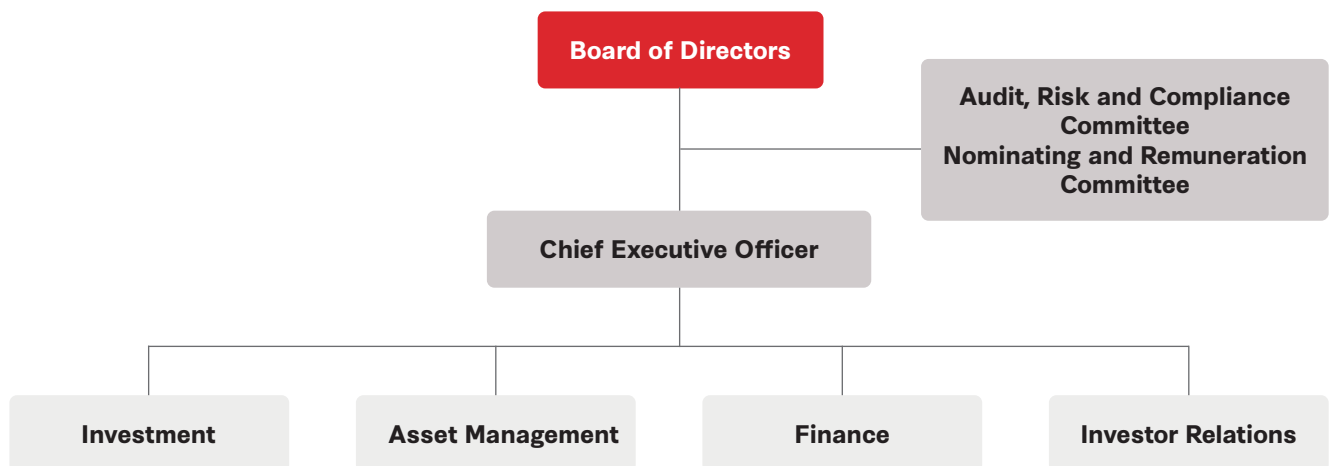
- InterContinental Singapore
- Fraser Suites Singapore

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 and Fraser Suites Sydney.
 3 UK Properties refer to ibis Styles London Gloucester Road, Park International London, Fraser Place Canary Wharf London, Fraser Suites Queens Gate London, Fraser Suites Edinburgh and Fraser Suites Glasgow.

ORGANISATION STRUCTURE



CORPORATE INFORMATION

As at 30 September 2022

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

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.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDITOR

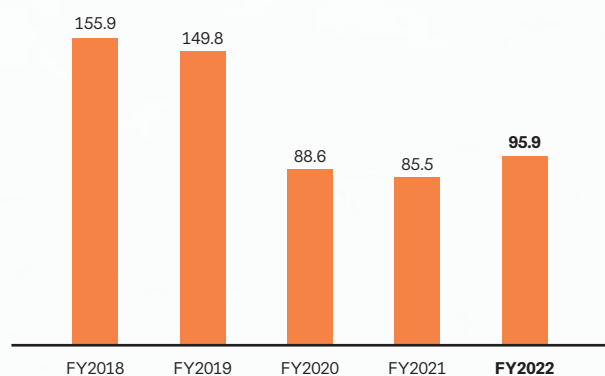
KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961
Tel: (65) 6213 3388
Fax: (65) 6225 0984
Partner-in-charge: Leong Kok Keong
Appointed since financial year ended 30 September 2021

PRINCIPAL BANKERS

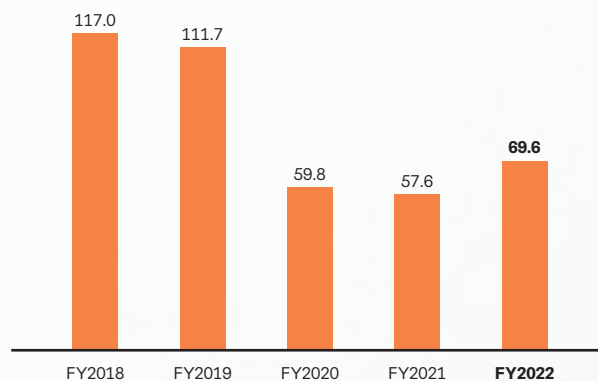
Bank of China Limited, Singapore Branch
DBS Bank Ltd
Malayan Banking Berhad, Singapore Branch
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
United Overseas Bank Limited, Tokyo Branch
Maybank Investment Bank Berhad
Australia and New Zealand Banking Group Limited,
Sydney Branch

FINANCIAL HIGHLIGHTS

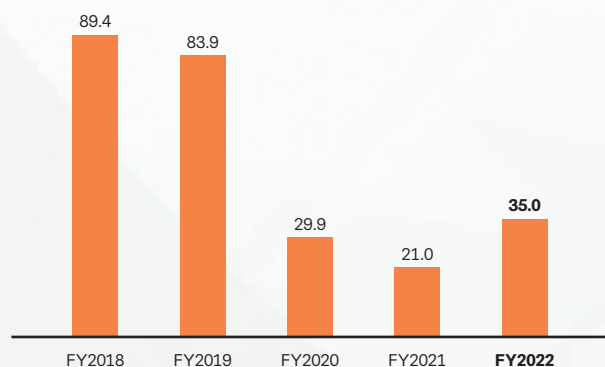
Gross Revenue
(S\$ million)



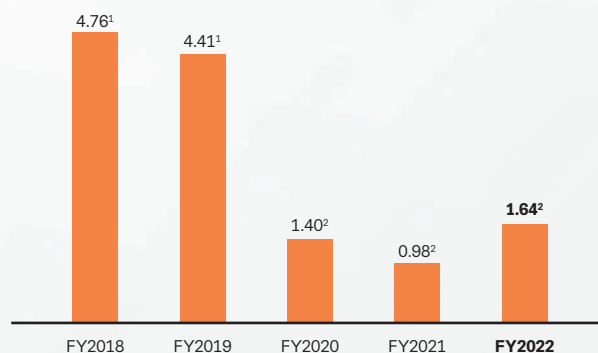
Net Property Income
(S\$ million)



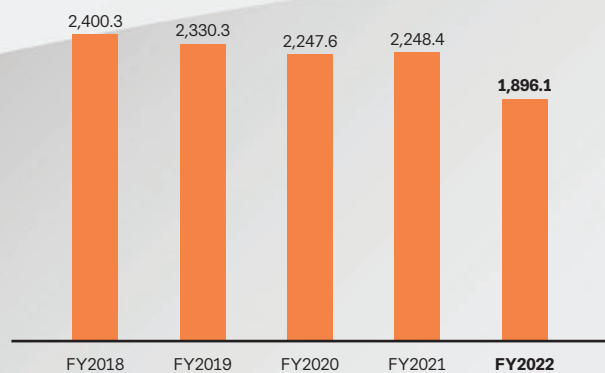
Income Available For Distribution Attributable to Stapled Securityholders (Distributable Income)
(S\$ million)



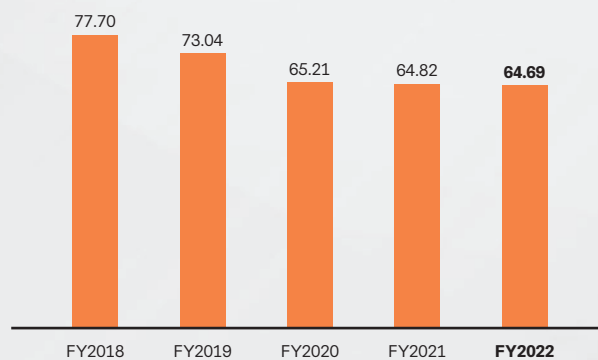
Distribution per Stapled Security
(Singapore cents)



Total Portfolio Valuation
(S\$ million)



Net Asset Value per Stapled Security
(Singapore cents)



1 Based on 100.0% payment of Distributable Income

2 Based on 90.0% payment of Distributable Income



The Westin Kuala Lumpur

	FY2018	FY2019	FY2020	FY2021	FY2022
Statement of Total Return (S\$ million)					
Gross Revenue	155.9	149.8	88.6	85.5	95.9
Net Property Income	117.0	111.7	59.8	57.6	69.6
Income Available for Distribution Attributable to Stapled Securityholders	89.4	83.9	29.9	21.0	35.0
Balance Sheet Highlights (as at 30 September) (S\$ million)					
Total Assets	2,494.7	2,446.5	2,361.3	2,349.2	2,085.6
Total Portfolio Valuation	2,400.3	2,330.3	2,247.6 ¹	2,248.4 ¹	1,896.1¹
Total Liabilities	942.2	962.7	1,008.2	1,100.7	839.7
Total Borrowings (gross)	837.3	858.0	889.4	991.2	758.4
Net Assets	1,552.5	1,483.7	1,353.2	1,248.5	1,245.9
Key Financial Indicators					
Distribution per Stapled Security (Singapore cents)	4.76 ²	4.41 ²	1.40 ³	0.98 ³	1.64³
Net Asset Value per Stapled Security (Singapore cents)	77.70	73.04	65.21	64.82	64.69
Gearing	33.6%	35.1%	37.7%	42.2%	36.4%
Interest Cover (times)	5.0	4.7	2.3	2.2	2.6
Effective Cost of Borrowing	2.6%	2.5%	2.3%	2.0%	2.3%
Borrowings on Fixed Rates	73.3%	68.9%	74.9%	77.2%	81.7%
Unsecured Debt	96.1%	96.2%	96.3%	96.7%	96.0%
Unencumbered Assets as a % of Property Portfolio	94.2%	94.1%	94.3%	94.7%	93.8%

1 Excludes right-of-use (ROU) assets recognised under FRS116 (adopted from 1 October 2019). Including ROU assets, the total portfolio valuations as at 30 September 2020, 30 September 2021 and 30 September 2022 are S\$2,250.6 million, S\$2,251.5 million and S\$1,899.1 million respectively

2 Based on 100.0% payment of Distributable Income

3 Based on 90.0% payment of Distributable Income



LETTER TO STAPLED SECURITYHOLDERS

Left:
EU CHIN FEN
Chief Executive Officer

Right:
LAW SONG KENG
Chairman

Dear Stapled Securityholders,

On behalf of the FHT Board of Directors (**Board**) and management of FHT, it is our pleasure to present to you FHT's annual report for the financial year ended 30 September 2022 (**FY2022**).

GRADUAL RECOVERY IN FY2022

The COVID-19 pandemic has severely impacted the global travel and hospitality industry for more than two years. With the help of intensive vaccination programmes in many countries, the situation has

improved and we are transitioning to the endemic phase. With the gradual opening up of international borders, international travel has picked up which has helped the hospitality business. However, new variants of the coronavirus continue to emerge with time across the globe. Meanwhile, new risks have also emerged, emanating from the conflict in Ukraine, with serious economic and political consequences affecting the whole world. Consequently, the industry's recovery path to the pre-pandemic level remains fraught with much uncertainty.

OUR PRUDENT APPROACH TO RISK AND CAPITAL MANAGEMENT CONTINUES TO ASSURE FHT OF A RESILIENT BALANCE SHEET, THEREBY PROVIDING US WITH THE FINANCIAL FLEXIBILITY TO MEET THE NEEDS OF OUR FUTURE GROWTH.

FINANCIAL AND PORTFOLIO PERFORMANCE

In FY2022, FHT reported year-on-year (YoY) increases of 12.1% and 20.7% in gross revenue (GR) and net property income (NPI) respectively. This was due to the moderate improvement in the operating environment across FHT's key markets with the lifting of travel restrictions and re-opening of borders, partially offset by the resurgence in COVID-19 cases with the Omicron variant in 2Q FY2022. Consequently, our income available for distribution attributable to Stapled Securityholders (DI) for FY2022 increased by 66.3% YoY to S\$35.0 million from a lower base of S\$21.0 million in FY2021. In line with FH-REIT's policy of paying at least 90% of its DI as distribution, FHT recorded a distribution per Stapled Security (DPS) of 1.6355 Singapore cents for FY2022, up by 66.4% YoY. Based on FHT's closing stapled security price of S\$0.480 as at 30 September 2022, this would translate to a distribution yield of 3.4%. FHT's distributions are paid on a semi-annual basis and we distributed 0.7039 Singapore cents as interim DPS on 29 June 2022. The final DPS of 0.9316 Singapore cents will be paid on 29 December 2022.

With the improved operating environment in the FHT's key markets, the FY2022 operating metrics across most of the

respective country portfolios have continued to improve in gross operating revenue (GOR) and gross operating profit (GOP), with the exception of the Australia portfolio which experienced a YoY decline in GOP in FY2022 due to the higher operating cost incurred by Novotel Melbourne on Collins (NMOC) following its re-opening to the public at the end of the government quarantine business as well as the divestment of Sofitel Sydney Wentworth (SSW) in April 2022. The FHT portfolio's performance in FY2022 remained significantly below the pre-pandemic level and its recovery is subjected to new challenges posed by heightened energy and food prices, labour shortage, high inflation, economic slowdown or recession and elevated geopolitical tensions.

As at 30 September 2022, FHT's portfolio was valued at S\$1.90 billion by independent valuers which recorded a decline of 4.4% YoY (excluding SSW which was divested in April 2022). The capitalisation rates and discount rates were either unchanged or largely similar to those of last year. The total valuation of the respective portfolios increased between 0.6% to 5.4% YoY, except for the Germany portfolio which declined by 0.5% YoY. The valuation for the Japan portfolio remained flat. The overall portfolio valuation declined due to the strengthening of the Singapore dollar against all operational currencies.

PRUDENT RISK AND CAPITAL MANAGEMENT

Our disciplined risk management and forward-looking approach to capital management has enabled FHT to navigate through times of uncertainty. Our financial metrics remained strong as we ended FY2022 with a stable gearing ratio of 36.4% which is well below the 50% limit set by the Monetary Authority of Singapore. Our high average fixed debt ratio of 81.7% as at 30 September 2022 mitigates the impact of rising interest rates on the DPS while 96.0% of our borrowings is in unsecured debt which provides FHT with greater flexibility for future financing. In addition, our well-staggered debt maturity profile which averages 2.0 years mitigates concentration risk in re-financing arising from changing market conditions. The effective cost of borrowing stands at 2.3% as at 30 September 2022.

PROPOSED PRIVATISATION OF FHT

FHT convened a scheme meeting on 12 September 2022 (**Scheme Meeting**) to seek approval from Stapled Securityholders for the proposed privatisation of FHT by way of a trust scheme of arrangement (**Scheme**). The resolution for the approval of the Scheme was not passed at the Scheme Meeting and FHT remains listed on the Singapore Exchange Securities Trading Limited (**SGX-ST**). FHT will continue to execute its existing strategy to create and deliver long-term value to the Stapled Securityholders.

LETTER TO STAPLED SECURITYHOLDERS



Fraser Suites Edinburgh

GOVERNANCE AND SUSTAINABILITY

FHT continues to make progress in the areas of governance and sustainability by conducting our business in a responsible and progressive manner through close collaboration with our hotel and serviced residence operators, business partners, employees and other key stakeholders.

In recognition of our adherence to corporate governance disclosures and practices, FHT was ranked 17th in the Singapore Governance and Transparency Index (**SGTI**) in 2022 which was a significant improvement from the 30th position in 2021.

Our sustainability strategy and roadmap are closely aligned with that of our Sponsor, Frasers Property. As such, we continue to remain guided by Frasers Property's sustainability framework and common goals which include the implementation of climate adaptation and mitigation plans by 2024 and achieving net-zero carbon emissions across our value chain by 2050.

Testament to our focus on environmental sustainability and commitment to high sustainability standards, FHT recorded a significant improvement in the 2022 GRESB Real Estate Assessment and was ranked third in the 'Asia Pacific Hotel - Listed' category, up from the 8th position in 2021.

AWARDS AND RECOGNITION

We are pleased that the efforts put in by the management, employees and business partners have been recognised by our guests and the industry. FHT's properties have continued to be recognised as the preferred choice of accommodation for business and leisure travellers globally in FY2022.

Fraser Suites Edinburgh bagged the title of Scotland's Leading Serviced Apartments award for the sixth consecutive year and Fraser Suites Sydney was also awarded the title of Oceania's Leading Serviced Apartments in 2022.

We continue to seek long-term growth opportunities in sustainable tourism as more travellers become increasingly conscious to protect the environment and seek more sustainable accommodation options. As part of our commitment to create inspirational experiences for guests and be responsible environmental stewards, six of our properties in the United Kingdom (**UK**) continue to be covered under the Green Tourism Awards Certification Programme. The programme acknowledges the commitment of businesses to care for local communities, promote a sense of place, conserve local areas and adopt environmentally friendly practices. Fraser Suites Edinburgh maintained the Green Tourism Business Certification Silver Award while the remaining five properties retained the Bronze Award.

LOOKING AHEAD

The World Tourism Organization's (UNWTO) latest Panel of Experts survey reported in September 2022 that the majority of tourism professionals remained cautiously optimistic in view of ongoing downside risks from the geopolitical tensions from the Russia-Ukraine conflict and the current uncertain state of the economic environment. UNWTO stated that the combination of increasing interest rates in all major economies, rising energy and food prices and the growing prospects of a global recession as indicated by the World Bank, are major threats to the recovery of international tourism through the remainder of 2022 and 2023. The potential slowdown was noted in the latest UNWTO Confidence Index which reflects a more cautious outlook. Most tourism professionals expect international tourism to return to pre-pandemic levels in 2024 or later, with the uncertain economic environment being the major factor weighing on the recovery of international tourism.

Notwithstanding the gradual recovery in international travel in 2022 which has helped FHT to improve its performance, continued business recovery is subjected to much uncertainty and challenges from an adverse macroeconomic and geopolitical setting arising from the conflict in Ukraine. Our prudent approach to risk and capital management continues to assure FHT of a resilient balance sheet, thereby providing us with the financial flexibility to meet the needs of our future growth.

BOARD ACKNOWLEDGEMENTS

We would like to extend our sincere appreciation to our Staped Securityholders, hotel and serviced residence guests, business partners, advisers, bankers and the Trustee for their continuing support. We would also like to thank the Board and the management team for their hard work and dedication amidst increasingly challenging times.



Law Song Keng
Chairman



Eu Chin Fen
Chief Executive Officer

FINANCIAL REVIEW

S\$ million unless otherwise indicated	FY2022	FY2021	Change (%)
Gross Revenue (GR)	95.9	85.5	12.1
Net Property Income (NPI)	69.6	57.6	20.7
Income Available for Distribution Attributable to Stapled Securityholders (DI)	35.0	21.0	66.3
Distribution per Stapled Security (DPS) (Singapore cents)	1.6355	0.9831	66.4

GR AND NPI

Although the COVID-19 pandemic continued further into FY2022 with new variants of the coronavirus emerging across the world, the combination of intensive vaccination programmes, further relaxation of social and travel restrictions has enabled FHT's key markets to transit into an endemic phase. However geopolitical and economic tensions have resulted in uncertainties on the recovery pace. Consequently, the financial and operational performances in FY2022 showed an improvement over that of FY2021, but to varying degrees of magnitude in FHT's key markets, due to differences in the magnitude and timing of relaxation of COVID-19 measures by different governments. Notwithstanding the emergence of the Omicron variant in early FY2022 and the absence of contribution from SSW which was divested in April 2022, FHT's GR and NPI recorded a gradual increase of S\$10.4 million (+12.1% YoY) and S\$12.0 million (+20.7% YoY) respectively.

FHT's GR comprises the master lease income and GOR of NMOC. In FY2022, FHT recorded a higher master lease income of S\$75.3 million which was an increase of S\$10.7 million (+16.5% YoY) under an improved operating environment with lifted travel restrictions and border controls. In addition to the master lease variable rental income, FHT continued to receive the contractual minimum master lease fixed rental income that provided downside protection regardless of the underlying performance of the properties amidst the COVID-19 pandemic. NMOC's GOR, which comprises primarily rooms revenue and food & beverage revenue, saw a marginal increase of S\$0.1 million YoY, but a decline in GOP of S\$2.8 million YoY, primarily due to the exit of the government quarantine business in December 2021 and subsequent re-opening to the public which resulted in higher operating costs with higher staff strength.

FHT's NPI recorded an increase of S\$12.0 million (+20.7% YoY) primarily attributable to a higher GR of S\$95.9 million, with lower property tax expenses arising from Singapore and UK properties and recovery of rental receivables that were previously impaired. Our asset management team worked closely with the hotel and serviced residence operators to optimise operating performance through proactive revenue management initiatives and secured revenue streams from both transient and corporate businesses as travel demand recovers.

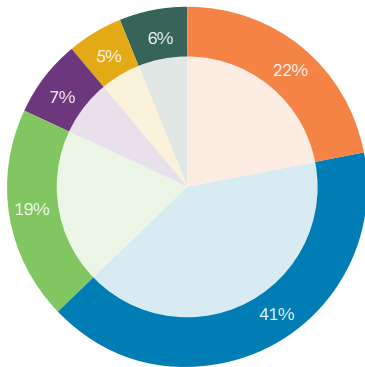
In FY2022, foreign exchange movements had an unfavourable net impact of -3.6% on both GR and NPI. All operational currencies depreciated against the Singapore Dollar in the range of 2.2% to 11.7%.



Fraser Suites Edinburgh

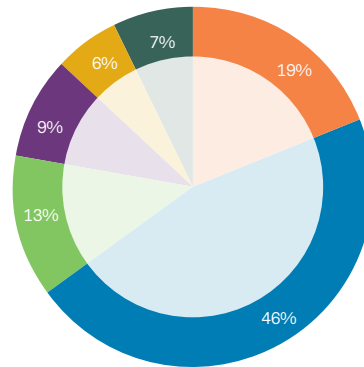
The breakdown of GR and NPI by country is as follows:

FY2022 Gross Revenue



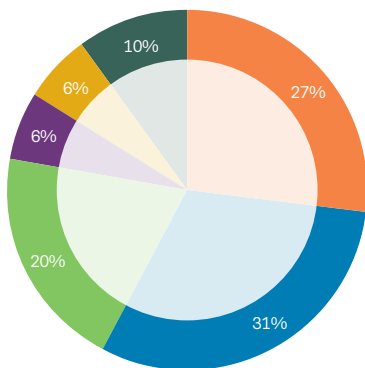
Singapore	22%
Australia	41%
UK	19%
Japan	7%
Malaysia	5%
Germany	6%

FY2021 Gross Revenue



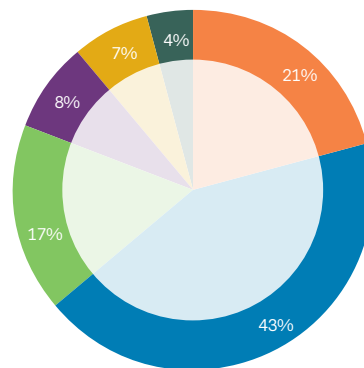
Singapore	19%
Australia	46%
UK	13%
Japan	9%
Malaysia	6%
Germany	7%

FY2022 Net Property Income



Singapore	27%
Australia	31%
UK	20%
Japan	6%
Malaysia	6%
Germany	10%

FY2021 Net Property Income



Singapore	21%
Australia	43%
UK	17%
Japan	8%
Malaysia	7%
Germany	4%

There has been a shift in our GR and NPI contributions by country from FY2021 to FY2022 as travel restrictions and border controls were lifted at varying degrees and timing as countries transitioned into the endemic phase. Hence, the timing of the transition and lifting of

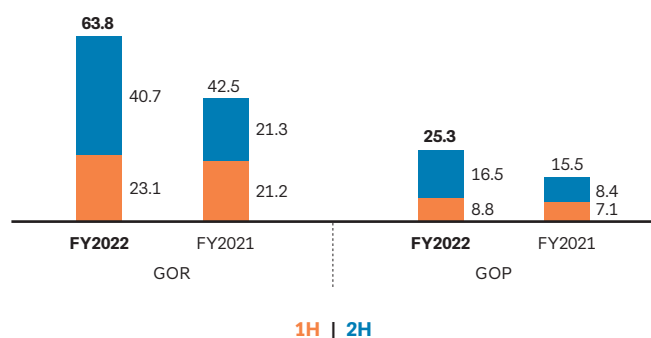
the restrictions had a direct impact on the operating environment in the respective portfolio. However, the contribution from the Australia portfolio was reduced due to the divestment of SSW in April 2022.

FINANCIAL REVIEW

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

Singapore Portfolio

(S\$ million)



Following the unprecedented impact of the COVID-19 restrictions, the Singapore tourism industry is now in recovery as the Singapore hotel market's performance significantly improved YoY with the return of favourable trading conditions with lifted restrictions and re-opened borders, in 2H FY2022.

The Singapore portfolio experienced YoY increments of 50.1% and 63.4% in GOR and GOP respectively in FY2022. The portfolio's recovery trajectory was adversely affected by the resurgence of COVID-19 cases due to the Omicron variant in 1H FY2022. Notwithstanding the impact of the Omicron surge, the portfolio recorded a higher RevPAR in 2H FY2022 due to further growth in the ADR with the re-opening of borders in April 2022 and the resumption of major events.

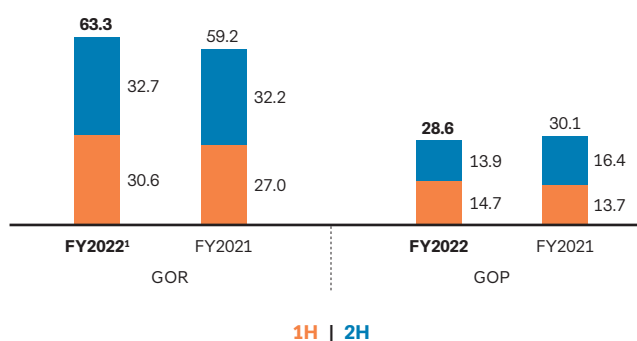
InterContinental Singapore's RevPAR improved 55.0% YoY to S\$154.2 which was in line with the Singapore hotel market. Despite the property's improved performance against FY2021, it is still 40.0% lower than the pre-pandemic RevPAR in FY2019.

Fraser Suites Singapore also reported a RevPAR increase of 38.9% YoY to S\$225.8. The property's extended-stay business model has shown much resilience during these challenging times.

The Singapore portfolio recorded occupancy of 70.2% (FY2021: 67.6%), ADR of S\$259.0 (FY2021: S\$183.5) and RevPAR of S\$181.9 (FY2021: S\$124.0).

Australia Portfolio

(A\$ million)



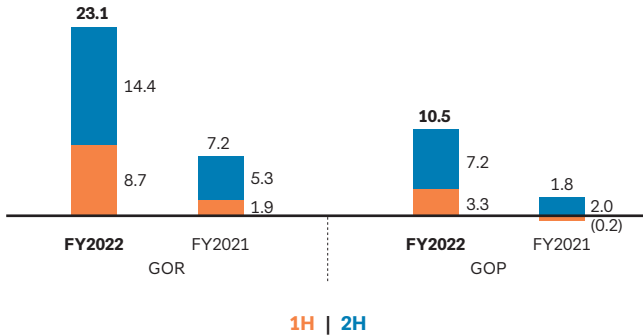
The Australia portfolio's GOR increased by 6.9% YoY to A\$63.3 million while GOP declined by 5.0% YoY to A\$28.6 million in FY2022. The decline in 2H FY2022 and FY2022 GOP was attributed to the higher operating cost of NMOC with its increased staff strength following re-opening to the public at the end of the government quarantine business in 2H FY2022. In addition, SSW was divested in April 2022, and its absence contributed to the lower GOP for 2H FY2022.

The Australia portfolio resumed its recovery trajectory following the retreat from the Omicron surge in February 2022 and was further supported by the gradual resumption of culture and sporting events in Sydney and Melbourne.

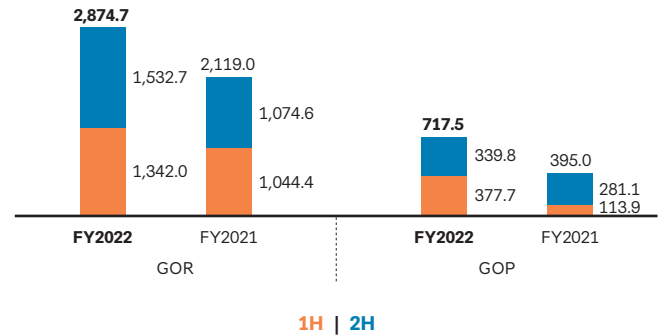
Overall, our Australia portfolio recorded occupancy of 43.0% (FY2021: 40.9%), ADR of A\$223.4 (FY2021: A\$153.4) and RevPAR of A\$96.1 (FY2021: A\$62.7).

¹ Australia portfolio included SSW from 1 October 2021 to 29 April 2022.

UK Portfolio
(£ million)



Japan Portfolio
(¥ million)



The UK portfolio experienced YoY increments of over 100% in GOR and GOP respectively as the country transitioned into the endemic phase since March 2022 with lifted restrictions and re-opened borders as part of the government’s “Living with COVID” plan.

The UK portfolio’s performance improved amidst the summer peak months following a recovery from the Omicron surge in 1Q FY2022. However, the recovery pace was impeded by rising utility expenses, labour shortage and heightened inflation caused by the ongoing geopolitical tensions surrounding the Ukraine conflict.

Our UK portfolio recorded occupancy of 69.8% (FY2021: 28.1%), ADR of £136.8 (FY2021: £105.9) and RevPAR of £95.5 (FY2021: £29.8).

The performance of ANA Crowne Plaza Kobe was severely impacted by the COVID-19 pandemic with several states of emergency in place throughout FY2022. However, there are signs of improvement as it registered a RevPAR increase of 46.8% YoY to ¥5,597.3 in FY2022. This led to YoY increases of 35.7% and 81.6% in GOR and GOP respectively. However, the pace of recovery remained gradual with the slow resumption of domestic travel and events as well as the closure of international borders throughout FY2022.

The hotel recorded occupancy of 48.4% (FY2021: 34.3%), ADR of ¥11,560.1 (FY2021: ¥11,115.6) and RevPAR of ¥5,597.3 (FY2021: ¥3,811.9).

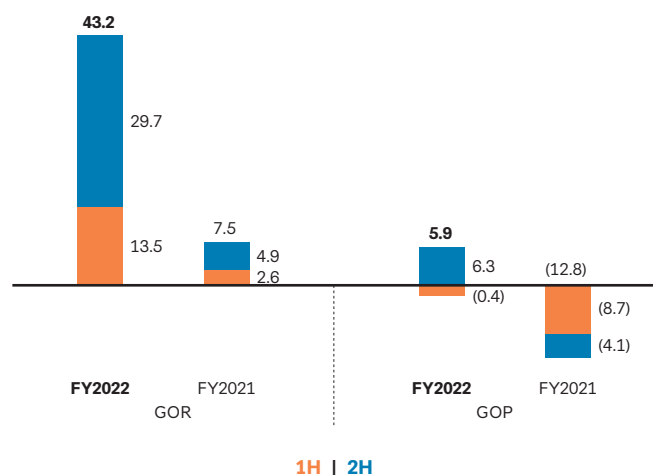


Fraser Suites Glasgow

FINANCIAL REVIEW

Malaysia Portfolio

(RM million)



The Westin Kuala Lumpur's operations had improved as compared to FY2021 following lifted restrictions in the city since April 2022 as Malaysia transitioned progressively into the endemic phase. Notwithstanding the challenging operating environment and a slower recovery pace due to the Omicron surge in 2Q FY2022, the property reported a YoY improvement of over 100% in GOR to reach RM43.2 million and a GOP of RM5.9 million, compared to a gross operating loss in FY2021.

The Westin Kuala Lumpur recorded occupancy of 41.5% (FY2021: 7.6%), ADR of RM425.7 (FY2021: RM334.1) and RevPAR of RM176.7 (FY2021: RM25.4).

Germany Portfolio

Overall, Maritim Hotel Dresden recorded YoY increases of 81.7% and over 100% in GOR and GOP respectively. The hotel was supported by a recovery in domestic travel following lifted restrictions in Germany. However, the recovery pace remained very gradual following a similar setback from the Omicron surge in late 2021 and the absence of meetings, incentives, conventions and exhibitions (**MICE**) and international visitors impacted the hotel's operating performance significantly.

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

DISTRIBUTIONS

In FY2022, FHT recorded a DI of S\$35.0 million, an increase of S\$14.0 million or 66.3% YoY which was attributed to higher GR, lower property tax expenses arising from lower assessed annual values of Singapore and UK properties and the recovery of receivables which were previously impaired.

In line with FHT's distribution policy of paying at least 90.0% of DI, FHT's DPS for FY2022 is 1.6355 Singapore cents (FY2021: 0.9831 Singapore cents). The remaining undistributed DI would be retained for working capital purposes.

PRUDENT CAPITAL AND RISK MANAGEMENT

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

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

The Managers continue to tap into different sources of financing for FHT's funding requirements.

As at 30 September 2022, FHT's weighted average debt maturity was 2.00 years (30 September 2021: 2.56 years). The loan maturities are widely spread out across FY2023 to FY2026, which mitigates concentration risk in re-financing arising from changing market conditions. In addition, 93.8% (30 September 2021: 94.7%) of FHT's assets were unencumbered, thus providing operational and financial flexibility. FHT achieved interest coverage ratio and unadjusted interest coverage ratio of 2.6 times each (FY2021: 2.2 times and 1.9 times respectively), amidst the challenging operating environment.

In May 2022 and July 2022 FHT, using partially the net proceeds from the divestment of SSW, repaid a A\$120.0 million term loan and fully redeemed the S\$120.0 million 2.63% Series 2 Notes issued under the S\$1 billion Multicurrency Debt Issuance Programme respectively.

In July 2022, FHT successfully exercised the option to extend the final maturity date of the JPY2.35 billion Series 1 Bond by another 2 years to July 2024.

As at 30 September 2022, FHT total gross borrowings were S\$758.4 million (30 September 2021: S\$991.2 million), with an average effective cost of borrowing of 2.3% per annum for FY2022 (FY2021: 2.0% per annum). FHT has approximately 81.7% (30 September 2021: 77.2%) of total borrowings on fixed interest rates, which acted as a safeguard against rising interest rates and provided certainty of interest expenses.

The leverage ratio of FHT as at 30 September 2022 was 36.4% (30 September 2021: 42.2%) and is well below the 50% limit set by the Monetary Authority of Singapore. The lower leverage ratio was due to the repayment of a A\$120.0 million term loan and the S\$120.0 million 2.63% Series 2 Notes using the net proceeds from the divestment of SSW.

FHT has undrawn committed revolving credit facilities of S\$124.5 million as at 30 September 2022, and also has the ability to tap on the unutilised balance of S\$880 million from the S\$1 billion Multicurrency Debt Issuance Programme that was established in January 2016.

FHT adopts a natural hedging strategy by borrowing in the same currency as the underlying asset to the extent possible to manage the foreign currency risks associated with the capital values of FHT's overseas assets. As of 30 September 2022, we achieved between 20.1% to 76.5% natural hedging for our portfolio of assets denominated in foreign currencies.

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

PORTFOLIO VALUATION

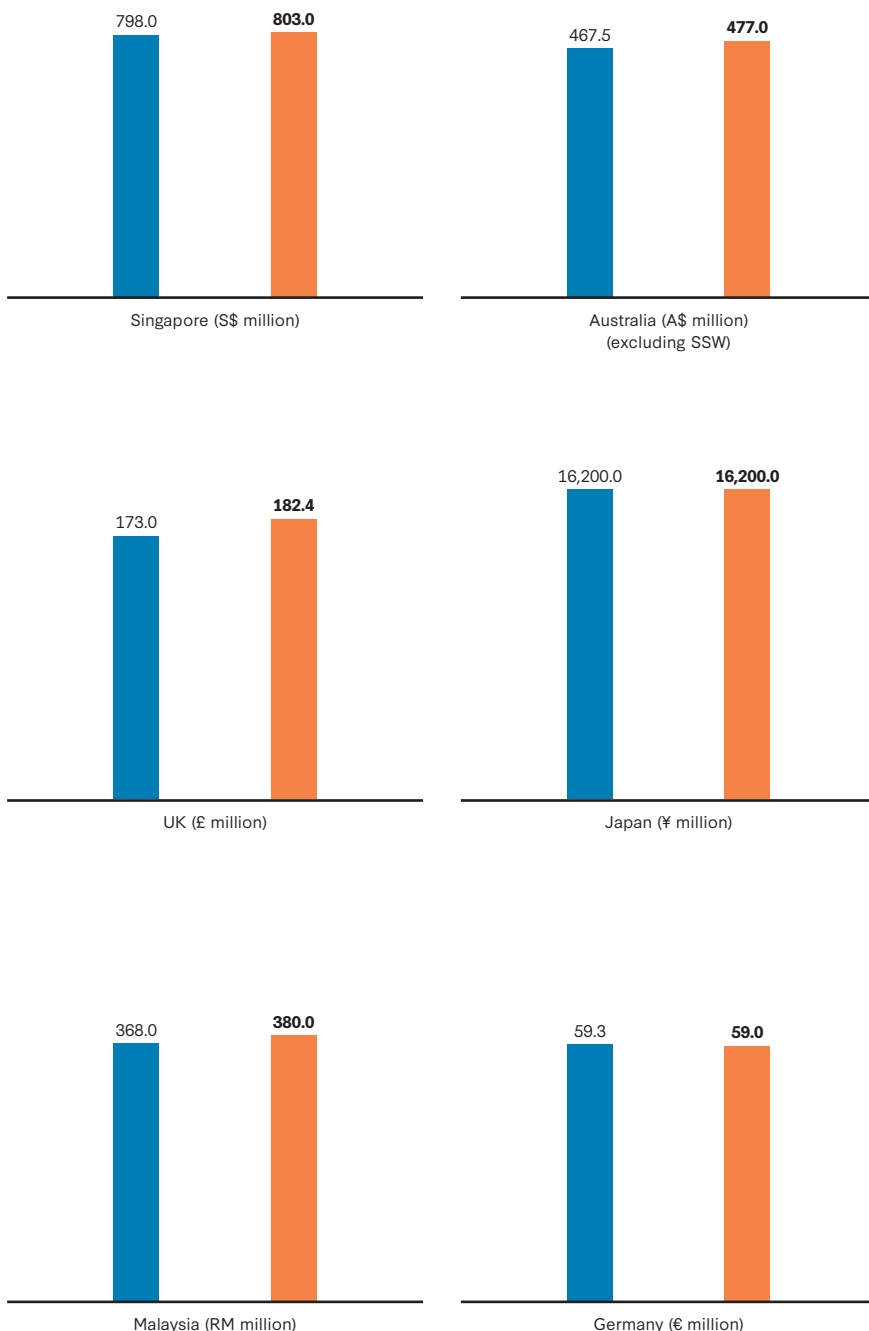
ASSET PORTFOLIO VALUATION

FHT has a portfolio of 8 hotels and 6 serviced residences with a total of 3,477 rooms in Australia, Singapore, the UK, Japan, Malaysia, and Germany. As at 30 September 2022, the portfolio’s valuation was S\$1.90 billion which declined 4.4% YoY on a same-store basis (excluding SSW which was divested in April 2022). The capitalisation rates and discount rates were either unchanged or largely similar to those of last year.

In local currency terms, the total valuation for Singapore, Australia, the UK and Malaysia portfolios increased by 0.6%, 2.0%, 5.4% and 3.3% YoY respectively whereas the valuation for the Germany portfolio declined by 0.5% YoY. The valuation for the Japan property remained flat.

The overall portfolio valuation declined due to the strengthening of the Singapore dollar against all operational currencies with the foreign currency translation losses exceeding valuation gains.

Valuation in Local Currency by Geography



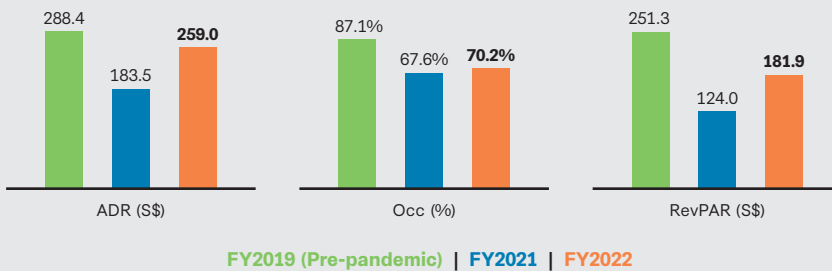
OPERATIONS REVIEW

SINGAPORE



InterContinental Singapore

FHT Singapore Portfolio



The tourism sector contributes an estimated 4.0% to Singapore’s Gross Domestic Product (GDP), and it plays an essential role in reinforcing the country’s status as a vibrant global city that is a magnet for capital, business and talent. Following the major impact of the COVID-19 restrictions, tourism receipts are now in recovery, with the latest available figure at S\$1.3 billion year-to-date (YTD) August 2022, a fraction of the pre-pandemic annual total (S\$27.7 billion in 2019), and represents a YoY increase of 213.1%.

The Singapore hotel market’s ADR for YTD August 2022 rose significantly by 49.7% YoY to S\$224.9, and YTD August 2022 occupancy increased by 19.9 percentage points (pp) YoY to

71.0% as more favourable trading conditions return. Hence, YTD August 2022 RevPAR was up by 108.1% YoY to S\$159.6.

The hotel supply pipeline in Singapore is expected to remain muted in the near term at a compound average growth rate (CAGR) of 2.4% beyond 2022, as compared to 3.3% recorded between 2015 and 2019. A total of 5,415 new hotel rooms are expected to enter the market, which includes two “white sites” at Marina View and River Valley available on the government land sales reserve list which can potentially accommodate circa 1,070 rooms combined. The new inventory will be driven by the upscale and upscale/luxury segments, accounting for circa 90% of all new

rooms and typically located in the city centre. Significant new hotels scheduled to open in 2023/24 include the Banyan Tree Mandai (338 rooms), The Edition by Marriott (190 rooms), Artyzen Cuscaden (142 rooms), The Standard (143 rooms), Mondrian Singapore (300 rooms), and the Club Street site (390 rooms). In addition, we expect Marina Bay Sands (MBS) and Resorts World Sentosa (RWS) to add 2,100 rooms in circa 2026 as part of their integrated resort expansion plans.

FHT’s Singapore portfolio recorded a YoY improvement in RevPAR of 46.7% in FY2022 to S\$181.9, with ADR and occupancy up by 41.2% and 3.9% respectively against the preceding period.

InterContinental Singapore’s RevPAR improved 55.0% YoY to S\$154.2 which was in line with the market. Despite the property’s improved performance against FY2021, it is 40.0% lower than the pre-pandemic RevPAR in FY2019.

Fraser Suites Singapore also reported a RevPAR increase of 38.9% YoY to S\$225.8. The property’s extended-stay business model has shown much resilience during these challenging times.

FHT’s Singapore portfolio reported a GR of S\$21.4 million, up 30.9% YoY while NPI increased YoY by 52.3% to S\$18.8 million. Compared to the pre-pandemic period, the portfolio’s RevPAR remained at 72.3% of FY2019 levels. Hence, there is room for further recovery to the pre-pandemic levels for the Singapore portfolio.

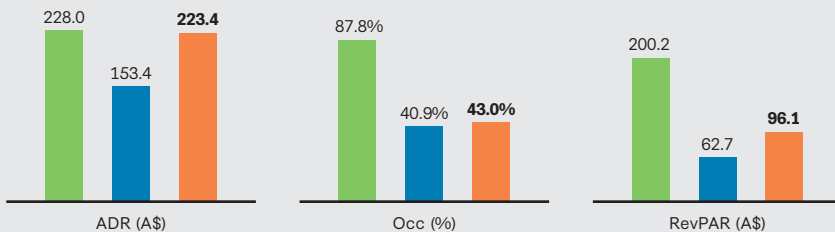
OPERATIONS REVIEW

AUSTRALIA



Novotel Melbourne on Collins

FHT Australia Portfolio



*Note that the metrics above are based on same-store basis which exclude SSW

FY2019 (Pre-pandemic) | FY2021 | FY2022

Melbourne, the capital city of Victoria, had extensive lockdown measures put in place by the government to stop the spread of COVID-19 across multiple months in 2020 and 2021. This resulted in the Melbourne hotel industry being one of the most impacted accommodation markets in Australia. The city suffered from the absence of hosting major events and the influxes of domestic and international visitors attached to being one of the world’s most recognised sporting capitals.

For the year ending December 2021, visitations rose marginally to 18.1 million despite virtually no influence from the international

market due to the prolonged lockdowns and flight availability restrictions deterring all arrivals. Notwithstanding the lockdowns, there was a positive uplift in domestic arrivals at 23.0% and 12.0% YoY for overnight and day trip journeys respectively.

The lifting of travel restrictions and opening of international borders have seen a significant uptick in performance in 2022. The hotel performance in Melbourne’s sub-market registered a YTD August 2022 occupancy increase of 17.9 pp YoY to 56.1%, while ADR has increased by 35.8% YoY to A\$207.7 which surpassed 2019 levels significantly.

New hotel openings continued through 2021 despite the COVID-19 lockdowns and border closures, with Melbourne’s accommodation supply rising by 2,339 rooms last year which was the most significant increase amongst the major Australian cities. The first six months of 2022 have witnessed five hotel launches, adding a further 1,311 rooms, with new openings set to peak in the second half of the year. Melbourne currently has the largest hotel development pipeline in Australia, and currently boasts nine hotels totalling over 2,505 new rooms under construction. This would represent a 6.2% increase in the current market of circa 420 hotels and approximately 40,300 rooms assuming full completion. Recent openings include the AC Hotel by Marriott Melbourne Southbank (205 rooms) and the Voco Melbourne Central (252 rooms) near Melbourne Central Station.

However, several major projects have experienced delayed opening dates in recent years. The landmark The Ritz-Carlton Melbourne (257 rooms), as the tallest hotel in Australia, has delayed its opening to Q1 2023. Other significant hotel projects scheduled for completion within the next two years include the Shangri-La (500 rooms), Le Meridien Melbourne (235 rooms), Meriton Suites Melbourne (298 rooms), The Dorsett Melbourne (316 rooms) and St Regis Melbourne (168 rooms).

The outlook for the Melbourne hotel would be cautiously optimistic, with the recovery expected to accelerate in 2023, with a potential return to pre-pandemic levels sometime in 2024 due to the return of free interstate business and leisure travel as well as the steady return of international visitations despite the prevailing high costs of travel.

Sydney, the capital city of New South Wales (**NSW**) in Australia, had a pivotal strategic business location within the wider Asia Pacific region and the southern hemisphere, serving as the commercial epicentre for corporations across Australia. It was therefore one of the most severely affected tourism markets in the world during the height of the COVID-19 pandemic in 2020 and 2021. Visitation numbers and hotel performance across the city were severely impacted until interstate restrictions began to lift in 4Q 2021, following which most vaccinated international visitors were permitted from February 2022.

Sydney recorded 20.5 million visitors in 2021. according to the Australian Bureau of Statistics (**ABS**), total overseas arrivals to the country fell to circa 760,000 for the entire year of 2021, with less than 100,000 of those international visitors to Sydney. However, 1H 2022 witnessed a swift recovery with a total of 3.95 million international arrivals to Australia in YTD July 2022, a ten-fold increase YoY.

The arrival numbers in Sydney Airport for YTD July 2022 rose 140.0% YoY to 14.6 million under the benefit of the full re-opening of borders since 1Q 2022. However, it remained at 26.3% below the pre-pandemic level with only 16.6% down on domestic traffic in comparison to a 42.2% decline in international passenger arrivals numbers.

The city's hotel performance has rebounded swiftly on the back of returning citizens from abroad, visiting friends and relatives (**VFR**) and increased interstate business activity. Occupancy and ADR rose by 19.1% and 26.0% YoY respectively, resulting in a significant increase in RevPAR by 86.3% YoY at A\$138.0.

2021 and 2022 have witnessed significant openings following previous announcements of major construction projects. 2021 saw the opening of Crown Towers Sydney (349 rooms) in Barangaroo. 2022 has also seen several new hotels open throughout the Central Business District including the Porter House Hotel (122 room), the Ace Hotel (264 rooms) and Kimpton Margot Sydney (172 rooms) within the former Primus Hotel. With circa 42,500 rooms across the market, the city's development pipeline is set to grow by a further circa 5,000 keys in the coming three to four years, with the majority of upscale standard. The future supply pipeline includes the luxurious Capella Sydney (274 rooms) and two sites on Pitt Street with the potential for 405 additional rooms.

Notwithstanding the global economic headwinds and rising cost of living and inflation, the Sydney hotel industry remains well-positioned to move steadily towards recovery to pre-pandemic performance levels in the short term under its status as a key leisure and business destination within Asia Pacific.

The existing three properties in Australia performed in line with the market in FY2022, with a portfolio YoY increase in RevPAR by 53.3% to A\$96.1. GR for the portfolio increased 2.1% YoY to A\$39.9 million while NPI declined by 10.0% YoY to A\$22.0 million. The decline in NPI was attributed to the higher operating cost of NMOC with its increased staff strength following re-opening to the public at the end of the government quarantine business in 2H FY2022. In addition, SSW was divested in April 2022. Notwithstanding the gradual recovery in performance, the RevPAR recorded in FY2022 remained over 50% lower than FY2019 pre-pandemic levels.

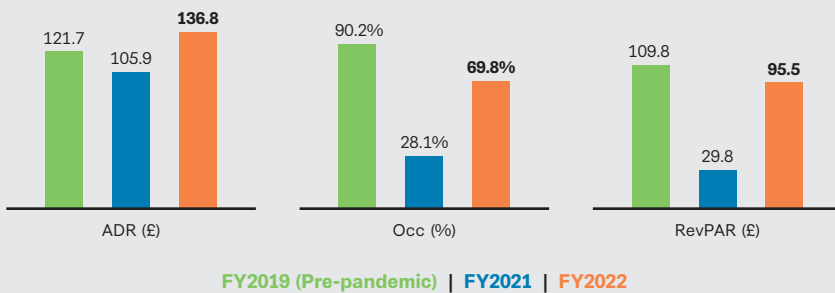
OPERATIONS REVIEW

UK



ibis Styles London Gloucester Road

FHT UK Portfolio



In accordance with the data provided by the Office for National Statistics (ONS), the UK received 11.1 million and 6.4 million visitors in 2020 and 2021 respectively, with the latter representing only 16.0% of the 2019 total of over 40.0 million. Visit Britain estimates that over 20.0 million visitors are expected to be drawn to the UK in 2022.

International arrivals to the UK fell significantly in 2020 due to the impact of the COVID-19 pandemic as travel was forced to halt from early 2020. London’s tourism market was debilitated in 2020 as the COVID-19 pandemic halted travel, and the number of tourist visits to the UK declined by 73.0% YoY to 11.1 million in 2020. Following a comprehensive and accelerated vaccination rollout from late 2020

into 1H 2021, the UK and London tourism industry witnessed a swift recovery from its performance troughs as the government strove towards its announcement of “Freedom Day” on 19 July 2021, with two-thirds of the adult population vaccinated.

Notwithstanding the emergence of the Omicron variant and the conflict in Ukraine, 2022 has witnessed a return of demand for travel. According to the ONS, the UK tourism market has recorded a strong recovery leading up to the peak summer period with circa 8.6 million visitations up to 1 June 2022, with 72.0% of arrivals from Western Europe. Whilst this remains 40.0% below 2019 levels, the progress made during 1H 2022 is a positive sign for the remainder of the

calendar year as London becomes a global focal point for leisure travel demand over the traditional summer months and the mourning period for Queen Elizabeth II.

London’s hotel performance saw a substantial YoY recovery in 2022. Occupancy rose significantly by 34.5 pp YoY to 70.4%, whilst ADR grew 90.0% YoY to £177.8. STR reported that June 2022 saw the highest monthly ADR on record for London at £209.0, coupled with an occupancy of 83.1%, the highest since July 2019. While the ADR in London has exceeded pre-pandemic levels, the forecast for occupancy is expected to reach around 90.0% of pre-pandemic levels by the end of 2022.

As London emerged from the pandemic, 2021 witnessed the opening of circa 3,000 rooms across Greater London. Openings in 2021 include The Londoner in Leicester Square (350 rooms), Pan Pacific London (237 rooms), The Westin London (222 rooms) and Mondrian Shoreditch London (120 rooms). 2022 is expected to see another 3,000 key rooms added to the market throughout the year, with Premier Inn Paddington (393 rooms) and Tribe London Canary Wharf (320 rooms) bringing significant inventory for the mass market, whilst the likes of Raffles London at OWO (205 rooms) and Fairmont Windsor Park (251 rooms) target the luxury travel sector. Another addition to the luxury category would be the Peninsula London (215 rooms) in 2023.

Edinburgh, the capital of Scotland, has evolved into a world-renowned tourist destination, driven by a mixture of the city’s United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage listing, the international festivals for art, performance, and comedy as well as its status as a gateway for travel to other regions of Scotland. The YTD August 2022

performance reflected an ADR of £126.0 and an occupancy rate at 63.1% for the first eight months of the year under the benefit of the peak summer months.

Edinburgh is undergoing a significant phase of investment and development for new hotels across the city and in strategic locations such as the international airport. Research by STR and Colliers estimates that the existing hotel supply in Edinburgh comprises of circa 17,500 rooms. Notable new projects recently added include the Virgin Hotel in Victoria Street/Cowgate (222 rooms) and the upcoming Tribute Portfolio Hotel on Princes Street (207 rooms in 2024). Taking into consideration the effects of the pandemic and progressive market recovery as well as the headwinds facing the global economy, approximately 1,500 rooms of new supply is estimated to come to the market within the next three years.

As a key regional city, the Glasgow hotels suffered the harsh decline of international visitations in 2020, as visitors to the UK fell by 73.0% YoY. However, the city benefitted from the prompt UK vaccination rollout in 1H 2021 and the hosting of the UN Climate Change Conference (**COP26**) in October 2021. This led to hotel rooms being sold out city-wide as approximately 40,000 international and domestic delegates, observers and media descended on the city.

Upon the removal of all COVID-related restrictions across the UK and Scotland from August 2021, ADR for the city rose rapidly to end the year at £70.2. This growth was driven by major events such as hosting four matches for the UEFA European Football Championships in June 2021, and the popular seasonal summer months for the domestic market. The growth momentum continued into 2022, albeit with the RevPAR recovery at circa 60.0% of 2019 levels.

Hotels that were completed in 2020 and 2021 include the Yotel Glasgow (257 rooms), Premier Inn Glasgow City Centre (250 rooms) and Courtyard by Marriott Glasgow SEC (216 rooms), further heightening competition across various segments and in different locations of the city. Looking beyond 2022, it is estimated that approximately 2,000 more rooms will be added to the existing hotel supply within three years. This equates to 16.7% of the existing total supply, assuming the completion of all announced projects.

All properties within the FHT's UK portfolio were closed during the national lockdown from 5 January 2021 to 16 May 2021. Following lifted restrictions from 17 May 2021, all properties showed significant improvements in operating performance. In FY2022, the portfolio registered a RevPAR of £95.5, which had more than doubled YoY.

The UK portfolio's RevPAR increased by over 100.0% YoY to £95.5. GR for FHT's UK portfolio improved 72.1% YoY to £10.5 million and NPI improved 51.9% YoY to £8.0 million. In comparison to the performance in FY2019, the portfolio's RevPAR is 13.0% lower which indicated that the portfolio has not fully recovered to pre-pandemic levels.

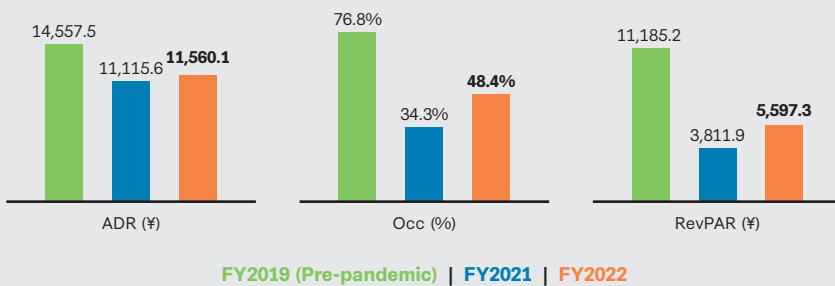
OPERATIONS REVIEW

JAPAN



ANA Crowne Plaza Kobe

FHT Japan Portfolio



The much-anticipated Olympiad year witnessed a decline of 87.1% YoY to just 4.1 million arrivals in 2020 after almost two years of multiple declarations of states of emergency and large-scale lockdowns, together with travel restrictions led to virtual isolation for the country from all international visitations, and a twelve-month delay of the Summer Olympic Games. The rescheduled Summer Olympic Games in July and August 2021 were unable to contribute any significant gains to the hotel industry as spectators were banned as the community infection rate remained a concern. Under strict admission criteria and domestic lockdowns within the country dissuading international visitors, the eventual arrivals statistics for 2021 was just 250,000 international

visitations for the calendar year. The strength of the domestic market, which typically accounts for circa 80.0% of the total number of overnight stays across Japan remains the lifeline of Japanese tourism industry. The effect on domestic travel from the various state of emergency declarations and regional movement restrictions has severely impacted the hotel sector, with occupancies in 2020 and 2021 generally at less than half of the 2019 levels.

There were limited opportunities for improvement in market performance during 2021 with the ongoing declarations of regional state of emergency restrictions over the course of the year, and the spectator-free Summer Olympic Games. Consequently, occupancy

and ADR were 29.6% and ¥11,450 respectively in 2021. RevPAR was ¥3,390, reflecting a 15.1% decrease from 2020.

As at YTD August 2022, the hotel market in Kobe showed signs of recovery with occupancy increasing by 20.4 pp YoY to achieve 44.4%. ADR has embarked on the path to recovery with a YoY growth of 19.2% to ¥13,144 but remains circa 20.0% below 2019 levels.

It is estimated that there are approximately 9,400 rooms in Kobe's existing hotel supply. Whilst there has been caution raised from some observers in relation to the level of recent and future hotel development in the nearby cities of Osaka and Kyoto, Kobe has not witnessed a recent significant influx of new hotel supply. Recent openings have included The Royal Park Canvas Kobe Sannomiya (170 rooms), the remm plus Kobe Sannomiya (209 rooms) in 2021 and the Daiwa Roynet Hotel Kobe-Sannomiya (225 rooms) in 2022. There has been an approximately 1,000 rooms of international hotel standards added to the city's inventory over the course of the last four years. As the World Expo 2025 in Osaka draws near, the hotel supply situation in Kobe could evolve to more positive and stable market conditions in the future.

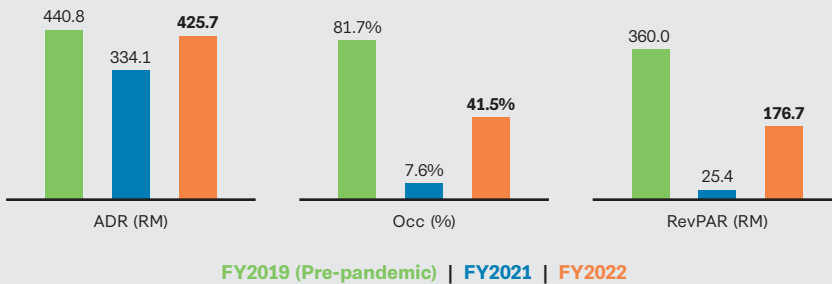
The performance of ANA Crowne Plaza Kobe was severely impacted by the COVID-19 pandemic. However, there are signs of improvement as it registered a RevPAR increase of 46.8% YoY to ¥5,597.3 in FY2022. This led to a flat GR of ¥605.2 million and a slight increase in NPI of 0.3% YoY to ¥367.6 million. However, the FY2022 RevPAR remained at 50.0% of pre-pandemic FY2019 levels, indicating a gradual recovery pace.

MALAYSIA



The Westin Kuala Lumpur

FHT Malaysia Portfolio



2021 was an unpredictable year as the total domestic visitations across Malaysia declined by 49.9% YoY to 66.0 million due to the Movement Control Order (MCO) restrictions, domestic visitations to Kuala Lumpur rose by 13.8% YoY to 9.1 million arrivals, with 60.6% of all domestic journeys for either shopping or VFR purposes in 2021. According to the Domestic Tourism Survey, the total spend by domestic tourists in the city was RM3.1 billion. Kuala Lumpur was able to retain its attraction to the domestic market despite significantly lower arrivals than in prior years.

The market entered its recovery phase following Malaysia’s full border re-opening on 1 May 2022. The government’s ambition of 16 million international arrivals to Kuala Lumpur by 2025 remains a

target. As outlined under the Kuala Lumpur Tourism Master Plan 2015 - 2025, initiatives to achieve the target includes strengthening Kuala Lumpur as a premier shopping destination, establishing Kuala Lumpur as a nature and adventure tourism destination, enhancing the capital city’s position as the preferred destination for MICE events, hosting education and medical tourism, and ensuring the provision of world-class infrastructure and tourism products are well maintained.

The impact of the full re-opening on 1 May 2022 has been positive as hotel occupancy and ADR was recorded at 42.3% and RM318.6 respective for YTD August 2022, approximately 21.2 pp and 51.1% YoY respectively. This was underpinned by the re-opening of

borders as international tourists returned from neighbouring countries, driven largely by the return of Singaporean travellers, which have historically been the primary source market for Malaysia in recent years.

Approximately 1,366 rooms were added to the Kuala Lumpur market in 2022, including Amari Kuala Lumpur (252 rooms) and Pan Pacific Serviced Suites Kuala Lumpur (210 rooms). Despite the delays, the city’s hotel pipeline has generally maintained momentum. There will be an additional supply of circa 3,000 rooms of upscale or superior standard rooms between 2023 and 2025. The new supply includes a few major international chains including Park Hyatt Kuala Lumpur (232 rooms in 2023), Conrad Kuala Lumpur (544 rooms in 2023), Kempinski Hotel (160 rooms in 2024), SO Sofitel Hotel (226 rooms in 2024), Kimpton Kuala Lumpur (471 rooms in 2024), Edition Kuala Lumpur (350 rooms in 2025), and Jumeirah Kuala Lumpur (213 rooms in 2025).

Kuala Lumpur and the wider Malaysia are anticipating the return of international tourists from medium and long-haul markets, with medical and business travel expected to regain momentum, following lifted international travel restrictions and revised tourism mandates. However, the level of competition between the range of new entrants and those existing hotels will likely cause ADR to stagnate in the near term.

The Westin Kuala Lumpur’s operations had improved as compared to FY2021 following lifted restrictions in the city since April 2022. Amidst the challenging operating environment, the property reported a RevPAR improvement of over 100.0% YoY to RM176.7. GR remained flat at RM14.8 million and NPI improved 0.6% YoY to RM13.1 million. However, RevPAR in FY2022 remained 51.0% lower than pre-pandemic levels.

OPERATIONS REVIEW

GERMANY



Maritim Hotel Dresden

The source markets for Dresden, the Saxony's capital, are made up of a mixture of a strong domestic business, the presence of major corporations within the "Saxony Silicon Valley" (such as GlaxoSmithKline), and the city's ability to host MICE events.

In addition to being an administrative hub for business in Saxony, Dresden also hosts a considerable number of MICE events, up to 17,500 events and approximately 1.4 million participants per annum. The MICE segment remains a driver of overnight stay demand for the hotel sector outside of the high-season summer months with most events typically held during the months of May, September and November. Whilst the number of events fell dramatically in 2020 by 73.0% due to Germany's regional lockdowns and travel restrictions, hybrid and virtual format events in 2021 helped offset some of the losses caused

by the cancellation of face-to-face events. Given the popularity of the destination and the event venues, demand for MICE travel is expected to reflect 79.0% of total business travel in 2022.

Dresden recorded a strong recovery leading to YTD August 2022 with restrictions lifted during most of 2022 following the peak of the variant infections in February 2022, and a low reliance on international visitations. Occupancy rose by 22.1 pp YoY, while ADR increased by 20.3% YoY, contributing to RevPAR of €37.1, which remains 35% below 2019 levels.

Despite the impact from the pandemic, there have been recent additions to the hotel supply in the city including the Arcotel HafenCity (183 rooms) and the Moxy Hotel Dresden (185 rooms) during 2021, whilst 2022 has seen the addition of the MEININGER Hotel Dresden Center at Wiener Platz (173 rooms).

The current pipeline for the upcoming years reflects a future supply of approximately 1,100 hotel rooms, serviced apartments, and hostels. The interruption caused by the pandemic has affected the rate of completions for developments in the city. However, the coming near term will see STAYERY serviced apartments in Neustadt (125 rooms); two new entities for the Prizeotel brand in Dresden-Mitte (125 rooms), Hansastrabe (213 rooms) before year end 2023; and Hampton By Hilton Dresden City Centre (203 rooms in 2024).

While the world has mostly emerged from the COVID-19 pandemic, significant challenges remain for the tourism and hospitality sectors globally. Uncertain economic outlooks and geopolitical tensions from Europe and Russia continue to inhibit international and long-haul markets. Under these unique conditions, the outlook for regional German cities that have strong patronage from domestic leisure and business markets remains positive, with recovery in key performance possible within 2023. Should these conditions continue to dampen the return of international travel, the rate of recovery is likely to be ahead of the larger "Top 6" German cities which may not see pre-COVID performance until 2024.

Maritim Hotel Dresden is a triple-net leased property which was acquired in June 2016. In FY2022, its GR and NPI were €4.0 million and €4.8 million respectively.

KEY EVENTS

OCTOBER 2021

- FHT declared a final distribution of 0.8041 Singapore cents per Stapled Security for the period from 1 April 2021 to 30 September 2021. The distribution was paid on 29 December 2021
- FHT announced the divestment of SSW for A\$315.0 million

JANUARY 2022

- FHT's 7th annual general meeting (**AGM**) was held on 19 January 2022 and all resolutions proposed were duly passed
- FHT provided business updates for the first quarter of FY2022 with gradual improvements observed across the portfolio as travel restrictions eased in most of FHT's key markets

APRIL 2022

- FHT announced that the Directors and the Managers were conducting a strategic review of options to enhance and unlock value for Stapled Securityholders
- FHT declared a distribution of 0.7039 Singapore cents per Stapled Security for the period from 1 October 2021 to 31 March 2022. The distribution was paid on 29 June 2022
- FHT announced the completion of the divestment of SSW

MAY 2022

- FHT repaid a A\$120.0 million term loan using partially the net proceeds from the divestment of SSW

JUNE 2022

- Following the strategic review of options by the directors of the Managers in April 2022, FHT announced the proposed privatisation of FHT by way of a trust scheme of arrangement with a scheme consideration of S\$0.700 in cash per scheme Stapled Security

JULY 2022

- FHT provided business updates for the third quarter of FY2022 with sustained, gradual improvements observed across the portfolio as travel restrictions were further lifted in the majority of FHT's key markets
- FHT fully redeemed the S\$120.0 million 2.63% Series 2 Notes using partially the net proceeds from the divestment of SSW

AUGUST 2022

- FHT announced the notice of the extraordinary general meeting (**FHT EGM**) and Scheme Meeting to be convened on 12 September 2022 for the purpose of passing the FHT Trust Deeds Amendments Resolution and the resolution of Stapled Securityholders to approve the privatisation of FHT by way of the Scheme (**Scheme Resolution**)
- FHT held the SIAS-FHT Dialogue Session on 31 August 2022 in relation to the proposed privatisation of FHT

SEPTEMBER 2022

- FHT held the FHT EGM and Scheme Meeting on 12 September 2022. The FHT Trust Deeds Amendment Resolution was duly passed at the FHT EGM. However, the Scheme Resolution was not passed at the Scheme Meeting and FHT remains listed on SGX-ST

MARKET OVERVIEW

REPORT BY COLLIERS



SINGAPORE

SINGAPORE TOURISM MARKET

Prior to the pandemic, the tourism sector generally contributes an estimated 4.0% to Singapore's GDP, and it plays an essential role in reinforcing the country's status as a vibrant global city that is a magnet for capital, business and talent.

With a national population of just 6 million residents, Singapore's tourism sector (i.e. visitations and tourism receipts) relies upon its ability to attract international arrivals. Due to the impact of the COVID-19 pandemic and the sudden and severe imposition of international travel restrictions in 1Q 2020, international visitor arrivals to Singapore declined by 85.7% to 2.7 million arrivals in 2020.

Under a prolonged program of quarantine requirements for a limited number of inbound travellers to battle the disease and new variants, international travel was largely restricted throughout 2021, with only limited routes during 2H 2021 under the Vaccinated Travel Lane (VTL) program before the Omicron variant became prevalent in November 2021. On the foundation of fulfilled vaccination programs and reduced hospitalisations as newer variants were less severe, Singapore removed all pre-departure tests to enter the nation on 26 April 2022, effectively re-opening the country to vaccinated visitations from most countries.

In 2019, the most recent typical year for Singapore's tourism industry, 19.1 million total visitations were recorded. The top 10 source markets for international visitor arrivals to Singapore were China (19.0%), Indonesia (16.3%), India (7.4%), Malaysia (6.4%), Australia (6.0%), Japan (4.6%), The Philippines (4.3%),

United States of America (USA) (3.8%), South Korea (3.4%) and the UK (3.2%). The primary source of growth in the 2010s was an increase in visitations from North and South Asia, and in particular the population behemoths of China, Indonesia and India.

The available six-month sample of the impact of the removal of all travel restrictions to Singapore has witnessed strong visitations from geographic neighbours, with Indonesia (17.2% of all visits) and Malaysia (8.9%) accounting for a significant market share, along with India single-handedly recording 12.5% of all arrivals in 2022 to date. However, given the hesitancy of the Chinese outbound market to re-enter the fray, coupled with significant global economic headwinds for the remainder of the year, it may be reasonable to foresee that the recovery for the hotel and travel industry will remain progressive, albeit uneven, with health concerns being replaced by fiscal pressures, staff shortages and inflationary conditions in dampening the rate of recovery. Nevertheless, according to forecasts from Oxford Economics and International Air Transport Association (IATA), international arrivals to Singapore are expected to return to pre-pandemic levels by 1Q 2024.

As global and regional international travel levels increased from 2010 with the emergence of the China market, Singapore's tourism receipts grew at a 10-year CAGR of circa 8.2% to S\$27.7 billion in 2019. Following the major impact of the COVID-19 restrictions, tourism receipts are now in recovery, with the latest available figure at S\$1.3 billion for 1Q 2022 which, whilst a fraction of the pre-pandemic annual total, represents a YoY increase of 213.1% on the 2021 result according to the Singapore Tourism Board. Singapore tourism

receipts will continue to benefit from eased travel restrictions and the return of major events such as the F1 Grand Prix, as the country seeks to re-establish itself on the global stage in the lead-up to a year of recovery in 2023.

HOTEL MARKET

Historically, Singapore’s annual occupancy remained in excess of 83.8% for nine years leading up to 2019, culminating in occupancy at 86.9% and ADR at S\$220.8 in 2019. Correspondingly, RevPAR rose by 2.1% YoY to S\$192.0 between 2018 and 2019. However, the emergence of the COVID-19 pandemic in Q1 2020 triggered a severe decline for the industry which witnessed room occupancy and ADR fall by 29.6 pp and 30.0% YoY respectively during 2020. Under prolonged restrictions and use of hotels as government quarantine facilities, 2021 saw occupancy decrease slightly by 0.7 pp to 56.6%, whilst ADR rose by 4.7% to S\$161.9 as the industry endured international isolation and limited demand for hospitality-driven by the confined domestic market.

Assessing 2022 to date, we deemed that the Singapore market is experiencing an “interval phase” in which the transition to wider public use and a rapid rise in international visitations has permitted rate recovery for operators. As such, comparing YTD August 2022 figures and YTD August 2021 figures, ADR rose significantly by 49.7% to S\$224.9, and occupancy increased by 19.9 pp to 71.0% as more favourable trading conditions return. The resulting increase in RevPAR was 108.1% to S\$159.6.

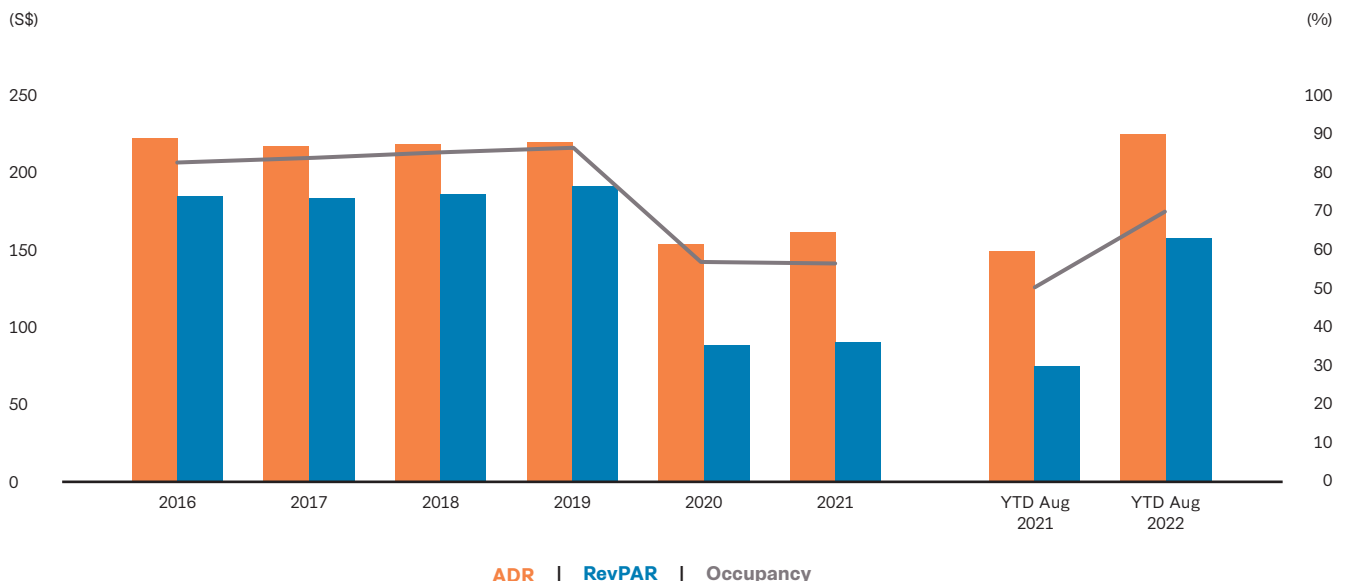
EXISTING SUPPLY

In accordance with Colliers’ research, there are currently approximately 70,000 hotel rooms in Singapore.

Beyond 2022, the new room supply growth is expected to be muted at a CAGR of 2.4%, as compared to the 3.3% CAGR inventory growth between 2015 and 2019. Colliers anticipates that 5,415 new hotel rooms will enter the marketplace, which includes the two “white sites” at Marina View and River Valley available on the government land sales reserve list which can, combined, potentially accommodate circa 1,070 rooms.

As Singapore continues to attract high-yielding visitations from China, South Korea, the USA and the UK, the new inventory will be driven by the upscale and upscale/luxury segments, accounting for circa 90.0% of all new rooms and typically located in the city centre. Conversely, the new rooms in the mid-tier and economy segment will only represent 9.8% of the rooms currently proposed. Significant new hotels scheduled to open in 2023/24 include the Banyan Tree Mandai (338 rooms), The Edition by Marriott (190 rooms), Artyzen Cuscaden (142 rooms), The Standard (143 rooms), Mondrian Singapore (300 rooms), and the Club Street site (390 rooms). In addition, we expect MBS and RWS to add 2,100 rooms in circa 2026 as part of their integrated resort expansion plans, which will drive demand as the integrated resorts expand and modernise their projects and offerings.

Singapore Annual Hotel Performance



Source: STB

MARKET OVERVIEW

FUTURE DEMAND

As the world's travel industry emerges from the pandemic, we expect Singapore to remain a key hub for business and travel, supplemented by an evolving leisure sector. Assuming 2023 will see the re-engagement of China's outbound tourism market, Singapore will continue to largely draw on its primary source markets across the Asia Pacific region. Moreover, we expect its global standing to be heightened at the expense of Hong Kong based on the recent shift of corporate power to the city-state as key C-suite personnel relocate to Singapore. As Singapore seeks to enforce its position as one of the world's largest financial centres and logistics hub, coupled with a growing MICE industry, the early post-pandemic rebound in tourism arrivals will continue, albeit somewhat tempered by global economic uncertainty. As an indication, visitor arrivals have reached almost 50.0% of the 2019 levels in July and August 2022 despite recent stability in the travel market and prohibitive costs and limited availability for airfares.

Furthermore, Singapore is not intending to rest on its laurels in the leisure sector, with major refurbishment and upgrading works underway at Resorts World Sentosa, in addition to the progressive opening of the rejuvenated Mandai Wildlife project in 2023. With a program of new attractions and infrastructure projects planned until 2030 that intends to make the country's leisure and entertainment sector more comprehensive and accessible, the base fundamentals for the hotel industry remain strong in the medium term, under the careful guise of the Singapore government to ensure that future land use does not trigger a demand/supply disparity. We believe the general continuation of the recent positive post-pandemic performance and industry trends will bode well for the planned new hotel supply.

HOTEL MARKET OUTLOOK

Looking ahead, despite the substantial challenges posed by the two years of the pandemic upon owners and operators, we remain positive on Singapore's tourism and hospitality outlook as free international travel returns and the country seeks to re-establish itself as the business epicentre of Asia and as a key transit, MICE and leisure destination for Asia Pacific. The country's political and commercial leadership has recognised the need for the development and enhancement of key tourism initiatives to ensure Singapore remains on the path to being heralded as an attractive tourist destination post-pandemic, further solidifying the country's status as a prominent business events destination, a "City in a Garden", and a global metropolis. With prolonged market transparency, national and financial security, and political motivation for these initiatives, we expect investors' interest in hotel assets to remain healthy, and the hospitality sector poised for rapid acceleration as the global market continues to emerge from the COVID-19 pandemic. Notwithstanding the recent glimmers of positivity for the hospitality industry, the global economic climate is potentially entering a significant downturn on the back of heightened inflation and an energy cost crisis, exacerbated by the ongoing conflict in Ukraine and prolonged lockdowns in China as it continues with its "Zero COVID-19 Policy" stance, albeit recently showing some signs of relaxation. Despite this, Singapore's hotel market is expected to have recovered to its pre-pandemic levels by 2025.



MELBOURNE, AUSTRALIA

MELBOURNE TOURISM MARKET

Melbourne, the capital city of Victoria, is a world-renowned centre for sporting and cultural events such as the ATP Tour Australian Open, the Australian Formula One Grand Prix, the AFL Grand Final and the Melbourne Cup, as well as a key centre for business in Australia. Extensive lockdown measures were put in place by the government to stop the spread of COVID-19 across multiple months in 2020 and 2021. Consequently, the city suffered from the absence of major events as well as domestic and international visitors in one of the world's sporting capitals.

According to Tourism Research Australia (TRA), the total number of visitors to Melbourne in 2019 totalled 39.5 million, with 3.0 million international overnight visitors. However, following restrictions on international arrivals from April 2020 and interstate travel restrictions within the country, Melbourne received 16.4 million visitors in 2020, driven by a 50.9% decline in domestic day visitations and an 80.5% fall in international visitors. For the year ending December 2021, visitations rose to 18.1 million despite virtually no international visitors due to prolonged community lockdowns and flight availability restrictions deterring arrivals. Notwithstanding the community lockdowns, there was a positive uplift in domestic arrivals with an increase of 23.0% and 12.0% in overnight trips and day trips respectively.

Melbourne's COVID-19 situation stabilised after the state was free of community lockdowns and local travel restrictions, with the city re-opened to domestic and international visitors in 1Q 2022. This permitted the welcome recovery of domestic and international arrivals for a returning sporting and event schedule in

1H 2022, which has driven hotel performance into a swift recovery. During April 2022 the market benefitted from consecutive weekends for the Formula One, Easter and Anzac Day holidays and events, during which Melbourne Airport received 2.3 million passengers, the highest recorded since February 2020 and equivalent to 89.0% of the domestic passenger activity of April 2019.

HOTEL MARKET

Melbourne's hotels have historically relied upon a variety of source markets, from both domestic and international leisure guests and sports tourism, together with corporate and conference, as well as from VFR.

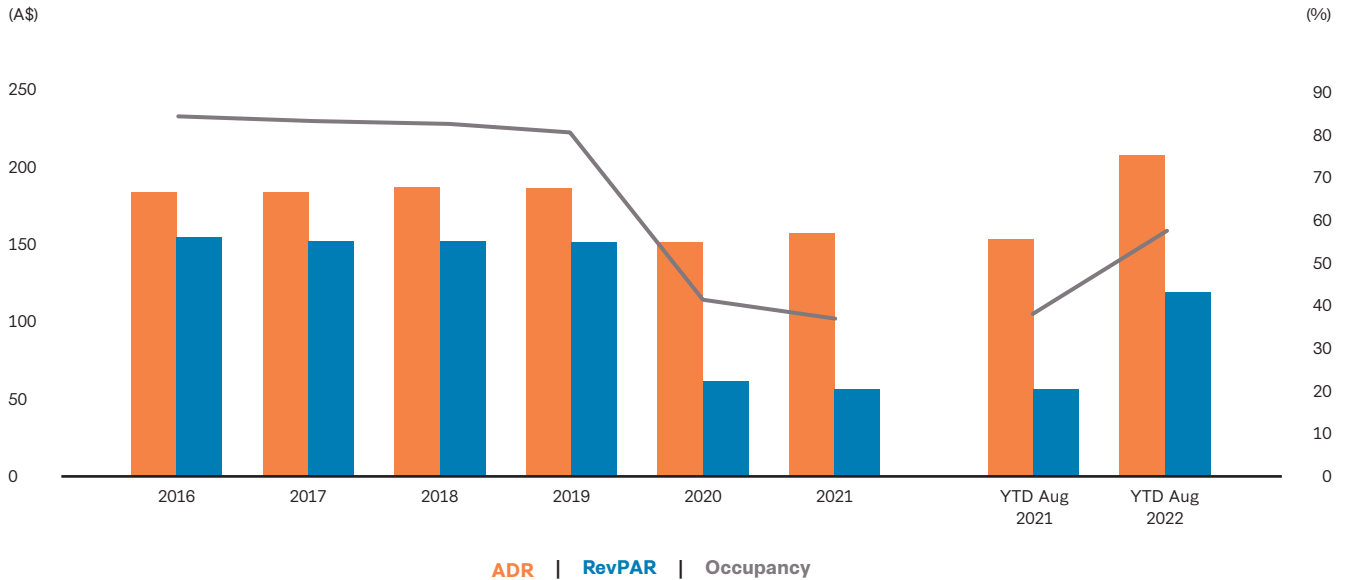
The ADR was A\$185.8 in 2019, with occupancy levels holding generally steady at 80.3%, and RevPAR at A\$149.2.

As Australia closed its borders to all international arrivals in March 2020, and interstate travel restrictions impacted in every state and territory, Victoria experienced various community movement restrictions between March 2020 to the domestic border reopening in November 2020. During this challenging time, Melbourne recorded a fall in occupancy and ADR by 38.7 pp and 18.9%, to 41.6% and A\$150.8 respectively, and a RevPAR decline by 58.0% to A\$62.7.

In 2021, although average room rates increased slightly by 3.6% to A\$156.2, room occupancy decreased by a further 5.1 pp to 36.5%, resulting in RevPAR closing at A\$57.0. The primary of the negative performance was the emergence of the Delta variant that triggered prolonged periods of movement restrictions and border closures in 2021,

MARKET OVERVIEW

Melbourne Annual Hotel Performance



Source: STR

including effectively running from mid-July 2021 to the end of September 2021. Consequently, there was a major disruption to intrastate business and leisure travel, particularly as this was in conjunction with similar lockdown rules in New South Wales.

The lifting of travel restrictions and opening of international borders has seen a significant uptick in performance in 2022. Comparing YTD August 2022 with the same corresponding period last year, occupancy has risen by 17.9 pp to 56.1%, while ADR has increased by 35.8% to A\$207.7, significantly surpassing 2019 levels. As an indication of the rebound, STR reported that Melbourne hotels achieved their highest monthly ADR ever on record in April 2022, boosted by the return of the F1 Grand Prix weekend, at A\$238.1 per room per night, with the night before the race itself at A\$387.5 per room. We expect the market to achieve slightly higher occupancies for the remainder of the year on the back of increased international travel towards the end of the calendar year and the summer season. However, the rate of recovery may be slightly dampened by operational and staffing challenges and financial uncertainty, both domestically and abroad. The market sentiments indicate a continued boost in the current upward swing into 1Q 2023.

EXISTING SUPPLY

New hotel openings continued through 2021 despite the COVID-19 lockdowns and border closures, with Melbourne’s hotel supply rising by 2,339 rooms last year, which was the most significant increase amongst the major Australian cities. The first six months of 2022 have witnessed five hotel launches, adding a further 1,311 rooms, with new openings set to peak in the second half of the year. In recent times, Melbourne currently has had the largest hotel development pipeline in Australia, and currently boasts nine hotels totalling over 2,505 new rooms under construction. This would represent a 6.2% increase in the current market of circa 420 hotels and approximately 40,300 rooms, assuming full completion. Recent openings include the AC Hotel by Marriott Melbourne Southbank (205 rooms) and the Voco Melbourne Central (252 rooms) near Melbourne Central Station.

There have been several major projects which have experienced delays in their opening dates due to the pandemic and complications with construction throughout the lockdowns. The Ritz-Carlton Melbourne (257 rooms), the tallest hotel in Australia upon completion, has delayed its opening to 1Q 2023, while other significant hotel projects scheduled for completion within the next two years include the Shangri-La Melbourne (500 rooms), Le Meridien Melbourne (235 rooms), Meriton Suites Melbourne (298 rooms), The Dorsett Melbourne (316 rooms) and the St Regis Melbourne (168 rooms). However, it is likely that some projects, which have yet to undergo construction, may be delayed, thereby easing the supply-side concerns in the near term.

FUTURE DEMAND

With the re-opening of the nation and permitted participation of the full community in sporting, cultural and entertainment events hosted by central Melbourne, the hotel market is benefitting from recovering visitations and demand for accommodation. This should continue into the summer season with the shared hosting of the ICC Men's T20 World Cup (16 October to 13 November 2022) before leading into the Australian Open tennis championship which follows a typically busy schedule of sports, concerts, festivals and entertainment in 2023.

Whilst the current wave of recovery in 2022 is positive for the city's industry, Melbourne must continue to diversify its offering into the domestic business travel and MICE sector. Business was the primary purpose for 29.0% of overnight stays in 2019 but this rate plummeted to represent only 12.0% of tourism expenditure in 2021 as business travel has been slow to return en masse. Notwithstanding the rapid adoption of technology for business meetings and dealings during the pandemic, demand for corporate and business travel between Melbourne and Sydney appears to be on the rise, albeit initially lagging behind the demand for leisure and VFR travel.

HOTEL MARKET OUTLOOK

In 2019, Melbourne's hotels achieved year-round occupancy levels of 80.3% and RevPAR of circa A\$150.0 per night. 2020 and 2021 saw the market devastated by restrictions to battle the COVID-19 pandemic, with occupancy levels declining to circa half of the previous year's figures. Despite the positive uplift in market performance since the re-opening of the country in 1Q 2022, the level of new hotel supply that will enter the market in the upcoming years, coupled with a precarious global financial environment, is likely to test the pace of recovery to pre-pandemic performance in the short term. However, with the return of interstate business and leisure travel and the steady return of international visitations, the outlook for the Melbourne hotel has grounds to be cautiously optimistic, with progressive recovery throughout 2023 and a potential return to pre-pandemic levels during 2024.

MARKET OVERVIEW



SYDNEY, AUSTRALIA

SYDNEY TOURISM MARKET

Serving as the commercial epicentre for corporations across Australia and a pivotal strategic business location within Asia Pacific, Sydney is also blessed with golden beaches at the city's fringes and landmarks such as the Opera House and the Harbour Bridge. This blend of characteristics and serving as the gateway to Australia grant it the status as the country's premier tourist destination.

It was therefore severely affected during the height of the COVID-19 pandemic in 2020 and 2021, as the "Fortress Australia" mandate all but choked off any international arrivals into the country, and frequent interstate travel restrictions left the individual states and territories generally closed off from domestic markets. This had a dramatic effect on visitation numbers and hotel performance until interstate travel restrictions began to lift in 4Q 2021, following which most vaccinated international visitors were permitted entry from February 2022.

According to TRA, Sydney benefitted from a total of 44.9 million visitors in 2019 before the onset of the pandemic and border closures from April 2020 led to 25.8 million visitors in the calendar year, driven by a 55.6% decline in domestic overnight visitations and an 81.0% fall in international visitation numbers. During 2021, under strict border controls by the national and state governments, and with a major city lockdown between July 2021 to October 2021, Sydney recorded 20.5 million visitors during the year. As the primary gateway to the country, the fall in total overseas arrivals to circa 760,000 for the entire

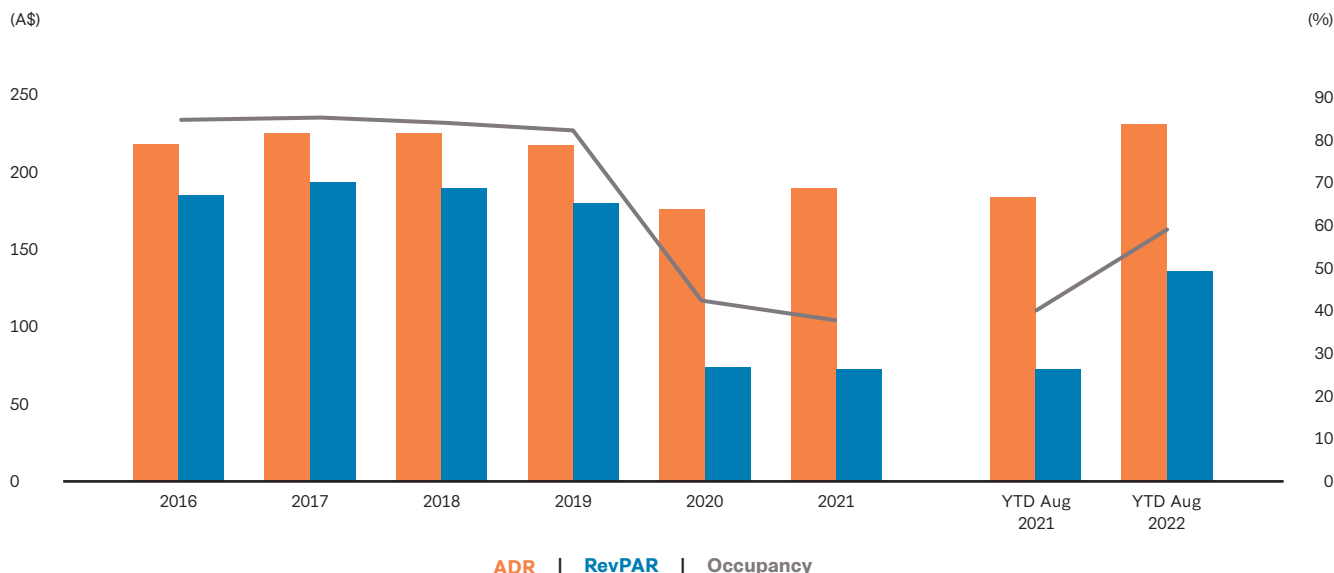
year of 2021 according to the ABS had a significant detriment to visitation numbers, with less than 100,000 of those international visitors remaining in Sydney. However, 1H 2022 has seen a swift recovery, with the ABS reporting that YTD July 2022 has seen 3.95 million international arrivals to Australia.

Sydney Airport is Australia's primary international gateway and the busiest airport in Australia. In 2019, the airport handled 44.4 million passenger movements, of which 16.9 million (38.1%) were international passengers. With the onset of the COVID-19 pandemic, this fell to just 11.2 million in 2020. 2021 saw strict quotas maintained on international arrival numbers and reduced domestic travel due to the local lockdowns, with total passenger movements for the year totalling just 7.95 million. By comparison, with the benefit of the full re-opening of borders since 1Q 2022, the arrival statistic for Sydney Airport to YTD July 2022 is 14.6 million, reflecting a 140.0% increase in 2021. This result remains 26.3% down on the pre-COVID performance for the same timeframe as in pre-pandemic 2019. However, domestic traffic is only 16.6% down, with a larger proportion of the arrivals results fall resulting from the 42.2% decline in international passenger arrivals.

HOTEL MARKET

As Sydney is both the primary gateway to Australia and the nation's corporate business centre, the city has benefited from multiple visitation sources. Overnight visitors in 2019 were almost evenly split between business or MICE (28.0%), leisure (32.0%) and VFR (33.0%) as reported by TRA.

Sydney Annual Hotel Performance



Source: STR

However, the impact on the travel and hotel sector across the majority of 2020 and 2021 reduced demand to generally those undertaking mandatory quarantine period in hotels, and a small proportion of intrastate leisure demand, even though the “city break” concept temporarily fell out of favour. On this basis, in 2021 the purpose of visit for the circa 20 million visitors to the city remained steadily towards VFR (41.0%) with demand for leisure (27.0%) and business (24.0%) stays in decline compared to a typical year.

The introduction of new room supply and competition from unregulated short-stay apartments in 2019 saw occupancy levels decline marginally by 3.3 pp to 82.3%. Similarly, ADR declined by 3.5% to A\$220.1, which led to an overall decrease in RevPAR by 7.2% to A\$181.2.

Hotel performance in Sydney was significantly impacted in 2020, with occupancy and ADR down by 40.1 pp and 19.1%, closing at 42.2% and A\$178.0 respectively. This resulted in a RevPAR decline of 58.6% to A\$75.0 for the year.

During 2021, as Greater Sydney endured lockdown restrictions, market performance was challenged with the annual occupancy rate falling to 38.1%. However, on the back of rising demand in 4Q 2021 as domestic borders reopened, ADR was able to push upwards to A\$191.4 by the end of the year.

With the reopening of international borders to fully vaccinated travellers in February 2022, the city’s hotel performance has rebounded swiftly on the back of a wave of returning citizens from abroad, VFR, and

increased interstate business activity. Comparing YTD August 2022 with the same corresponding period in 2021, room occupancy and average room rates rose by 19.1% and 26.0% respectively, resulting in a significant increase in RevPAR by 86.2% closing at A\$138.0.

EXISTING SUPPLY

Despite the challenge of the temporary trading conditions and complications in construction during the COVID-19 pandemic, there has been a number of new additions to the Sydney hotel marketplace during 2021 and YTD 2022, as greater clarity returned to the market and owners sought to capitalise on a swift recovery.

Recent years have seen hotel openings following major construction projects, led by the December 2020 opening of Crown Towers Sydney (349 rooms) in Barangaroo. To date in 2022, the city has seen a number of new hotels open throughout the Central Business District including the Porter House Hotel (122 room), the Ace Hotel (264 rooms) and Kimpton Margot Sydney (172 rooms) within the former Primus Hotel. With circa 42,500 rooms across the market, the city’s development pipeline is set to grow by a further circa 5,000 keys in the coming 3-4 years, with the majority of upscale-or-superior standard. The future supply pipeline includes the luxurious Capella Sydney (274 rooms) and two sites on Pitt Street with the potential for 405 additional rooms, whilst at the south end of Darling Harbour the distinctive W Sydney (595 rooms) is now set to open after considerable delay in October 2023.

MARKET OVERVIEW

FUTURE DEMAND

As Sydney has emerged from strict lockdown restrictions, there is optimism that demand in the market will return in the short term. As 2022 draws to an end, the indications for demand from the domestic sector have been steadily positive, with the city experiencing peaks around weekends and special events. In an environment of economic uncertainty and rising living and travel costs, travellers remain reluctant to go abroad in large numbers, and Australia's cities are regaining the confidence from visitors now that the threat of community lockdowns is in the past. Whilst the Sydney hotel market remains in competition with the nearby coastal zones and the tourism centres of Queensland, the city can now offer both leisure and business travellers greater security and clarity for visitations. Based on recent performance, we expect a return to pre-COVID visitation levels from domestic travellers in late 2023.

Despite the positive market performance since 1Q 2022, the full recovery for Sydney's hotel market will be linked to the full return of the international markets and business and MICE, which are still gathering pace. Notwithstanding the strong growth since 2021, international arrival numbers to Sydney Airport remain at circa 40.0% of pre-pandemic levels. The city must continue to build towards recovering its reputation as the commercial hub of the Australian mainland, and a focal point for regional conference business. The return of physical MICE and business interactions will expedite the recovery of the city's industry. With the caveat of significant external factors, we anticipate that international arrival numbers to Sydney will return to pre-pandemic levels in 2025.

We anticipate that year-end 2022 will see the general hotel occupancy rate at circa 70.0% and the ADR will continue to climb due to pent-up demand from frequent independent traveller (**FIT**) journeys and the recent openings of high-quality hotels.

HOTEL MARKET OUTLOOK

Despite global economic headwinds and the domestic financial market dealing with the rising costs of living, the short-term outlook for the Sydney hotel industry remains positive. Since the re-opening of domestic borders in 4Q 2021 and international borders in 1Q 2022 there have been notable signs of improvement in performance as 2022 draws to a close. The Sydney hotel industry remains well-positioned to steadily step towards recovery to pre-pandemic performance levels in the short term on the basis of its status as a key leisure and business destination within Asia Pacific.



EDINBURGH, UK

EDINBURGH TOURISM MARKET

As the capital of Scotland, Edinburgh has evolved into a world-renowned tourist destination and one of the world's leading festival cities, driven by a mixture of the city's UNESCO World Heritage status, the international festivals for art, performance and comedy, and as a gateway for travel to other regions of Scotland. In 2019, the city welcomed 2.7 million and 2.0 million overnight visitors from Scotland and the wider UK respectively. Despite Edinburgh's standing as a commercial and administrative hub for Scotland, around 70.0% of all international arrivals were primarily leisure in nature. There is no single dominant international source market, with visitors primarily from the USA, Germany and France.

Over the decades, Edinburgh has played host to several iconic events and festivals that historically generate high annual visitation numbers, such as the Edinburgh Fringe (average of 3.0 million in attendance) and the Edinburgh International Festival (average of 400,000 in attendance) in August each year. Whilst the pandemic forced the cancellation of both festivals in 2020 and limited live performances in 2021, 2.2 million tickets and 150,000 tickets were sold for the Edinburgh Fringe and the Edinburgh International Festival respectively in 2022. In conjunction with the positive return of large physical gatherings, Edinburgh's largest attractions such as Edinburgh Castle, which typically attracts 2.0 million visitors per annum, have recovered from the depths of just 650,000 tickets sold across 2020 and 2021 combined. Similarly, the National Museum of Scotland recovered well during 2021 to achieve an annual attendance of 660,000, albeit trailing behind the 2.2 million visitor number in

2019, thereby regaining the status as Scotland's most popular attraction. The results indicate Edinburgh's reliance on its international sources (typically circa 40.0% of all visitations) for its events and attractions, and therefore, in turn, its hotel industry.

In conjunction with the significant leisure and tourism sectors which drive the hospitality sector, Edinburgh remains a key UK destination for MICE, and accommodates a variety of exhibitions and conferences in a wide range of hosting facilities, including the Edinburgh International Conference Centre. The UK Conference & Meetings Survey (**UKCAMS**) reported that following the decimation of the MICE industry due to COVID-19 restrictions when activities fell by 86.0% to 195,000 events in 2020, approximately 440,000 events were held in 2021, notwithstanding movement restrictions and in-person group size limitations. As 2022 has seen less interruption to the industry which was a positive sign for the MICE industry, UKCAMS reports that 45.0% of all MICE venues in the UK expect to recover to pre-pandemic business levels by 2023. This holds the key to the full recovery of Edinburgh's hotel industry in the future.

In accordance with data provided by the Office for National Statistics, the UK received 11.1 million inbound visits in 2020, and 6.4 million visitors in 2021, with the latter representing only 16% of the 2019 total of over 40.0 million. Visit Britain estimates that over 20.0 million visitors are expected to be drawn to the UK in 2022. With Edinburgh ranked as the second most visited city in the UK between 2017 and 2019, the sights and experiences offered by the Scottish capital will again be highly popular after the interruption brought on by the pandemic.

MARKET OVERVIEW

HOTEL MARKET

Edinburgh’s hotel market has experienced progressive growth leading up to 2020, with annual occupancy of 77.0% to 84.4% from 2011 despite a steady influx of new supply. As the typical occupancy peaks over the warmer months of July to September each year, Edinburgh also displays the breadth of the city’s source markets ranging from summer festivals, MICE, to the timing of visitations from various inbound international visitors throughout the year who are drawn by the city’s historical and cultural significance.

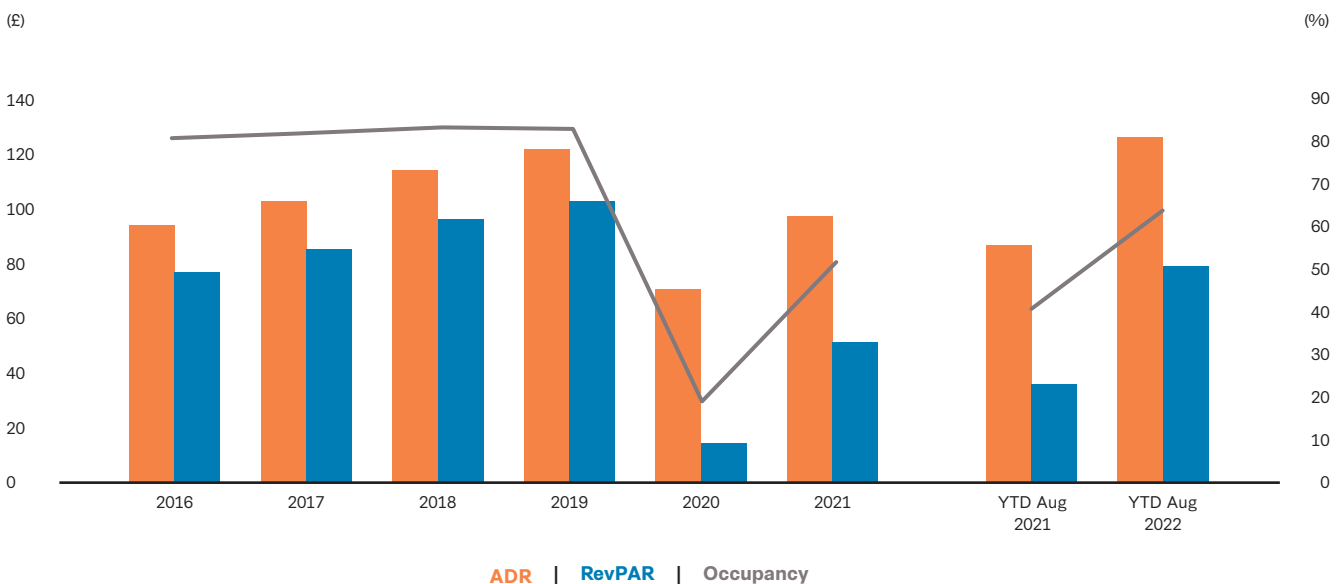
The city’s ADR has also reflected steady growth as the hotel additions have raised the collective quality for the market, with a greater influx of upscale and luxury establishments in recent years. The prevailing ADR for 2019 was £121.4.

With the implementation of prolonged lockdowns, movement restrictions, and cancellations of major festivals due to the pandemic, the occupancy for Edinburgh throughout much of the year declined to circa 20.0% in 2020, representing a fall of 64.3% from the previous year. Consequently, ADR for the year plunged by 42.0% to £70.4. Following a slow start in the early months of 2021 due to the Omicron variant, the year witnessed a recovery for the Edinburgh

hotel industry, with contribution from the domestic staycation leisure demand due to a reluctance to travel abroad. Whilst ADR recovered to circa 80.0% of pre-pandemic levels, occupancy lagged at circa 60.0% of the 2019 level, despite having peaked at an occupancy of over 60.0% during the summer months. RevPAR languished at circa 50.0% of pre-pandemic levels as international visitation numbers remained low throughout most of the year.

The performance of the hotel market in Edinburgh in 2022 has mirrored that of other major international gateway cities with an aggressive recovery of ADR to pre-pandemic levels. However, occupancy remains behind historical levels as major long-haul international markets, such as the USA, are slow to return, coupled with dampened international travels from global financial uncertainty, and operational challenges related to costs and staffing which inhibit maximum performance potential. The summer months saw the return of the Edinburgh Fringe Festival to two-thirds capacity, whilst the recent passing of Queen Elizabeth II and her period of lying-in-state in St Giles’ Cathedral in the city triggered occupancy of circa 90.0% for two nights in mid-September 2022. The YTD August 2022 result with the benefit of the peak summer months reflected an ADR of £126.0 and an occupancy of 63.1% in the first eight months of the year.

Edinburgh Annual Hotel Performance



Source: Colliers & Visit Scotland

EXISTING SUPPLY

In response to the sector's consistent historic performance over recent years, Edinburgh is undergoing a significant phase of investment and development for new hotels across the city and in strategic locations such as the international airport. Research by STR and Colliers estimates that the existing hotel supply in Edinburgh comprises circa 17,500 rooms.

The city centre, which is near Edinburgh Castle and the Royal Mile, has witnessed a dramatic alteration to the mix of building uses, with the traditional Princes Street retail boulevard undergoing a substantial change of use for new hotel projects in buildings which were long held by retail tenants such as Debenhams, British Homes Stores and Topshop. Furthermore, the major St James Quarter retail-led project by TIAA Henderson RE will incorporate three different accommodation buildings upon completion which include the W Hotel (214 rooms in late 2023), with additional hotels located on its periphery.

Prior to the pandemic, the future hotel pipeline for the city had swelled significantly, raising concerns on a potential oversupply from some market observers. However, considering the impact of COVID-19 on the industry, it could be anticipated that a number of these projects are likely to be delayed or amended, and a sudden influx of significant supply is unlikely in the short term. Notable new projects recently added include the Virgin Hotel in Victoria Street/Cowgate (222 rooms) and the Tribute Portfolio Hotel on Princes Street (207 rooms in 2024). In consideration of the effects of the pandemic and progressive market recovery, as well as the headwinds facing the global economy, we estimate that approximately 1,500 rooms of new supply will come to the market within the next three years.

FUTURE DEMAND

As the second most popular tourist destination in the UK in the post-COVID-19 era behind London, we anticipate that Edinburgh, as a gateway city, will benefit from a quick recovery in terms of visitation numbers and occupancy in 2023, albeit at a slower rate in view of the wider geo-political and financial scenarios. The recent additions to the city's room inventory generally consist of upscale or luxury standard buildings which will add to the varied mix of the existing supply and elevate the quality of visitor and revenue generation when the hotel sector returns to full flight.

Edinburgh's historical visitation figures rely heavily on the summer peak season and attendance of iconic festivals and cultural events held in the city each year. Hence, the immediate return of demand for such events, physical gatherings and experiences is a positive sign for the city's hotel market moving forward.

HOTEL MARKET OUTLOOK

We remain confident that the hotel market in Edinburgh will continue to recover from the seismic impact of the pandemic as the city is a cultural and historical epicenter in the UK. As travel restrictions were removed with hotel operations rescaled to full capacity, we consider that the Edinburgh market will stabilise and recover in the short term based on its dual-source markets from home and abroad. Whilst it remains a challenge to attain pre-pandemic occupancy in the absence of mass international visitations, we are confident that the new hotel supply will not be of significant detriment to the existing operations. Furthermore, the progress made in the MICE industry since 3Q 2021 in the UK and Europe bodes well to benefit the key Edinburgh market.

We believe that new schemes such as the St James Quarter will reinvigorate new sections of the city centre, and the level of investment and high-level development in the city will complement the traditional tourism zones such as the Royal Mile and Princes Street. This view is mirrored by market leaders assuming that the level of recent hotel investments is an indication of confidence, with Edinburgh ranked as the most liquid UK regional city in 2021, with circa £260.0 million invested in hotel acquisitions.

Overall, it is expected that Edinburgh's hotel performance will return to its pre-pandemic levels by late 2023.

MARKET OVERVIEW



GLASGOW, UK

GLASGOW TOURISM MARKET

As a key regional commercial centre in the UK, Glasgow acts as a major destination for cultural attractions and commercial services. Domestic overnight visits to Glasgow have hovered around 2.0 million per year after a peak of over 2.5 million in 2014 as the city played host to the Commonwealth Games. The city benefitted from the initial Brexit vote and the impact on the value of the pound sterling with increased overnight visitations in 2017 and 2018. In 2019, overnight visitors from Scotland and the UK represented 73.0% of the 3.1 million overnight visitations to the city. According to the ONS, Glasgow's international visitation achieved a consistent level of growth of 3.7% per annum between 2014 and 2019. The primary source markets are the USA (19.0%) and Germany (10.0%) with 53.0% of visitors travelling to the city for leisure purposes.

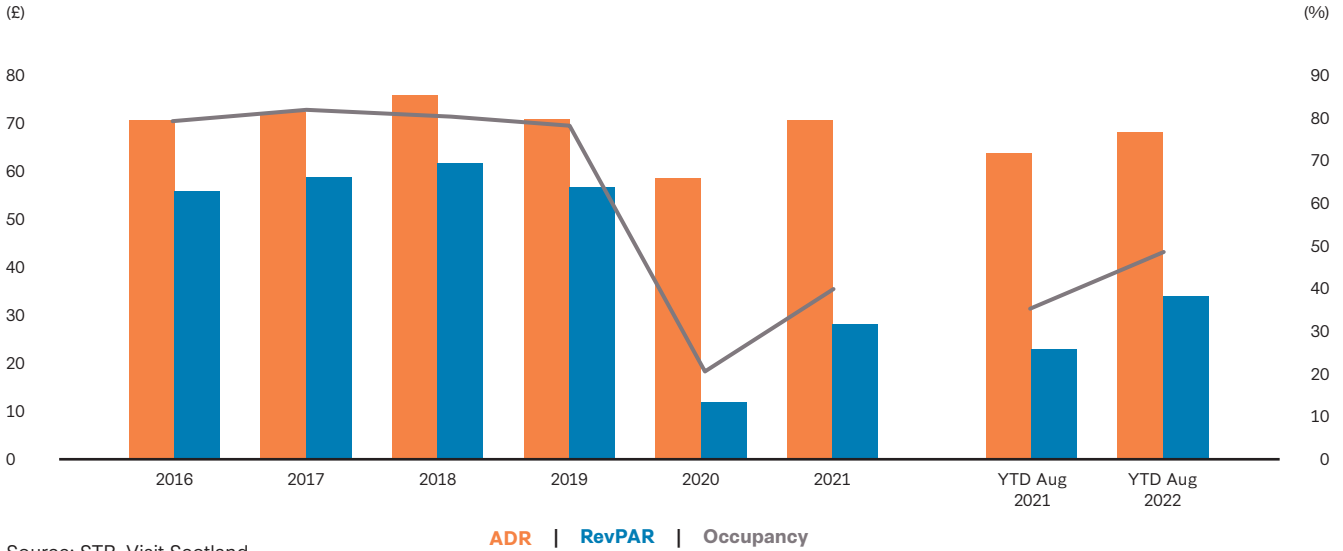
The hotels in Glasgow suffered a harsh decline in international visitations in 2020, as visitors to the UK fell by 73.0%. However, the city benefitted from the prompt vaccination rollout in 1H 2021 and the hosting of COP26 in October 2021. This led to hotel rooms being sold out city-wide as approximately 40,000 international and domestic delegates, observers and media descended on the city. Despite the temporary decline in performance due to the pandemic and limitations on international visitation, Glasgow remains at the forefront of European MICE destinations. The ability to secure various exhibitions, trade fairs and conferences for physical attendees will remain a key component to the success of the city's hospitality industry.

According to data provided by the Association of Scottish Visitor Attractions, the main attractions in Glasgow had experienced strong growth in visit numbers, led by the Kelvingrove Art Gallery & Museum (1.83 million) and the Riverside Museum (1.35 million) prior to the pandemic. The city has a prominent international reputation for hosting MICE events with the purpose-built OVO Hydro conference centre, a part of the Scottish Events Campus (**SEC**), which caters to approximately 140 events and nearly one million guests yearly across music, entertainment, sports and exhibitions since its opening in 2013. The SEC has also announced plans for a £200.0 million expansion for an additional conference centre.

HOTEL MARKET

A recognized centre for business, culture, creativity and innovation, Glasgow's hotel market maintained a steady occupancy between 79.0% to 81.0% during 2014 and 2019. However, ADR declined in pre-pandemic 2019 by 6.1% to £71.2, which indicated the impact of new supply in recent years. As the city's leisure and corporate visitations were severely impacted from lockdowns and travel restrictions across the UK and Scotland, the annual occupancy for the Glasgow hotel market fell by 74.9% in 2020 to approximately 19.9%. ADR also suffered a 17.8% drop to £58.6, with intermittent short peaks of reasonable trading generated from the domestic market between government-imposed movement restrictions.

Glasgow Annual Hotel Performance



Source: STR, Visit Scotland

Upon the removal of all COVID-19 related restrictions across the UK and Scotland from August 2021, ADR rose rapidly towards the end of the year to reach £70.2. The growth was driven by major events such as hosting four matches of the UEFA European Football Championships in June 2021, the COP26 in October 2021 and the popular seasonal summer months for the domestic market. The growth momentum continued into 2022, albeit with the RevPAR recovery at circa 60.0% of 2019 levels.

As Glasgow continues to attract a variety of visitors for leisure purposes with a wide range of food & beverage and retail options, combined with returning MICE and corporate visitations, the recovery of all metrics should be achieved in the short term.

EXISTING SUPPLY

At the time of this report, research by STR and Colliers estimates that the existing hotel supply in Glasgow comprises approximately 12,000 rooms. There has been a considerable wave of hotel of development and repurposing of buildings throughout the city centre and in the SEC zone in recent years which has heightened concerns for oversupply, tempering performance in 2019.

The ongoing construction and pipeline of new hotels provided continued cause for concern throughout the pandemic. The hotels which were completed in 2020 and 2021 include the Yotel Glasgow (257 rooms), Premier Inn Glasgow City Centre (250 rooms) and Courtyard by Marriott Glasgow SEC (216 rooms). The new supply further heightened competition across various segments and different locations in the city.

Looking beyond 2022, it is estimated that approximately 2,000 more rooms will be added to the existing hotel supply within the next three years. Assuming all announced projects come to completion, this equates to 16.7% of the existing total supply.

MARKET OVERVIEW

FUTURE DEMAND

As the market shifts into the post-COVID-19 era, Glasgow has sought to immediately re-establish itself as a key regional UK destination for leisure, business and MICE following the downturn in the recent two years. The city has been slightly better placed than the likes of London and Edinburgh in dealing with the sudden and severe reduction in international arrivals to the UK given its significant domestic business and MICE market as UK corporate activity returns to normalcy. Given Glasgow's standing as the centre for corporate, cultural, sporting and entertainment events in Scotland, the city will attract a strong mix of domestic and short-haul international visitors as events, exhibitions and conferences return fully in 2022. The Glasgow Convention Bureau forecasts that Glasgow will host over 100 meetings for 50,000 delegates between April 2022 to March 2023, which will require the full support of the city's hospitality industries to cater for accommodation and services. Whilst there are concerns on depressed discretionary spending for events and leisure entertainment due to rising costs, the outlook for Glasgow's hotel industry in the near term remains positive.

HOTEL MARKET OUTLOOK

Prior to 2020, Glasgow was building its reputation as a key regional UK and European city, along with the likes of Manchester, Birmingham, Amsterdam and Munich. With significant infrastructure improvements such as the SEC, the £120.0 million upgrade of the Queen Street Railway Station, and the progressive rejuvenation of the River Clyde frontage for mixed-use and cultural schemes, Glasgow continues to attract and satisfy the leisure and corporate demand.

The outlook for Glasgow's hotel industry is positive as a key destination for the UK leisure and corporate markets, given the lingering reluctance for regular international travel due to factors such as exchange rate fluctuations and unreliable airline and airport experiences, amongst others. Despite significant ongoing hotel development, considering the strong domestic market and increasing international connections, together with the immediate return of demand for large physical gatherings and MICE, we are confident that Glasgow will regain its strong historical growth momentum in visitation patterns. On this basis, we forecast that Glasgow's hotel sector may return to pre-pandemic occupancy and RevPAR by late 2023.



LONDON, UK

LONDON TOURISM MARKET

The London tourism market entered 2022 after two years of significant upheaval from the COVID-19 pandemic since March 2020 and the completion of Brexit on 1 January 2021. Prior to this, the UK was the 10th most visited destination worldwide in terms of visitor numbers at 40.9 million in 2019. London was the 3rd most visited city destination in the world, relying on strong primary source markets led by the USA, France, Germany, Ireland and Spain to generate a total revenue of circa £28.4 billion. As a key international destination, London's tourism market was debilitated in 2020 as the COVID-19 pandemic halted travel, and the number of tourist visits to the UK declined by 73.0% to 11.1 million for the year.

Following a comprehensive and accelerated vaccination rollout from late 2020 into 1H 2021, the UK and London tourism industry witnessed a swift recovery from its performance troughs as the government strove towards its announcement of "Freedom Day" on 19 July 2021, with two-thirds of the adult population vaccinated. However, the slow return of international arrivals and an initial preference for the domestic market for regional tourism destinations outside of major urban centres held back overall hotel performance metrics in the city for the remainder of 2021, except for ADR as it soared to pre-pandemic levels late in the year on the back of pent-up demand, the return of entertainment and events, and an unwillingness to travel abroad.

Despite the emergence of the Omicron variant and the conflict in Ukraine, 2022 has witnessed a return of demand for travel despite the rising cost of living. The UK tourism market has recorded a strong recovery leading up to the peak summer period with circa 8.6 million visitations up to 1 June 2022, with 72.0% of arrivals from Western Europe according to the ONS. Whilst this remains 40.0% below 2019 levels, the progress made during 1H 2022 is a positive sign for the remainder of the calendar year as London becomes a global focal point for leisure over the traditional summer months, and for visitors attending the mourning period for Queen Elizabeth II.

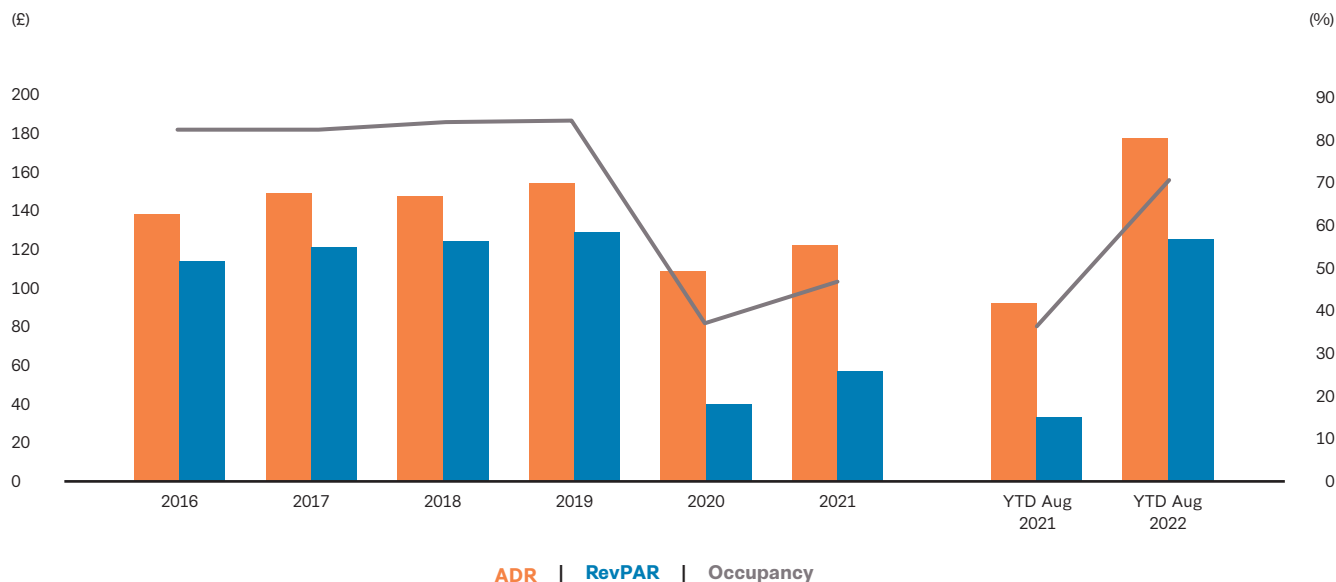
HOTEL MARKET

The London hotel market performed strongly between 2012 and 2019, with positive ADR growth and annual hotel occupancy in excess of 75.0% throughout most segments. The prolonged economic uncertainty due to Brexit and the ensuing weakening of the pound sterling in 2018 and 2019 became a draw for opportunistic foreign visitors before the onset of the COVID-19 pandemic in 1Q 2020.

Travel restrictions and lockdowns due to the global pandemic caused downward pressure on the city's occupancy which fell 46.8 pp to 36.6% in 2020. ADR dropped 30.3% to £107.7 in the same period. 2021 saw a recovery in London's hotel market following the completion of the vaccination rollout and the easing of restrictions. While ADR made a strong recovery to £122.2 in 2021, just 16.6% below pre-COVID levels, the city registered a softer RevPAR of £56.1 (50.0% of 2019 levels) due to weaker occupancy growth.

MARKET OVERVIEW

London Annual Hotel Performance



Source: STR

With the easing of restrictions in 1Q 2022, London's hotel performance saw a substantial recovery compared to the corresponding period of 2021. Occupancy rose significantly by 34.5 pp to 70.4%, whilst ADR grew 90.0% to £177.8. STR reported that June 2022 saw the highest monthly ADR on record for London at £209.0, coupled with occupancy of 83.1%, the highest since July 2019. To maintain the momentum for market recovery, the Mayor of London launched a £7.0 million international marketing campaign to promote inbound tourism, with an additional £3.0 million for domestic tourism into the city. While the ADR in London has exceeded pre-pandemic levels, the forecast for occupancy is expected to reach around 90.0% of pre-pandemic levels by the end of 2022.

EXISTING SUPPLY

Currently, London has circa 160,000 hotel rooms, with a spate of new supply completed in 2019 and 2020 despite the market depression and complications brought about by the pandemic from 2Q 2020. Before constructions were halted by the pandemic, STR estimates 15,000 new rooms were expected to open within these two years, with 10.0% of this inventory to be 5-star hotels, 31.0% 4-star hotels, and 26% budget hotels. Approximately 60.0% of the new inventory was to be in Central London, followed by 18.0% and 14.0% in West London and East London, respectively.

As London emerged from the pandemic, 2021 witnessed the opening of circa 3,000 rooms across Greater London. Openings in 2021 include The Londoner in Leicester Square (350 rooms), Pan Pacific London (397 rooms), The Westin London (222 rooms) and Mondrian Shoreditch London (120 rooms). 2022 is expected to see another 3,000 key rooms added to the market throughout the year, with Premier Inn Paddington (393 rooms) and Tribe London Canary Wharf (320 rooms) bringing significant inventory for the mass market, whilst the likes of Raffles London at OWO (205 rooms) and Fairmont Windsor Park (251 rooms) which target the luxury travel sector. Another addition to the luxury category is the Peninsula London (215 rooms) in 2023.

Given the supply of new hotels over the last five years, the intensity of the competition has heightened significantly. This is expected to continue moving forward considering the upcoming supply and increasing competition with other forms of tourist accommodation, such as serviced apartments, new-style hostels and shared economy spaces such as Airbnb, HomeAway and FlipKey. Following the recent spate of completions and a period of stabilisation, London's considerable hotel pipeline may now subside slightly in the upcoming two years.

FUTURE DEMAND

Based on the current positive trend in performance, we anticipate that the London market recovery will continue into 2023, predominantly underpinned by the return in visitations from the USA and Europe, and China, which will presumably be re-opened for outbound travel within the next twelve months.

Visit Britain have previously estimated that 26.7 million visitors will enter the UK in 2022, driven by European short-haul destinations. Considering the 8.6 million visitations in the first five months of the year and the ongoing challenges on multiple fronts, the forecast may appear optimistic. Nevertheless, London has retained its reputation as one of the most popular destinations in the world for international visits and will continue to see progressive recovery with lifted travel restrictions and the return of London's wide range of attractions and services. Notwithstanding the recovery, the ongoing global geo-political risks, exchange rate movements, and rising inflationary and cost of living scenarios will remain key factors for discretionary spending, and therefore on the hotel industry in the near term.

HOTEL MARKET OUTLOOK

As the global market has progressed into the "post-COVID era", the industry recovery and general return to normalcy has certainly not been as smooth as many would have predicted. However, with a government seeking to accelerate economic growth and its unique global positioning for leisure and business, the potential for London's hotel industry remains strong. Rising costs and key operational challenges with staffing and quality will likely dampen the rate of recovery for the city, but the UK remains a key hub for attracting talent across the spectrum of the industry, supported by a higher adoption of technology going forward.

On this basis, London's position as a key global destination is assured. If operational limitations allow for it, occupancy across the market should continue to recover and make up ground on ADR levels that are already at pre-pandemic heights due to pent-up demand and the desire and need to travel despite at higher cost. Whilst the costs of long-haul travel from the primary market of the USA is a constraining factor and the global financial situation remains precarious, London remains in a position to achieve prolonged pre-pandemic levels by 2024.

MARKET OVERVIEW



KOBE, JAPAN

KOBE TOURISM MARKET

The city of Kobe, which is a part of the Kansai (or Kinki) Major Metropolitan Area (**MMA**), is the sixth-largest city in the country and forms part of the second-largest metropolitan conglomeration in Japan. The urban areas of this MMA comprise circa 20.0 million inhabitants which include Osaka (30 km to the east) and the former capital of Japan, Kyoto (75 km to the northeast). The Hyogo prefecture, of which Kobe is the major city, is popular for its onsen spa resorts and the UNESCO World Heritage-listed Himeji Castle. The area is popular around the time of the annual cherry blossom season. Kobe and its port act as the commercial hub for the prefecture, with the primarily domestic Kobe Airport and the Shin-Kobe Station on the regional bullet train network located in the city.

As Japan's cities were poised to become a global showcase as hosts of the Summer Olympic Games in 2020, the COVID-19 pandemic interrupted the entire event. Multiple declarations of states of emergency and travel restrictions over the two-year period have led to virtual isolation for the country from all international visitations and a twelve-month delay of the Summer Olympic Games. The much-anticipated Olympiad year witnessed a decline of 87.1% to 4.1 million arrivals in 2020 which was in stark contrast to a total of 31.1 million international arrivals in the two years leading up to 2020.

The rescheduled Summer Olympic Games in July and August 2021 were unable to contribute any significant recovery for the hotel industry as spectators were largely banned. Under strict admission criteria and domestic lockdowns within the country which

dissuaded international visitors, the arrivals statistics for 2021 were catastrophic, with just 250,000 international visitations for the calendar year of 2021.

Despite the dramatic fall in international arrival numbers, the strength of the domestic market sustained the industry amidst the depths of the pandemic. The domestic market typically accounts for circa 80.0% of the total number of overnight stays across Japan. However, the effect on domestic travel from various state of emergency declarations and regional movement restrictions severely impacted the national hotel sector, with occupancy in 2020 and 2021 at less than half of that in 2019.

Visitors to Kobe and the Hyogo prefecture are generally domestic travelers, with three-quarters visiting on a day trip basis. Amongst the visitors that stay overnight, approximately half of them do so for business. However, the number of visitors attracted to the area for leisure purposes is rising as they uncovered the area's natural beauty and renowned local cuisines such as the famous Kobe beef and sake. In recent years, international arrivals from China and South Korea have shown growth in leisure travel to the prefecture.

HOTEL MARKET

The neighboring Osaka, as the third largest city in the country with a city population of circa 2.6 million, serves as one of Japan's major hubs for industry and commercial activity, with the Kobe hotel market benefitting from its close proximity and visitations to the larger city. The demand for Kobe's hotel market as an alternative lodging option is closely linked to the market conditions in Osaka as the latter's annual occupancy is historically at 80.0% or higher.

2020 and 2021 were extremely challenging years for Osaka as the pandemic and domestic movement restrictions quelled a high proportion of visitations. 2021 saw a RevPAR decrease of 18.9% YoY, and a significant 75.0% decline from 2019. Given the close proximity to Osaka, Kobe’s hotel performance is linked to the market conditions of the larger city, and consequently, suffered a similar decline in hotel performance since 2019.

Prior to the pandemic between 2015 to 2019, Kobe and its relatively modest hotel supply of approximately 9,000 rooms consistently maintained an occupancy between 75.0% to 83.0%. Kobe’s hotels serve as the primary location for accommodation in the prefecture and provide circa 75.0% of all overnight stays within Hyogo. Kobe’s ADR has remained generally stable for five years leading up to 2020 at between ¥15,000 to ¥16,000 per night. However, the pandemic brought a swift fall in ADR for 2020 to ¥13,812, despite the efforts of the government’s “Go to Travel” campaign to raise domestic travel within the country in 4Q 2020.

There were limited opportunities for improvement in market performance during 2021 with the ongoing state of emergency restrictions during the year, and the spectator-free Summer Olympic Games. Consequently, occupancy and ADR were recorded at 29.6% and ¥11,450 respectively, closing at a RevPAR of ¥3,390, which reflected a 15.1% decrease from 2020.

As at YTD August 2022, the hotel market in Kobe is showing signs of recovery with occupancy increasing by 20.4 pp YoY to 44.4%. ADR has embarked on

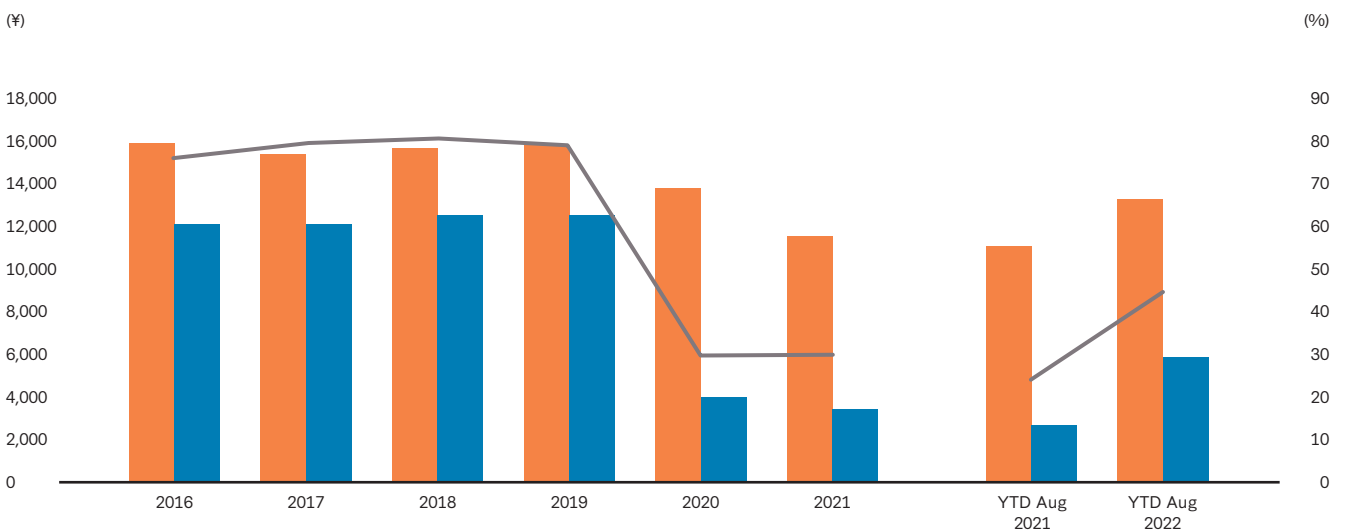
the path to recovery with a YoY growth of 19.2% to ¥13,144 but remains circa 20.0% below 2019 levels. Given the positive progress with Japan re-opening its international borders to independent foreign travelers and reintroducing visa-free entry from October 2022, we anticipate robust growth in inbound tourism in the short term, further fuelled by favourable exchange rate conditions for foreign visitors.

EXISTING SUPPLY

The majority of the existing hotel supply in Kobe is developed along the port harborside zone, which is characterised by large hotel towers overlooking the port and its harbors. There is also a cluster of city centre hotels which are well-connected with rail transport and popular dining, shopping and entertainment districts.

It is estimated that there are approximately 9,400 rooms in Kobe’s existing hotel supply which comprises a mixture of formal hotels and more traditional accommodation buildings. The harborside hotel towers that characterise the port area were generally built in 1980’s and 1990’s and include major landmark buildings such as the Kobe Meriken Park Oriental Hotel (319 rooms), the Hotel Okura Kobe (474 rooms) and the Kobe Portopia Hotel (746 rooms). The hotel supply within the inner-city districts such as Sannomiya is in close proximity to the regional rail infrastructure and popular cosmopolitan zones include the ANA Crowne Plaza Kobe (591 rooms) and the Kobe Motomachi Tokyu REI Hotel (191 rooms).

Kobe Annual Hotel Performance



Source: STR, Colliers International

MARKET OVERVIEW

Whilst caution has been raised from some market observers in relation to the level of recent and future hotel development in the nearby cities of Osaka and Kyoto, Kobe has not witnessed a recent significant influx of new hotel supply. Recent openings have included The Royal Park Canvas Kobe Sannomiya (170 rooms), the remm plus Kobe Sannomiya (209 rooms) in 2021 and the Daiwa Roynet Hotel Kobe-Sannomiya (225 rooms) in 2022. There is approximately 1,000 rooms of an international hotel standard added to the city's inventory over the course of the last four years.

In terms of future supply for the Kobe hotel market, there are no significant projects currently planned or under construction to an international standard. In light of the recent downturn in the hospitality market, it is reasonable to presume that any projects that have not commenced to date will be delayed or halted. The hotel supply in Kobe could potentially increase in the near future if the travel and hospitality market in Japan continues on its recent recovery trajectory, coupled with the World Expo in Osaka in 2025.

FUTURE DEMAND

In the last decade, the hotel market in Japan has undergone significant expansion and transformation to provide modern and international standards of accommodation to facilitate the domestic market and cater to the rising number of international visitors. Aside from 2011 which was blighted by the Fukushima nuclear accident, Japan witnessed a growth of at least 19.3% in international arrivals between 2010 and 2017, with the total count rising from 8.6 million to 28.7 million. Despite various challenges over the decade leading up to the pandemic in 2020, Japan secured and successfully hosted global events such as the Rugby World Cup in 2019 and the Summer Olympic Games which was postponed to 2021 as the nation opened its borders to a wider international visitor base.

With a stable economic environment of continued GDP growth and low unemployment in the 2010s, the Japanese hotel sector has continued to benefit from the strong national domestic travel market for business and leisure and increased influence from international entrants such as China (30.1% in 2019), South Korea (17.5% in 2019) and Europe/Americas/Australia (13.0% in 2019). The markets in cities such as Osaka and the neighbouring Kobe have continued to mature along with this evolution.

After significant challenges in the last two years, Japan now seeks to emerge from the effects of the pandemic. Kobe could potentially emerge as a different destination from neighbouring Osaka, and as the

primary accommodation option for the popular and diverse Hyogo prefecture. Aside from its prominence as one of the largest ports in Japan, Kobe could explore expanding its experiences such as hosting matches for the Rugby World Cup at Misaki Stadium in 2019 and the opening of the Super Nintendo Land expansion of Universal Studios in 2021 at the border with Osaka as key highlights of the city's standing in the Japanese hotel and tourism marketplace.

In the near term, Osaka will be holding the World Expo 2025 between April and October 2025, with the participation of approximately 137 countries, including China, the USA, the UK, the Russian Federation, and countries of the European Union. The exhibition island of Yumeshima in Osaka Bay is expected to receive 28.2 million visitors during the World Expo's 184-day program and could lead to Kobe Airport transitioning to an international transport node by 2025 to facilitate the anticipated international arrivals.

Notwithstanding the positive short-term recovery signs in the market, external factors such as current and continued geo-political risks, exchange rate movements and a precarious global financial outlook may continue to impact the world's tourism sector.

HOTEL MARKET OUTLOOK

As the country re-opens to international visitations in October 2022, Japan's hotel industry recovery is becoming imminent. As the country emerges from the impact of the pandemic, the outlook for recovery for Kobe is favourable given the city's reliance on the domestic travel market for business and leisure purposes. Kobe's hotel sector currently does not experience any oversupply and should soon return to occupancy of circa 80.0% upon further normalisation of domestic travel conditions with the absence of over-reliance on international arrivals.

Furthermore, Kobe also serves as a business and corporate centre as the industrial port city and generates visitations from the corporate segment and domestic leisure segment which sought the return of experiences such as the historical and natural destinations of the diverse prefecture that have been denied during the pandemic.

Whilst the timing of the re-emergence of China's outbound traveller market remains uncertain, we foresee that Kobe's hotel performance metrics may return to pre-pandemic in late 2024, in the lead-up to the planned hosting of the World Expo 2025 exhibition in neighbouring Osaka from April 2025.



KUALA LUMPUR, MALAYSIA

KUALA LUMPUR TOURISM MARKET

Prior to the COVID-19 pandemic, Malaysia was the 15th most-visited country in the world, and the fifth most-visited country in Asia after China, Thailand, Japan, and Hong Kong, according to the Malaysian Department of Statistics. In 2019, RM240.2 billion was generated by the travel and tourism sector, equating to 15.9% of the nation's total GDP. In 2019, Malaysia's main source markets for international visitor arrivals were dominated by neighbouring Singapore (38.9%), Indonesia (13.9%), China (11.9%), Thailand (8.7%), Brunei (5.6%), and India (3.4%).

As unprecedented global travel restrictions and border closures were instated in 1Q 2020 amid the COVID-19 pandemic, the number of international arrivals to Malaysia decreased by 83.4% to circa 4.3 million and the 'Visit Malaysia 2020' international tourism campaign was postponed. The nation's capital, Kuala Lumpur, which had achieved growth in international tourist arrivals at a CAGR of 5.6% to 14.1 million international visitors between 2012 and 2019, saw a significant decline in both international and domestic visitations in 2020. At the national level, travelling between states was restricted as the government fought to cope with the crisis via the MCO.

Notwithstanding that foreign visitation numbers to the city remain significant, the size of its domestic tourism market is equally important. In 2020, domestic tourism dominated the hotel market in Malaysia, accounting for 96.8% of the total combined domestic and international visitations amidst international travel restrictions. In turn, Kuala Lumpur accounts for 9.4% of total domestic

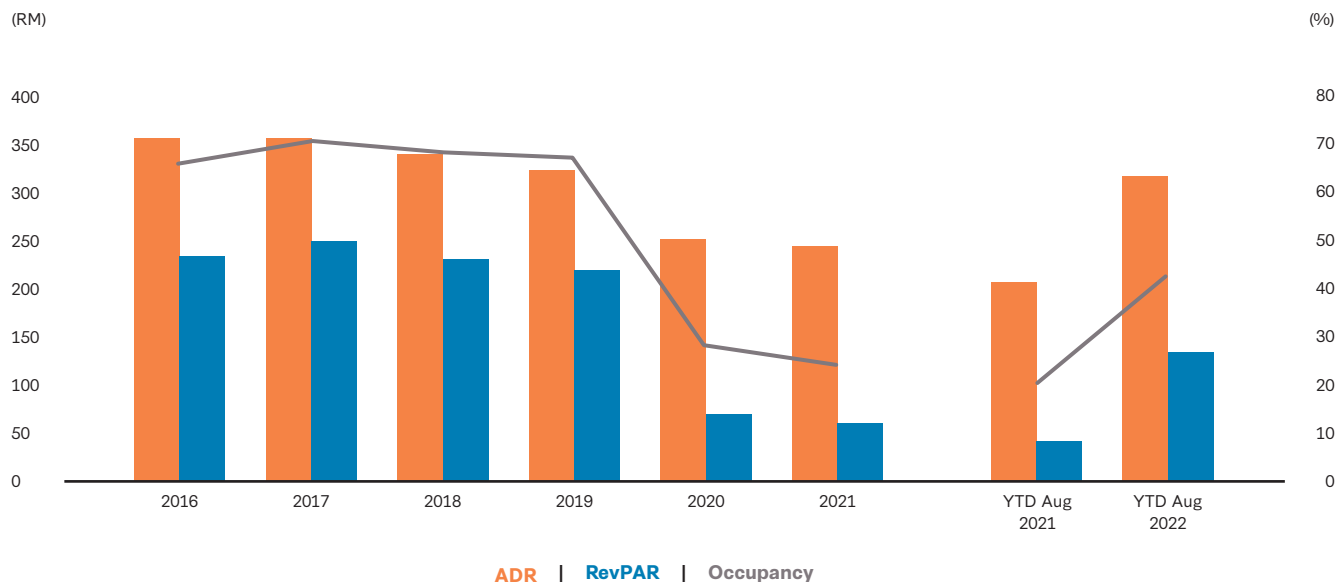
visitor arrivals for the country, registering a significant 12.4 million domestic arrivals.

2021 was an unpredictable year as the total domestic visitations across Malaysia declined by 49.9% to 66.0 million due to the MCO restrictions. However, domestic visitations to Kuala Lumpur rose by 13.8% to 9.1 million arrivals, with 60.6% of all domestic journeys for either shopping or VFR purposes in 2021. According to the Domestic Tourism Survey, the total spending by domestic tourists in the city was RM3.1 billion. Kuala Lumpur was able to retain its attraction to the domestic market despite significantly lower arrivals than in prior years.

The market entered its recovery phase following Malaysia's full border re-opening on 1 May 2022. The government's ambition of 16 million international arrivals to Kuala Lumpur by 2025 remains a target. As outlined under the Kuala Lumpur Tourism Master Plan 2015 - 2025 (**Master Plan**), initiatives to achieve the target include strengthening Kuala Lumpur as a premier shopping destination, establishing Kuala Lumpur as a nature and adventure tourism destination, enhancing the capital city's position as the preferred destination for MICE, hosting education and medical tourism, and ensuring the provision of world-class infrastructure and tourism products are well maintained. The Master Plan for the capital will be supported by the recently released and broader National Tourism Policy 2020 - 2030, which outlines measures for the transformation and redirection of aspects of the entire tourism industry in Malaysia to remain competitive in the regional environment.

MARKET OVERVIEW

Kuala Lumpur Annual Hotel Performance



Source: STR

The hotel occupancy performance in Kuala Lumpur had generally remained stable between 2016 to 2019 at an average of 68.0%. However, ADR declined by 4.6% to RM325.4 in 2019 which was amidst pre-pandemic conditions whilst occupancy barely reached 67.5%. This resulted in a fall in RevPAR by 6.8% to RM219.8 in 2019. The weak operating performance prior to the onset of the COVID-19 pandemic is generally attributed to the increase in room supply, thereby triggering competition, as the increase in arrival numbers was not sufficient to absorb the new supply.

As a major regional gateway and air transportation hub, hotel performance in Kuala Lumpur suffered heavily during the strict international travel restrictions of 2020 and 2021. Occupancy and ADR fell by 38.8 pp and 23.2% respectively, leading to a severe decline of 67.3% in RevPAR compared to 2019. As international and domestic travel remained restricted throughout 2021, the city's occupancy declined by 3.7 pp to just 25.0% and ADR fell a further 1.6% to RM245.8. Consequently, RevPAR closed at RM61.5 for the year.

In view of the prolonged challenges to the entire tourism industry and the ramifications for the country, the government was eager to re-open to international travel as soon as possible, based on the global COVID-19 pandemic conditions and the country's rate of vaccination. The impact of the full re-opening on 1 May 2022 has been positive as occupancy reached 42.3% and ADR at RM318.6 for YTD August 2022, which reflected a growth of approximately 21.2 pp and 51.1% compared to the corresponding period last year.

This was underpinned by the re-opening of borders as international tourists returned from neighbouring countries, driven largely by the return of Singaporean travellers, which have historically been the primary source market for Malaysia in recent years.

EXISTING SUPPLY

The Kuala Lumpur hotel market remains one of the most competitive in the region in Southeast Asia, with good quality hotel rooms and facilities added constantly to the market, despite significant headwinds and increased competition from serviced residences and alternative accommodation programs such as Airbnb. Between 2016 and 2018, the total hotel supply in Kuala Lumpur increased significantly by 16.4% to approximately 42,750 rooms. In 2019, the city's supply swelled to 45,081 hotel rooms. Market conditions and operational challenges during the pandemic led to ceased operations in several key hotels in the last two years, culminating in an overall hotel room supply of 44,922 rooms by 2021.

As evident in several key gateway cities, major developers remained committed to continuing with the construction of new projects, despite dire market conditions during the pandemic, with hopes to complete construction and enter the market during the recovery phase. Approximately 1,366 rooms were added to the Kuala Lumpur market in 2022, including Amari Kuala Lumpur (252 rooms) and Pan Pacific Serviced Suites Kuala Lumpur (210 rooms). Despite the delays, the city's hotel pipeline has generally

maintained momentum. Visitors will be greeted by an additional circa 3,000 rooms of upscale or superior standard rooms between 2023 and 2025. The new supply includes a few major international chains including Park Hyatt Kuala Lumpur (232 rooms in 2023), Conrad Kuala Lumpur (544 rooms in 2023), Kempinski Hotel (160 rooms in 2024), SO Sofitel Hotel (226 rooms in 2024), Kimpton Kuala Lumpur (471 rooms in 2024), Edition Kuala Lumpur (350 rooms in 2025), and Jumeirah Kuala Lumpur (213 rooms in 2025). However, it is likely that some projects which have yet to commence construction may be delayed, thereby easing the supply-side concerns in the near term.

FUTURE DEMAND

Kuala Lumpur remains the focal point of finance and administration for the country and serves as a major travel hub in Southeast Asia with the presence of Kuala Lumpur International Airport. Additionally, Kuala Lumpur is a popular leisure and shopping destination for neighbouring countries, particularly Singapore, boosted by the recent weakening of the Malaysian Ringgit. Hence, we anticipate that tourism arrivals will rebound quickly for the city in the post-COVID era, albeit potentially hampered by global economic headwinds and domestic political uncertainty.

Furthermore, the large Malaysian population and the high proportion of visitations generated by the domestic market should continue to drive Kuala Lumpur as a key destination for Malaysia.

Considering the significant levels of new room supply anticipated for the city in the short term, the recovery of the sector will depend upon contributions from all segments, including the return of the domestic and international business community as well as the MICE and leisure segment. Kuala Lumpur faces competition from its Southeast Asia counterparts which have launched individual programs to attract visitations and pent-up tourism businesses. Tourism Malaysia has launched the Tourism Malaysia Marketing Plan 2022 - 2026 based on market trends that will seek to build on the "Malaysia Truly Asia" national tourism brand, with an emphasis on the domestic market (such as the "Cuti Cuti Malaysia" promotion) and a shift away from the mass market to customised tourism. Additionally, the re-emergence and "revenge travel" of the China outbound market will also contribute significantly to the demand for the city's hotels as a top five source market.

HOTEL MARKET OUTLOOK

Despite Kuala Lumpur's hotels historically trading at occupancy levels of around 68.0% in the late 2010s, the foundation of its performance has been slightly offset by the competitive ADR demanded by owners and operators. The number of major hotel projects currently under construction raises concerns that any notable recovery might be slowed in the short term, or the market will continue to cannibalise itself over pricing. Therefore, we believe it is prudent to anticipate that ADR and occupancy across the Kuala Lumpur market will remain very competitive given the congested local business environment, and the potential threat of severe economic challenges.

The incoming luxury hotels will increase the overall proportion of high-end operations and prevailing ADR for the city. However, the level of competition between the range of new entrants and existing hotels will likely cause ADR to stagnate in the short term.

As international travel restrictions were lifted and tourism mandates were revised, Kuala Lumpur and the wider Malaysia is anticipating the return of international tourists from medium and long-haul markets, with medical and business travel expected to regain momentum. As a focal point for business and leisure travel in the region, we expect Kuala Lumpur's rate of recovery to accelerate in 2023 with a return to pre-pandemic levels in 2024.

MARKET OVERVIEW



DRESDEN, GERMANY

DRESDEN TOURISM MARKET

The source markets for Dresden, the Saxony's capital, are made up of a mixture of strong domestic businesses due to the presence of major corporations within the "Saxony Silicon Valley" (such as GlaxoSmithKline), and the city's ability to host MICE events. Dresden also attracts a significant proportion of tourists seeking architecture, art and culture, as a key leisure destination or as part of a wider German or European itinerary for a seasoned international traveller with its historically significant Baroque architecture and a multitude of museums and galleries.

The European summer months of July to September typically witness the highest number of arrivals to Dresden. Visitors are attracted to the picturesque River Elbe riverside scenery, a variety of museums such as the Zwinger Palace, the Royal Palace and the Museum of Military History, various opera houses and classical performances and the city's numerous squares and landmark buildings. Beyond the summer season, Dresden hosts one of Europe's oldest and renowned traditional Christmas markets in November and December each year, which attracts around 2.5 million domestic and international attendees annually.

The domestic demand fuels Dresden's hotel sector which historically accounted for circa 80.0% of the capital's annual arrivals. Dresden has consistently attracted 4.1 million to 4.7 million overnight visitations since 2013. In 2020, the COVID-19 pandemic triggered a 49.0% decline in visitation arrivals to 1.2 million and only 2.6 million overnight stays. The share of the market for German domestic visitations rose to 87.0% with international travel restrictions in place.

In addition to being an administrative hub for businesses in Saxony, Dresden also hosts a considerable number of MICE events, up to 17,500 events and approximately 1.4 million participants per annum. The MICE segment remains a key driver of overnight stay demand for the hotel sector outside of the high-season summer months with most events typically held during the months of May, September and November. Whilst the number of events fell dramatically in 2020 by 73.0% due to Germany's regional lockdowns and travel restrictions, hybrid and virtual format events in 2021 helped offset some of the losses caused by the cancellation of face-to-face events. Given the popularity of the destination and event venues, demand for MICE travel is expected to reflect 79.0% of total business travel in 2022. As Europe emerges from the effects of the pandemic, Germany continues to be a leading destination for business travel, which accounted for 15.0% of all travel within the European Union before the pandemic.

HOTEL MARKET

Aside from a high proportion of visitors from neighbouring countries such as Poland and Switzerland, Dresden is also a popular stop for long-haul group tours crossing Europe during the summer months. Dresden has maintained a consistent level of occupancy of between 65.0% and 70.0% annually leading up to 2020 with its wide range of attractions which are available throughout the year.

Dresden’s hospitality market traded poorly during 2020 due to several lockdowns and intermittent movement restrictions, which ran for months at a time, throughout the year. In 2020, Dresden’s hotel occupancy was halved YoY to 38.3%, while ADR fell by a comparatively marginal 5.0% YoY to €77.2 with almost five months of inactivity.

1H 2021 data reflected a depressed occupancy of less than 20.0% with strict lockdowns that remained in place until 31 May 2021. However, recovery was swift during the summer months of August to September with an average occupancy of 72.3% prior to the emergence of the Omicron variant in 4Q 2021. Subsequently, occupancy fell to 11.4% in the month of December. Despite the significant fall in occupancy at the end of 2021, the market held its ADR steady at €80.3, allowing RevPAR to close at €23.6, 20.3% lower than 2020 levels.

Dresden recorded a strong recovery leading to YTD August 2022 with restrictions lifted during most of 2022 following the peak of the variant infections in February, and a low reliance on international visitations. Occupancy rose by 22.1 pp YoY, while ADR increased by 20.3% YoY, contributing to a RevPAR of €37.1, which remains 35% below 2019 levels.

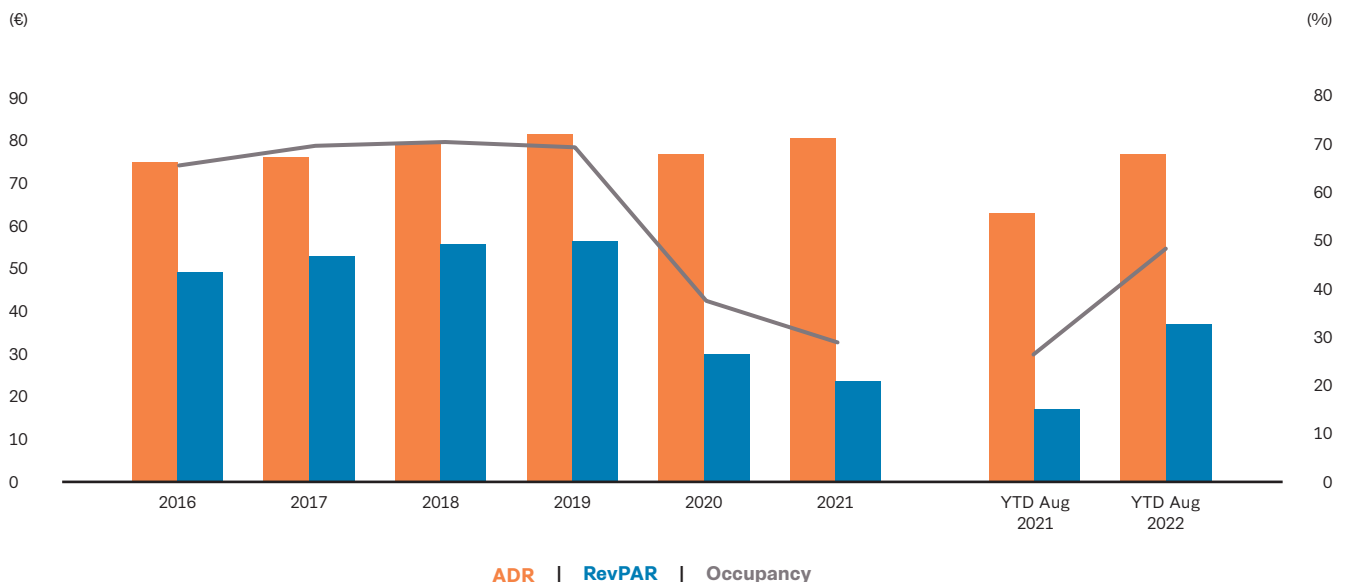
EXISTING SUPPLY

In accordance with the data provided by the Saxony State Statistical Office, Dresden’s well-established hotels are mostly located within the Old Town. There is also a more recently developed area located down south which is situated near the Central Railway Station. The balance of the hotel stock is primarily located around scenic squares and landmark buildings across the city or in zones close to infrastructure such as railway stations.

There has been a steady hotel development in the city year-on-year with the strong historical performance of Dresden’s hotel market sector and its attractiveness to both business and leisure visitors as a “Smart City”.

Representation in these new developments has been keenly sought by the major international hotel management chains as they seek to gain a foothold in a key regional market in which the global brands were underrepresented. Despite the impact of the pandemic, there have been recent additions to the hotel supply in the city which included the Arcotel HafenCity (183 rooms) and the Moxy Hotel Dresden (162 rooms) in 2021, whilst 2022 has seen the addition of the Menger Hotel Dresden Center at Wiener Platz (173 rooms).

Dresden Annual Hotel Performance



Source: Tourism Development Dresden, Colliers International

MARKET OVERVIEW

The city's future hotel pipeline comprises a variety of standards and accommodation styles in various locations across the city. The current pipeline for the upcoming years reflects a future supply of approximately 1,100 hotel rooms, serviced apartments, and hostels. The interruption caused by the pandemic has affected the completion rate for developments in the city. New near-term additions include STAYER serviced apartments in Neustadt (125 rooms), two new entities for the Prizeotel brand in Dresden-Mitte (125 rooms), Hansastrabe (213 rooms) before year-end 2023; and Hampton By Hilton Dresden City Centre (203 rooms in 2024).

FUTURE DEMAND

Tourism data reveals that Dresden has welcomed approximately 883,500 visitors for 1.9 million overnight stays in the first seven months of 2022, with the overnight stays for July 2022 similar to that in July 2019 despite the regional geopolitical conditions from the conflict in Ukraine and global financial uncertainty. The proportion of international visitors has risen compared to 2020 and 2021, and accounts for 16.3% of all overnight stays, albeit slightly below the historical average of 20.0%. Whilst predictably Poland represents the top market for international stays, the return of the US market with circa 30,000 room nights to outperform the likes of The Netherlands and Austria is notable.

The larger German cities such as Berlin and Frankfurt remain key source markets for Dresden's hotel market. With 80.0% of international stays originating from surrounding European Union countries, the city is well-placed in its geographical location and significance to recovery to pre-pandemic performance. Whilst the long-haul international markets such as the USA and Asia Pacific will take longer to return to pre-pandemic levels, and China's and Russia's outbound travellers are likely to remain absent in the near term, Dresden can continue to rely upon its regional attraction to markets such as the UK and Spain to drive demand moving forward. However, it should be noted that continued geopolitical risks, inflationary pressures and exchange rate movements remain factors for recovery consideration.

HOTEL MARKET OUTLOOK

While the world has mostly emerged from the COVID-19 pandemic, significant challenges remain for the tourism and hospitality sectors globally. Uncertain economic outlooks and geopolitical tensions between Europe and Russia continue to inhibit international and long-haul markets. Under these unique conditions, the outlook for regional German cities that have strong patronage from domestic leisure and business markets remains positive, with recovery in key performance possible within 2023. Should these conditions continue to dampen the return of international travel, the rate of recovery is likely to be ahead of the larger "Top 6" German cities which may not see pre-pandemic performance until 2024.

In a post-pandemic global tourism environment that seeks any avenue to recovery, Dresden is well-placed for an accelerated rebound as the cultural and historical centre of the popular Saxony region in eastern Germany. The city has built an enviable reputation for its attractions and architectural landmarks, its wealth of culture and arts, and its connection to the natural scenery in the surrounding region. In recent times, Dresden is also establishing its identity as the "Silicon Valley of Germany" by attracting major technology and life sciences corporations to build research, development and manufacturing facilities in Saxony. The presence of these industries in turn has a positive effect on the MICE sector for the city as industry leaders and observers are attracted to the region by the accumulation of talent.

In a wider context, the German hotel market can begin to build towards a quick recovery, given the scale and consistent demand requirements of the domestic travel market. Overall, it is expected that Dresden's hotel performance could return to its pre-pandemic levels by late 2023.

BOARD OF DIRECTORS



Law Song Keng, BBM, 77
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 2022):
8 years 3 months

Trustee-Manager

Date of appointment as Director:
10 June 2014

Length of service as Director
(as at 30 September 2022):
8 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 2022)

Listed companies

- IFS Capital Ltd
- Great Eastern Holdings Ltd

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 2019 to 30 September 2022)

- 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)

BOARD OF DIRECTORS



Chua Phuy Hee, 69
Non-Executive and
Independent Director

REIT Manager

Date of appointment as Director:
10 June 2014

Length of service as Director
(as at 30 September 2022):
8 years 3 months

Trustee-Manager

Date of appointment as Director:
10 June 2014

Length of service as Director
(as at 30 September 2022):
8 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 2022)

Listed companies

- Yihai Kerry Arawana Holdings Co., Ltd

Listed REITs/Trusts

- Nil

Others

- Temasek Life Sciences Laboratory Limited

Major Appointments (Other Than Directorships)

- Nil

Past Directorships in Listed Companies Held Over the Preceding 3 Years (From 1 October 2019 to 30 September 2022)

- 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, 68
Non-Executive and
Independent Director

REIT Manager

Date of appointment as Director:
10 June 2014

Length of service as Director
(as at 30 September 2022):
8 years 3 months

Trustee-Manager

Date of appointment as Director:
10 June 2014

Length of service as Director
(as at 30 September 2022):
8 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 2022)

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 2019 to 30 September 2022)

- 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

BOARD OF DIRECTORS



David Wong
See Hong, 69
 Non-Executive and
 Independent Director

REIT Manager

Date of appointment as Director:
 10 June 2014

Length of service as Director
 (as at 30 September 2022):
 8 years 3 months

Trustee-Manager

Date of appointment as Director:
 10 June 2014

Length of service as Director
 (as at 30 September 2022):
 8 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 2022)

Listed companies

- China Merchants Bank Co., Ltd

Listed REITs/Trusts

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

Others

- Nil

Major Appointments (Other Than Directorships)

- Chairman, Halftime Hong Kong Limited
- Finance Management Committee Member, Hong Kong Management Association

Past Directorships in Listed Companies Held Over the Preceding 3 Years (From 1 October 2019 to 30 September 2022)

- Nil

Past Major Appointments

- Director, HDR Global Trading Limited
- 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
- Corporate Executive Vice President and Chief Executive (South-East Asia) and Managing Director (Hong Kong Branch) of ABN AMRO Bank

Others

- Nil



Panote Sirivadhanabhakdi, 44
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 2022):
8 years 3 months

Trustee-Manager

Date of appointment as Director:
10 June 2014

Length of service as Director
(as at 30 September 2022):
8 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 2022)

Listed companies

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

Listed REITs/Trusts

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

Others

- Adelfos Company Limited
- Athimart Company Limited (Vice-Chairman)
- Beer Thip Brewery (1991) Co., Ltd.
- Blairmhor Distillers Limited
- Blairmhor Limited
- Chiva-Som International Health Resorts Company Limited
- Crystalla Co., Ltd.
- F and B International Company Limited
- Frasers Assets Company Limited
- Frasers Property Australia Pty Limited
- Frasers Property Corporate Services (Thailand) Company Limited
- Frasers Property Holdings (Thailand) Company Limited
- Golden Land Property Development Public Company Limited (Chairman)
- InterBev (Singapore) Limited

- International Beverage Holdings (China) Limited
- International Beverage Holdings Limited
- International Beverage Holdings (UK) Limited
- Kankwan Company Limited
- Kasem Subsiri Company Limited
- Kasemsubbhakdi Company Limited
- Lakeview Golf and Yacht Club Company Limited
- Must Be Company Limited
- N.C.C. Exhibition Organizer Company Limited
- N.C.C. Image Company Limited
- N.C.C. Management and Development Company Limited
- Norm Company Limited
- One Bangkok Company Limited (FKA Kasemsubvadhana Company Limited)
- Quantum Capital Development Company Limited
- S.S. Karnsura Company Limited (Vice-Chairman)
- Siribhakditham Company Limited
- Sirivadhanabhakdi Company Limited
- SMJC Development Company Limited
- Sura Bangyikhan Group of Companies
- TCC Assets (Thailand) Company Limited
- TCC Exhibition and Convention Centre Company Limited
- TCC Technology Company Limited
- Terragro Fertilizer Company Limited
- The Cha-Am Yacht Club Hotel Company Limited
- Theparunothai Company Limited
- Vadhanabhakdi Company Limited

Major Appointments (Other Than Directorships)

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

Past Directorships in Listed Companies Held Over the Preceding 3 Years (From 1 October 2019 to 30 September 2022)

- Nil

Past Major Appointments

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

Others

- Nil

MANAGEMENT TEAM

Eu Chin Fen

Chief Executive Officer

Chin Fen is responsible for the overall business, investment and operational strategies of FHT.

Prior to her current appointment, Chin Fen was Chief Investment Officer of Frasers Hospitality International Pte. Ltd. from July 2019 to April 2021. In this role, she assisted the CEO of the hospitality strategic business unit of Frasers Property Limited in developing and implementing the business and investment strategies of the hospitality business, in line with the broad directions of the Frasers Property Group.

Chin Fen joined the Frasers Property Group in 2011. She was previously CEO of the Managers when FHT was listed in July 2014 and relinquished this role in June 2019.

Before joining the Frasers Property Group, Ms Eu was Senior Vice President of the Asset-Backed Securitisation team at DBS Bank Ltd., responsible for the origination and listings of real estate investment trusts and business trusts in Singapore. She was involved in various IPOs and secondary fundraising projects, including the IPOs of Frasers Centrepont Trust, Pacific Shipping Trust, Perennial China Retail Trust and Mapletree Industrial Trust, the re-capitalisation of Frasers Commercial Trust via a rights issue and issuance of convertible perpetual preferred units, as well as the secondary fundraising for CapitalLand Mall Trust, Mapletree Logistics Trust and CDL Hospitality Trust, among others.

A Chartered Financial Analyst, Chin Fen holds a Bachelor of Business degree in Financial Analysis from Nanyang Technological University, 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 the Chief Financial Officer of OUE Hospitality REIT Management Pte. Ltd., the REIT Manager of OUE Hospitality Real Estate Investment Trust (**OUEHT**) from August 2014 to September 2018. Before OUEHT, he was the Chief Financial Officer of Meritus Hotels & Resorts (Hospitality Division) of OUE Limited.

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

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

Wong Soon Yearn

Head of Investment

Soon Yearn leads the investment team and is responsible for sourcing, evaluating, recommending and executing acquisition and divestment transactions for FHT. He has over 30 years of experience in the real estate industry and has been with the Frasers Property Group for the last 15 years.

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

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

Caris Ang**Head of Asset Management**

Caris is responsible for the asset management of FHT's portfolio. Her role includes optimising and executing asset management strategies to improve portfolio income through working with the various hotels and 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.

Low Ru Yan**Head of Investor Relations**

Ru Yan heads the investor relations function of FHT and is responsible for effective engagement and communication with FHT's investors and stakeholders across various communication platforms as well as FHT's sustainability strategy, initiatives and reporting.

Prior to her current appointment, she assumed the position of Investor Relations Manager at ARA Trust Management (USH) Pte. Ltd., the REIT manager of ARA US Hospitality Trust and has over 12 years of work experience in the areas of banking, government and hospitality.

Ru Yan holds a Bachelor of Business degree from Nanyang Technological University, an International Certificate in Investor Relations from the Investor Relations Society of UK and an Advanced Certificate in Sustainability and Sustainable Business from Singapore Management University.

PORTFOLIO SUMMARY

Property	Purchase price (million)	Valuation as at 30 September 2022	FY2022 Occupancy (%)	FY2021 Occupancy (%)
InterContinental Singapore	S\$497.1	S\$509.0	57.3%	61.9%
Fraser Suites Singapore	S\$327.0	S\$294.0	90.7%	76.5%
Novotel Melbourne on Collins	A\$237.0	A\$235.0	40.7%	25.6%
Novotel Sydney Darling Square	A\$66.0	A\$109.0 ¹	48.2%	29.8%
Fraser Suites Sydney	A\$103.5	A\$133.0	63.0%	45.2%
ibis Styles London Gloucester Road	£17.0	£19.8	73.1%	17.7%
Park International London	£39.3	£41.1	55.2%	7.5%
Fraser Place Canary Wharf, London	£31.5	£37.8	77.6%	51.4%
Fraser Suites Edinburgh	£11.5	£16.3	76.9%	26.9%
Fraser Suites Glasgow	£7.5	£9.6	72.9%	39.3%
Fraser Suites Queens Gate, London	£46.3	£57.8	75.2%	36.6%
ANA Crowne Plaza Kobe	¥11,200.0	¥16,200.0	48.4%	34.3%
The Westin Kuala Lumpur	RM455.0	RM380.0	41.5%	7.6%
Maritim Hotel Dresden	€58.4	€59.0	NA ²	NA ²

Top 10 Tenants	Industry	Percentage of GR ¹
River Valley Apartments Pte Ltd	Serviced residence	15.9%
Ananke Holdings Pty Ltd	Hotel	13.4%
BCH Hotel Investment Pte Ltd	Hotel	12.5%
K.K. Shinkobe Holding	Hotel	8.8%
Fairdace Limited	Serviced residence	8.5%
Maritim Hotelgesellschaft mbH	Hotel	7.9%
Frasers Townhall Residences Operations Pty Ltd	Serviced residence	7.5%
39QGG Management Limited	Serviced residence	7.2%
JBB Hotels Sdn Bhd	Hotel	6.2%
P I Hotel Management Limited	Hotel	5.6%

1 Based on GR derived from the 15 master leases (including that of SSW, up to its divestment in April 2022) and excludes the GR from NMOC's management contract for FY2022

Gross revenue for FY2022 (million)	Gross revenue for FY2021 (million)	Master Lessee	Fixed Rent (p.a.) (mil)	Variable Rent (p.a.)
\$9.4	\$8.1	BCH Hotel investment Pte Ltd	\$8.0	76.0% GOP less Fixed Rent plus FF&E reserve ³
\$11.9	\$8.2	River Valley Apartments Pte Ltd	\$7.7	20.0% GOR + 59.0% GOP less Fixed Rent plus FF&E reserve ³
A\$21.1	A\$20.3	FH-BT NMCS Operations Pty Ltd	A\$5.88	86.0% GOP less Fixed Rent plus FF&E reserve ³
A\$2.6	A\$2.5	Frasers Sydney ML Hotel Pty Ltd	A\$2.5	84.0% GOP less Fixed Rent plus FF&E reserve ³
A\$5.8	A\$4.3	Frasers Townhall Residences Operations Pty Ltd	A\$4.2	20.0% GOR + 54.5% GOP less Fixed Rent plus FF&E reserve ³
£0.9	£0.6	P I Hotel Management Limited	£0.6	91.5% GOP less Fixed Rent plus FF&E reserve ³
£1.5	£1.3	P I Hotel Management Limited	£1.3	91.5% GOP less Fixed Rent plus FF&E reserve ³
£2.7	£1.5	Fairdace Limited	£1.4	20.0% GOR + 65.0% GOP less Fixed Rent plus FF&E reserve ³
£1.3	£0.5	Frasers (St Giles Street) Management Limited	£0.5	20.0% GOR + 45.0% GOP less Fixed Rent plus FF&E reserve ³
£1.0	£0.4	Fairdace Limited	£0.4	20.0% GOR + 50.0% GOP less Fixed Rent plus FF&E reserve ³
£3.1	£1.8	39QGG Management Limited	£1.8	20.0% GOR + 67.0% GOP less Fixed Rent plus FF&E reserve ³
¥605.2	¥605.2	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	RM14.8	JBB Hotels Sdn Bhd	RM14.8	78.5% GOP less Fixed Rent plus FF&E reserve ³
€4.0	€4.0	Maritim Hotelgesellschaft mbH	NA ²	

TENANCY

As at 30 September 2022, there are 14 master leases for FHT's investment properties⁴. The weighted average lease expiry (**WALE**) of FHT's investment properties (excluding the master lease for NMOC) is 10.3 years.

The WALE was computed based on the gross annual revenue from each of the investment properties.

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

As at 30 September 2022, only three of the 14 master leases accounting for 16.7% of GR⁵ would be maturing in the next five years. These three master leases expire in FY2024.

Notes:

- 1 Excludes right-of-use assets recognised under FRS116. Including right-of-use assets, the valuation as at 30 September 2022 is A\$112.3 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 NMOC is excluded as it is an internal master lease arrangement between FH-REIT and FH-BT. FHT's entire GR is contributed by a hotel under management contract and master leases from the hospitality sector.
- 5 Based on GR derived from the remaining 14 master leases and excludes the GR from NMOC management contract as at 30 September 2022.

ASSET PROFILES



INTERCONTINENTAL SINGAPORE

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. The 16-storey hotel was completely refurbished in 2016 and offers 406 guest rooms, meeting rooms, a gym, a swimming pool, an all-day-dining restaurant, a bar, a Chinese restaurant and a Japanese restaurant.

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



FRASER SUITES SINGAPORE

Singapore

NO. OF ROOMS

255

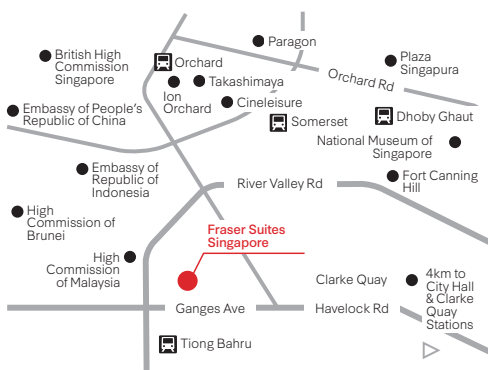
ADDRESS

491A River Valley Road,
Singapore 248372

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

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

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



NOVOTEL MELBOURNE ON COLLINS

Australia

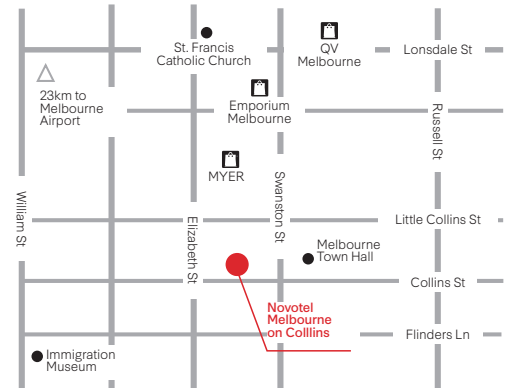
NO. OF ROOMS
380

ADDRESS
270 Collins Street
Melbourne VIC3000
Australia

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

Airport and is easily accessible by tram and other forms of public transport.

Novotel Melbourne on Collins features 380 guest rooms, ranging from 26 sqm to 40 sqm, with all rooms overlooking either the hotel’s glass atrium or the bustling Collins Street. It offers 9 conference and event spaces, a fully equipped business centre, a restaurant, a bar and a fitness centre. It is situated directly above the newly refurbished St. Collins Lane mall.



NOVOTEL SYDNEY DARLING SQUARE

Australia

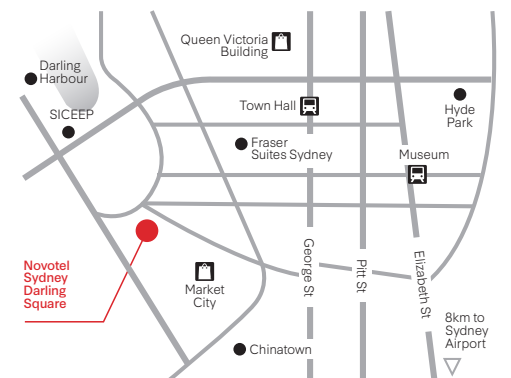
NO. OF ROOMS
230

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

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



ASSET PROFILES



FRASER SUITES SYDNEY

Australia

NO. OF ROOMS

201

ADDRESS

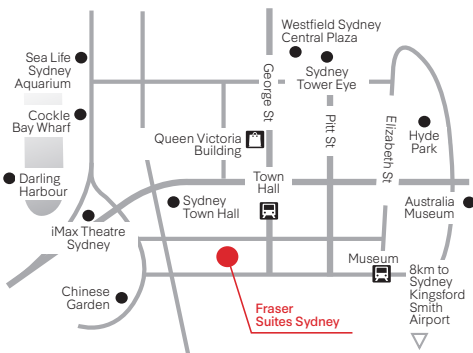
488 Kent Street, Sydney,
NSW 2000, Australia

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 the World Square retail, office and entertainment precinct. The serviced residence is also within walking distance of Cockle Bay Wharf, which features the IMAX theatre, the International Convention Centre, and numerous restaurants and entertainment facilities. Sydney's Kingsford Smith Airport is approximately a 20-minute drive away.

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

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

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



IBIS STYLES LONDON GLOUCESTER ROAD

UK

NO. OF ROOMS

84

ADDRESS

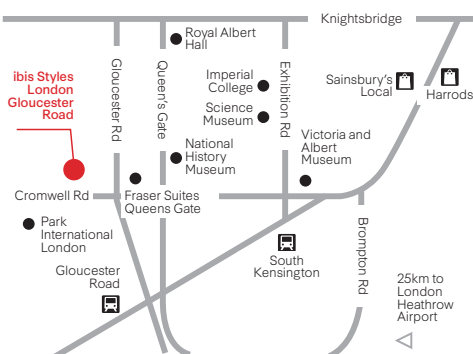
108, 110 and 112
Cromwell Road, London,
SW7 4ES, UK

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 located along Cromwell Road in the South Kensington borough, with the Gloucester Road Underground Station – served by the Piccadilly, Circle and District lines – in close proximity. Nearby attractions include the Science Museum, the

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

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



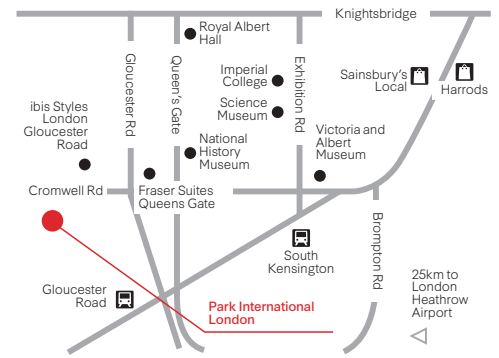
PARK INTERNATIONAL LONDON
UK

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 gym and a business centre.



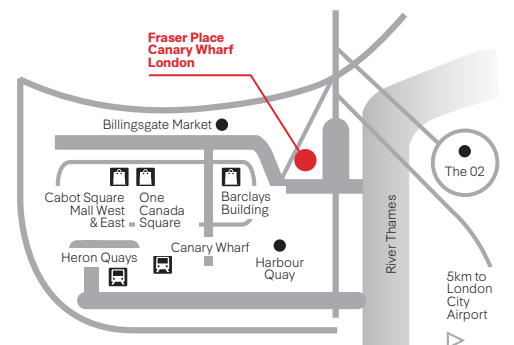
FRASER PLACE CANARY WHARF LONDON
UK

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 serviced residence units. The sizes of the units range from 21 sqm for a studio apartment to 200 sqm for a penthouse. Each unit is fully furnished with spacious living areas and all units afford views of Canary Wharf, the River Thames and The O2 in Greenwich. Fraser Place Canary Wharf London also has a 24-hour gym and a full-service business centre.



ASSET PROFILES

FRASER SUITES
EDINBURGH

UK

NO. OF ROOMS

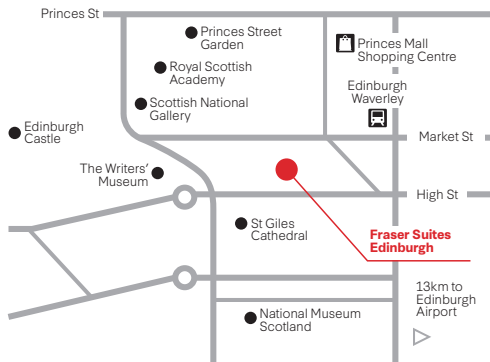
75

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 is opened 24 hours daily.

FRASER SUITES
GLASGOW

UK

NO. OF ROOMS

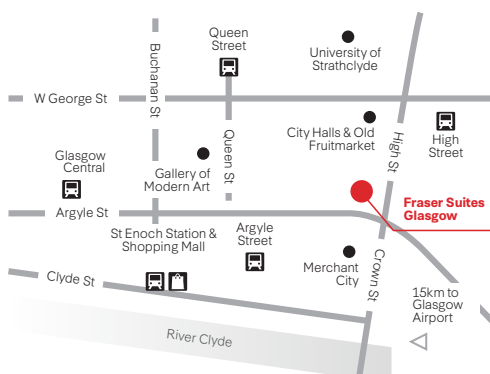
98

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.

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



Fraser Suites Glasgow is set in a restored 1850s building which has a classic Victorian Scottish

**FRASER SUITES
QUEENS GATE
LONDON**
UK

NO. OF ROOMS
105

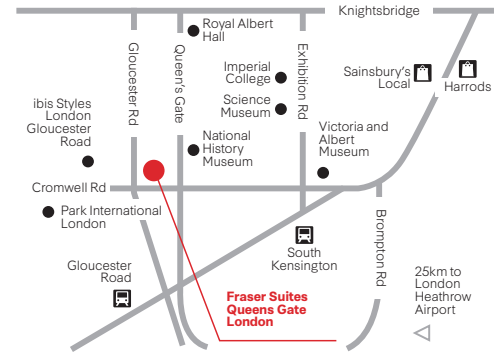
ADDRESS
39B Queens Gate Gardens,
London SW7 5RR,
UK

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 gym and a meeting room that can accommodate up to 30 people. There is also a guest laundry on the lower ground floor and a business zone with internet workstations.



**ANA CROWNE PLAZA
KOBE**
Japan

NO. OF ROOMS
593

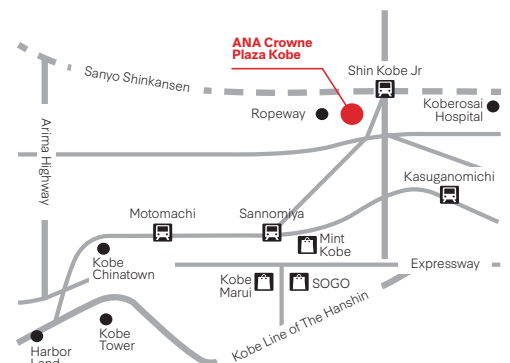
ADDRESS
1-Chome,
Kitano-Cho Chuo-Ku,
Kobe, 650-0002, Japan

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

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

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

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



ASSET PROFILES



THE WESTIN KUALA LUMPUR

Malaysia

NO. OF ROOMS

443

ADDRESS

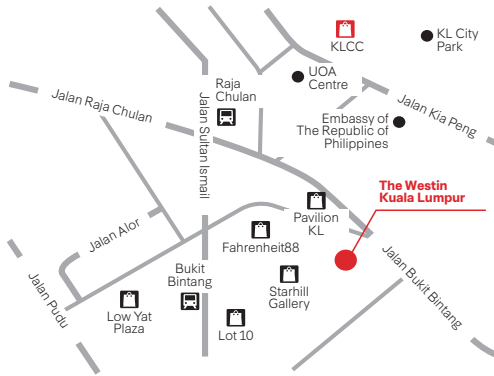
199, Jalan Bukit Bintang,
Kuala Lumpur, 55100,
Malaysia

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

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

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

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



MARITIM HOTEL DRESDEN

Germany

NO. OF ROOMS

328

ADDRESS

Devrientstrasse 10-12,
01067 Dresden,
Germany

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

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





SUSTAINABILITY

SUSTAINABILITY

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GLOSSARY

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

Abbreviations used in report

ARCC	: Audit, Risk and Compliance Committee
BCA	: Building and Construction Authority, Singapore
BCP	: Business Continuity Plan
Board	: FHT Board of Directors
DEI	: Diversity, Equity and Inclusion
ESG	: Environmental, Social and Governance
FY	: Financial Year Ended 30 September
GHG	: Greenhouse Gas
GRI	: Global Reporting Initiative
LGBTIQA+	: Lesbian, gay, bisexual, transgender, intersex, queer/questioning, asexual and others
MAS	: Monetary Authority of Singapore
NABERS	: National Australian Built Environment Rating System
NGOs	: Non-governmental Organisations
PACT	: WWF-Singapore's Plastic ACTION
RCP	: Representative Concentration Pathway
REITAS	: REIT Association of Singapore
SGX-ST	: Singapore Exchange Securities Trading Ltd
SIAS	: Securities Investors Association (Singapore)
SSC	: Sustainability Steering Committee
TAFEP	: Tripartite Alliance for Fair and Progressive Employment Practices
TCFD	: Task Force on Climate-Related Financial Disclosures
tCO ₂ e	: Tonnes of CO ₂ equivalent
UNGC	: United Nations Global Compact
UN SDGs	: United Nations Sustainable Development Goals
UNWEP	: United Nations Women Empowerment Principles
WWF	: World Wildlife Fund

BOARD STATEMENT

This year's World Tourism Day focused on the theme of "Rethinking Tourism", calling for the hospitality sector to reassess and reinvent how the industry can deliver positive change for people while addressing climate change. The United Nations Secretary-General António Guterres also urged deeper investment in sustainable tourism to build resilience and protect our planet. As many countries ease into recovery following the impacts of the COVID-19 pandemic, the world is heralding a new era of responsible tourism that can change the world for good and enable countries and businesses to emerge stronger than ever.

With our agile workforce and the right sustainability foundations, FHT stands ready to contribute to this transformation. We strive to deliver tangible progress in environmental, social and governance aspects, guided by the three pillars of our Sponsor's Sustainability Framework of Acting Progressively, Consuming Responsibly and Focusing on People.

In the financial year ended 30 September 2022 (**FY2022**), we embarked on a gap analysis exercise to assess our alignment with the Monetary Authority of Singapore (**MAS**) Guidelines on Environmental Risk Management. We maintained our active pursuit of green building certifications



across properties, in line with our Sponsor's Group goal of green-certifying 80% of our owned and managed assets. We also intensified our energy and decarbonisation efforts, including being part of Frasers Hospitality's commitment to World Wildlife Fund (**WWF**) Singapore's Plastic ACTion (**PACT**) initiative to move towards a circular economy. These support our Group's goal to be a net-zero carbon corporation by 2050, and aligns with the Singapore Hotel Sustainability Roadmap launched in 2022 by the Singapore Hotel Association and Singapore Tourism Board in 2022 to enable the industry to integrate sustainability as a core value within the hotel ecosystem. The holistic well-being of our guests, employees and local communities remains our top priority, and we devote significant resources to training, engagement and community connectedness initiatives that enable a safe and healthy lifestyle.

Our efforts have borne fruit - demonstrated by FHT's improved performance in the 2022 GRESB Real Estate Assessment, which we adopt to benchmark our sustainability performance against credible international standards. We recorded a significant improvement in our score and were ranked third in the 'Asia Pacific Hotel - Listed' category, testament to efforts across all environmental, social and governance (**ESG**) aspects within the assessment, particularly in expanding data monitoring and reporting disclosures data monitoring.

We build on this momentum in implementing positive changes in our operations and investment decisions.

With the support of the FHT Sustainability Task Force and our Sponsor, FHT Board of Directors (**Board**) continues to carry out its responsibilities in determining, monitoring and managing our material ESG issues, providing strategic directions on sustainability as well as overseeing the standards, management processes and strategies needed to achieve sustainability targets for the business.

We invite you to read more about our progress in FHT's eighth Sustainability Report. Thank you for your trust and support in our journey so far. We look forward to working as one to harness the power of sustainable tourism to accelerate shared sustainability outcomes.

Board of Directors

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

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



SUSTAINABILITY

THE YEAR AT A GLANCE


**ACTING
PROGRESSIVELY**

- Significant improvement at the 2022 GRESB Real Estate Assessment with third place ranking in 'Asia Pacific Hotel - Listed' category with 3-Star rating, up from the 8th place and 1-Star rating in the previous year.
- Expanded the Board's oversight on the sustainability strategy by redefining the remit of the Audit, Risk and Compliance Committee (**ARCC**).
- Restructured Report for better alignment to Task Force on Climate-Related Financial Disclosures (**TCFD**) recommendations.
- On track to complete in FY2023 the climate risk and climate 'value at-risk' assessment of our portfolio and establish roadmap for achieving net-zero carbon by 2050.


**CONSUMING
RESPONSIBLY**

- Our Australian properties have an average 4.3-Star (between Good and Excellent) Water rating and an average 3.5-Star (between Average and Good) Energy rating as part of the National Australian Built Environment Rating System (**NABERS**) assessment.
- InterContinental Singapore holds the Building and Construction Authority (**BCA**) Green Mark Gold^{PLUS} certification.
- Fraser Suites Glasgow, Fraser Suites Edinburgh, Fraser Suites Canary Wharf London, Fraser Suites Queens Gate London and Park International London are supplied with 100% renewable electricity.
- Fraser Suites Singapore joined non-governmental organisation WWF-Singapore's PACT initiative and committed to implementing circular economy initiatives.
- Reduced energy intensity per occupied room night by 7.4% from FY2021.


**FOCUSING
ON PEOPLE**

- 60% and 53% female representation, respectively, in REIT Manager's senior management and employee base.
- Employees of the REIT Manager each received an average of 53 learning hours.
- Employees at FHT properties received regular health and safety training as part of our operational prioritisation.
- Achieved a positive guest review score of 76 out of 100 and a performance score of 81 out of 100 across all FHT properties managed by Frasers Hospitality.

EMBEDDING SUSTAINABILITY WITHIN OUR CORE

As a global hospitality REIT, FHT is committed to integrating sustainability considerations within our business operations to create long-term shared value for our stakeholders.

We have set out key targets and started developing action plans to chart our sustainability journey, which contribute to the long-term goals established by the Group:

Our sustainability strategy builds on the foundation and sustainability core that we have established over the past years. We closely align to our Sponsor’s Sustainability Framework across three pillars - Acting Progressively, Consuming Responsibly and Focusing on People. We adopt ESG-related focus areas under these key pillars that are most relevant and best suited for our hospitality business and operations.

- To finance a majority of its new sustainable asset portfolios with green and sustainable financing by 2024
- 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 asset-managed properties by 2024


PILLARS



ACTING PROGRESSIVELY



CONSUMING RESPONSIBLY



FOCUSING ON PEOPLE

FOCUS AREAS

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

Resilient Properties
Strengthening the resilience and climate adaptive capacity

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

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

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

Biodiversity
Enhancing the environment and ecosystem through our developments

Energy & Carbon
Increasing substantially energy efficiency and renewable energy used

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

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

Community Connectedness
Considering social value principles for communities

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

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

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

SUSTAINABILITY

MANAGING SUSTAINABILITY

It remains our key priority to integrate ESG considerations strategically at Board and management levels, as well as establishing sound governance structures to support sustainable development.

SUSTAINABILITY GOVERNANCE

We work in tandem with our Sponsor to align on a unified governance approach across the Frasers Property Group. Our shared sustainability agenda is driven by the Group Sustainability Steering Committee (**SSC**), comprising senior management personnel who meet six times a year to drive sustainability strategy, review sustainability performance against key material metrics and approve action plans and policies to integrate sustainability practices within the Group. A dedicated Carbon and Climate Advisory Group was also established to drive progress towards the Group's goal of achieving net-zero carbon emissions by 2050. The SSC is supported by the Frasers Property Group Sustainability Team and Project Management Office, who collaborate closely with FHT to develop sustainability action plans and track progress.

Within FHT, the Board, through the ARCC, provides strategic direction and oversees the identification, monitoring and the management of environmental, social and governance material factors required for achieving FHT's sustainability objectives.

The FHT Sustainability Steering Committee comprising the CEO and CFO of the Managers has been designated to oversee and review environmental risk. FHT also has a dedicated Sustainability Task Force to drive our sustainability strategy, comprising the department heads of Asset Management, Finance, Investment and Investor Relations, to drive our sustainability action plan. 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 ENGAGEMENT

As a global hotel and serviced residence trust, FHT strives to deliver value to our stakeholders and build trust by understanding their diverse needs. We have established various platforms to collect feedback on what sustainability considerations matter most to our stakeholders, and actively engage them in our sustainability journey.

INDUSTRY ALIGNMENT

Collective action is crucial in allowing us to create deeper and lasting sustainable impact. As part of Frasers Property Group, we support and engage with the following industry bodies and international movements on sustainability matters:

- REIT Association of Singapore (**REITAS**)
- United Nations Global Compact (**UNGC**)
- United Nations Sustainable Development Goals (**UN SDGs**)
- GRESB
- Green Nation Pledge by the Ministry of Sustainability and the Environment
- TCFD
- Tripartite Alliance for Fair and Progressive Employment Practices (**TAFEP**)
- United Nations Women Empowerment Principles (**UNWEP**)
- WWF-Singapore's PACT

Key Stakeholders

Customers and Guests

Investment Community and Stapled Securityholders

Hotel and Serviced Residence Operators

Employees

Suppliers and Business Partners

Local Community

Media

Regulators and Non-governmental Organisations

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

SUSTAINABILITY

MATERIALITY ASSESSMENT

We regularly review our material issues to maintain agility as a business in the context of global trends, stakeholder concerns and alignment with our Sponsor’s Sustainability Framework. The table below expands on the significance of our material topics, the relevant UN SDGs and areas where we have created impact through our business relationships.

Group Sustainability Framework Pillars	Corresponding UN SDGs	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>

Corresponding Group Focus Areas	GRI Indicators	Materiality Rationale	Material Factor Boundaries		
			FHT/ REIT Manager	Suppliers/ Contractors	Properties
Risk-based Management, Responsible Investment, Resilient Properties	• Economic performance (GRI 201)	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 Staped Securityholders	✓		
	Risk-based Management	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.	✓	✓	✓
Energy & Carbon	• Energy (GRI 302)	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.			✓
	• Emissions (GRI 305)				
Water	• Water and effluents (GRI 303)	Water is a limited natural resource. It is essential for us to manage our consumption to reduce unnecessary usage.			✓
	Waste	As the operations of our properties generate various types of waste, proper waste management is key in preventing adverse impact on the local environment and public health.			✓
Community Connectedness	• Local communities (GRI 413)	Customer experience is a vital aspect in determining the success of our business. It is our utmost priority to meet and exceed the expectations of our customers and guests.			✓
Skills & Leadership	• Training and education (GRI 404)	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.	✓		
	Diversity, Equity & Inclusion (DEI)				
	• Diversity and equal opportunity (GRI 405)				
	• Employment (GRI 401)				
Health & Well-being	• Occupational health and safety (GRI 403)	Employees are at the heart of hospitality operations. It is vital to ensure our hotel and serviced residence operators value staff well-being by providing a conducive and safe working environment. In turn, a motivated workforce can better deliver positive, memorable experiences to our customers and guests.	✓		✓

SUSTAINABILITY



ACTING PROGRESSIVELY

OUR PRIORITIES

We strive to embed environmental, social and governance considerations within our business decisions, while upholding the highest standards of integrity by putting in place governance structures to manage risks and opportunities.

OUR APPROACH

- Robust policies drive our sustainability approach to enhance business resilience and deliver our business and sustainability objectives.
- We strive to adopt responsible practices across our businesses, and to measure and benchmark our performance such as the participation in recognised green building certifications schemes.

OUR PROGRESS

Focus Area	Our Goals	Our Progress in FY2022	Status ¹
Risk-Based Management	<ul style="list-style-type: none"> • To establish holistic overarching internal policies to govern and guide the management of the focus areas. 	<ul style="list-style-type: none"> • Expanded the Board's oversight over the sustainability strategy by redefining the remit of the ARCC. • Implemented Responsible Sourcing Policy with 33% of suppliers acknowledging the policy. • Aligned to the MAS Guidelines on Environmental Risk Management. 	On Track
Responsible Investment	<ul style="list-style-type: none"> • To kickstart the process for green building certifications in FY2021 and achieve green certifications for at least 80% of the portfolio by 2024. 	<ul style="list-style-type: none"> • Our Australian properties have an average 4.3-Star (between Good and Excellent) Water rating and an average 3.5-Star (between Average and Good) Energy rating as part of the NABERS assessment. • InterContinental Singapore holds BCA Green Mark Gold^{PLUS} certification. • Six of our properties in the UK continue to be accredited under the Green Tourism Scheme. • Significant improvement at the 2022 GRESB Real Estate Assessment with an improved score of 78 and a 3-Star rating. This led FHT to be ranked third in the 'Asia Pacific Hotel - Listed' category. 	In progress
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 the TCFD framework by 2024. 	<ul style="list-style-type: none"> • On track to complete a climate risk and climate 'value at-risk' portfolio-level assessment of our portfolio and developing action plan to address and mitigate key physical and transition risks by FY2023. • Aligned our climate reporting more closely to the TCFD framework. 	In progress

¹ **On track:** Target is either achieved or is on track to be achieved on time
In progress: Target is delayed but progress is still being made and could still be achievable on time
Not on track: Target is delayed to the point that it is unlikely that it will be achieved on time

RISK-BASED MANAGEMENT

What this means to us

Establishing a robust foundation of corporate governance and adopting a risk-based management approach enables us to become a more resilient and agile corporation. We strive to be good stewards of the trust and confidence placed in us by FHT Stapled Securityholders, by regularly reviewing our policies and compliance levels in alignment with our zero-tolerance approach towards corruption and fraud.

How we manage Risk-Based Management

We work closely with our Board and the Sponsor to implement comprehensive and effective internal controls across the business. Our Board ARCC oversees the audit process, assisting the Board in reviewing the quality and integrity of the accounting, auditing, internal controls, risk management and financial practices of the Manager. This includes an audit conducted by the Sponsor's internal audit team, which focuses on the REIT Manager's adequacy of internal controls, risk management and corporate governance practices. Audit findings and recommendations are presented to the Board for appropriate follow-up actions by the management, and the Head of Group Internal Audit reports directly to the Chairman of the ARCC of the REIT Manager. Please refer to page 120 of this Annual Report for further details on the remit of the ARCC.

We also embed environmental, social and governance considerations within the Group's risk management process and business operations through working closely with our Sponsor's Group Risk and Group Sustainability teams. FHT is also a signatory to the annual Corporate Governance Statement of Support initiated by Securities Investors Association (Singapore) (**SIAS**).

How we create value and our progress in FY2022

Putting in place a strong set of policies to strengthen resilience

To uphold the highest standards of integrity and accountability in our business conduct, we have put in place key corporate policies. These policies are aligned with those of our Sponsor, and periodically reviewed to ensure that they remain relevant to the ecosystem in which we operate in.

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

Maintaining strict compliance practices

We maintain a strict zero-tolerance approach to bribery and corruption, and put in appropriate measures in place to prevent non-compliance incidents and breaches. Our Code of Business Conduct sets out our stand on ethics and compliance on environmental, social and governance aspects - covering key areas such as avoiding conflicts of interest, interactions with external stakeholders, protecting company's assets, anti-sexual harassment, equal employment opportunities, data privacy and upholding laws in countries where we operate. The Code of Business Conduct is made available where applicable to other stakeholders.

SUSTAINABILITY

Independent feedback channels are in place for employees or third parties to report any possible improprieties, misconduct or wrongdoing relating to FHT and its staff, in matters of financial reporting, suspected fraud and corruption or any other matters. Matters of concern can be reported by mail, electronic mail or by calling a hotline, details of which are provided in the Whistle-Blowing Policy made available on the Sponsor's website. Any report submitted through these channels would be received by the Sponsor's Head of Group Internal Audit, which has been designated as an independent function to investigate all whistle-blowing reports. All reports made in good faith will be treated fairly, confidentially and protected from reprisal.

We comply with all relevant laws, rules and regulations within the markets we operate in. During the year, we did not have any confirmed incidents of bribery and corruption, nor any significant breaches of laws and regulations in relation to the environment, health and safety regulations or industry codes around marketing communications. We did not receive any cases via the whistleblowing channel. In FY2022, 88% of our employees have attended training sessions on anti-corruption. We will continue to work closely with stakeholders to pre-empt and mitigate any risks throughout our value chain.

Engaging with our suppliers

To guide suppliers along our sustainability journey, we continued to implement FHT's Responsible Sourcing Policy and engage suppliers to adopt sustainable practices. The Policy sets out the expectations that we have of our contractors and suppliers around ESG considerations, including environmental management, human rights and labour management, ethics and integrity, health, safety and well-being. We carried out a mapping exercise on suppliers across various departments to identify risky categories based on spend amounts and ESG risks. We shared the Policy with all key suppliers with 33% of them acknowledging the policy as at 30 September 2022. We use the Policy as a springboard for deeper engagement on supplier sustainability practices.

Aligning with MAS Guidelines on Environmental Risk Management for Asset Managers

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

Key area	Status
<p>Governance and strategy: The Board and senior management to oversee integration of environmental risk considerations into asset managers' strategies, business plans and product offerings.</p>	<p>We have expanded the Board's oversight on FHT's sustainability strategy by redefining the remit of the ARCC, which includes responsibility in determining ESG factors as material to the business, monitoring and managing ESG factors and overseeing standards, management processes and strategies to achieve sustainability practices.</p> <p>The FHT Sustainability Steering Committee, comprising the CEO and CFO, has been designated to oversee and review environmental risk.</p>
<p>Research and portfolio construction: Asset managers to evaluate the potential impact of environmental risk on the return potential of our investments.</p>	<p>We consider operational indicators (such as greenhouse gas (GHG) emissions, energy, waste and water) that may affect tenant demand as well as operational efficiencies and costs. Please refer to the Energy and Carbon section of this Report for further details.</p>
<p>Portfolio risk management: Asset managers to put in place appropriate processes and systems to systematically assess, manage and monitor the impact of any risk.</p>	<p>We have put in place processes to manage environmental risk. Please refer to the How we manage Risk-Based Management section of this Report for further information.</p>
<p>Scenario analysis: Asset managers to develop capabilities in assessing environmental risk impact on their portfolios and their alignment with climate goals set under a range of scenario pathways.</p>	<p>We are on track to complete climate risk assessments, which include scenario analysis from temperature rises (below 2°C scenario: RCP 2.6 and below 4°C scenario: RCP 8.5) in FY2023.</p>
<p>Stewardship: Asset managers to engage investee companies to improve risk profile and support their efforts to transition towards more sustainable policies and practices.</p>	<p>We have progressively implemented asset enhancement initiatives with measures to improve energy and water efficiency and waste management.</p>
<p>Disclosures: Clear and meaningful disclosures, referencing well-regarded international reporting frameworks.</p>	<p>This Report discloses our approach to environmental risk management and the potential impacts of risk. We strive to enhance disclosures to further align to the TCFD recommendations.</p>

RESPONSIBLE INVESTMENT

What this means to us

With a geographically diversified portfolio, FHT recognises that we can make an impact across our value chain through how we invest. We seek to integrate ESG considerations into our business and investment decisions, through aligning to green building certifications and benchmarking our performance through the GRESB Real Estate Assessment. These will support our goal of green-certifying 80% of owned and asset-managed properties by 2024.

How we manage Responsible Investment

We aim to green-certify our properties through various recognised green building certification schemes and align to international and local standards, including NABERS, Green Star and BCA Green Mark certifications.

We also strive for continuous improvement in the GRESB Real Estate Assessment, which benchmarks real estate funds and companies worldwide based on information relating to their ESG performance and sustainability best practices, consistent methodology across geography, investment vehicles and property types and alignment to international reporting frameworks. FHT has been a participant of the annual GRESB Real Estate Assessment since 2019.

How we create value and our progress in FY2022

Greening our Portfolio

All of FHT's properties in Australia have been assessed through NABERS, which highlights the environmental performance of Australian buildings and tenancies. Our properties hold an average Water rating of 4.3 Stars (between Good and Excellent) and an average Energy rating of 3.5 Stars (between Average and Good) in NABERS.

In FY2023, we aim to certify our Australian properties under the Green Star certification scheme by the Green Building Council of Australia. In Singapore, InterContinental Singapore was re-certified Green Mark Gold^{PLUS} in 2021 under the BCA Green Mark certification scheme.

We also participate in the Green Tourism certification programme, which recognises the commitment of UK tourism players who are working actively to integrate sustainability into their operations. The certification scheme measures the steps businesses are taking to care for local communities, promote a sense of place, conserve local areas and adopt environmentally friendly practices. As part of our commitment to create inspirational experiences for guests and be responsible environmental stewards, six of our properties in the United Kingdom have pursued and been certified under the Green Tourism Scheme as follows:

- Fraser Suites Edinburgh – Silver
- Fraser Suites Canary Wharf London – Bronze
- Fraser Suites Glasgow – Bronze
- Fraser Suites Queens Gate London – Bronze
- Park International London – Bronze
- Ibis Styles London Gloucester Road – Bronze

Benchmarking performance with the GRESB Real Estate Assessment

FHT recorded a significant improvement in the 2022 GRESB Real Estate Assessment, with an increased score of 78 from 62 in 2021. As a result, our rating rose from 1-Star to 3-Star. We were also ranked third in the 'Asia Pacific Hotel - Listed' category, up from eighth place in 2021. This is testament to our efforts across all ESG aspects within the assessment, particularly in expanding data monitoring and reporting disclosures data monitoring. We will continue to advance on our sustainability agenda by implementing positive changes in our operations and investment decisions.

SUSTAINABILITY

RESILIENT PROPERTIES

What this means to us

As a global REIT, we are cognisant that climate-related risks pose a significant financial risk to our assets and operations. We seek to leverage climate risk data to identify, understand and manage our portfolio's exposure to climate hazards, screen our investments in tandem with changing climate trends, and leverage climate-related opportunities for long-term sustainability.

How we manage Resilient Properties

We have introduced several goals to inspire ambitious climate action, including to be net-zero carbon across our business and value chain by 2050, to be climate-resilient and establish adaptation and mitigation plans by 2024 and to finance the majority of our sustainable asset portfolios with green and sustainable financing by 2024.

We are aligning our disclosures more closely with the TCFD recommendations this year to promote more informed investment, credit and insurance underwriting decisions and meet growing investor demand. Our Sponsor has done so since 2019. We have also publicly declared our support for the TCFD recommendations via our Sponsor.

How we create value and our progress in FY2022

The table below outlines our approach and progress towards managing climate-related risks and opportunities.

TCFD core element	Our approach	Our progress in FY2022
Governance Describe the organisation's governance around climate-related risks and opportunities.	<p>The Board provides oversight on broader sustainability trends, risks and opportunities to connect sustainability with corporate purpose and strategy.</p> <p>The Board is supported by the Sponsor's SSC and Sustainability Project Management Office.</p>	<p>We have expanded the Board's oversight over our sustainability strategy by redefining the remit of the ARCC.</p>
Describe management's role in assessing and managing climate-related risks and opportunities.	<p>The senior management team manages climate risk and identifies potential opportunities through accountability linked to remuneration.</p>	<p>We established sustainability metrics, including climate-related objectives, within 'Key Responsibility Areas' and linked them to executive remuneration via the balanced-scorecard methodology.</p> <p>Two of our senior leaders underwent training on assessing and managing climate risks and opportunities, which included a deep-dive into TCFD recommendations and steps to be taken to better align with them and incorporate robust risk management processes into our strategy.</p>
Strategy Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<p>We are in the process of conducting climate risk assessments that involve identifying potential risks to our assets and estimating financial impact to the business using scenario analysis.</p>	<p>We are on track towards prioritising key physical and transitional climate-related risks to FHT, and their financial impact to our business.</p>
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<p>These climate risk assessments include an analysis of both the financial impacts to our major operating revenue and costs items in the absence of any mitigation actions and the potential value of damages to our assets in the face of extreme weather events.</p>	<p>We are in the midst of developing an action plan to address and mitigate key physical and transition risks and prioritising strategies to achieve net-zero carbon by 2050.</p>

TCFD core element	Our approach	Our progress in FY2022
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our Sponsor has initiated a group-wide readiness assessment of our practices as they relate to managing climate-related risk.	<p>Insights from the readiness assessment done on FHT were used to develop a roadmap to align more closely with TCFD recommendations. Examples of actions within the roadmap include:</p> <ul style="list-style-type: none"> • Better integrating climate change risks and opportunities into strategic decision making • Providing annual training for business leaders • Undertaking climate risk assessments on an asset level, including an assessment against different and longer-term time horizons, both low-emissions and high emissions scenarios, and an assessment of financial impacts and materiality of climate related risks and opportunities • Improving the quality of climate-related financial disclosures <p>This roadmap, approved by the Board, enables us to methodically address and mitigate physical and transition risks that are key to our business.</p>
<p>Risk Management</p> <p>Describe the organisation's processes for identifying and assessing climate-related risks.</p>	Our Sponsor has started a global process of identifying climate related risks and opportunities for our businesses at the asset-level, including identifying climate 'value at risk' for our activities and their locations.	We are on track towards completing a climate risk and climate 'value-at-risk' portfolio-level assessment of our properties.
Describe the organisation's processes for managing climate-related risks.	We identify key risks, assess their likelihood and materiality to our business and document corresponding mitigating controls in a risk register. The risk register is reviewed and updated regularly.	Sustainability-related risks have been included in the FHT Risk Register for monitoring.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We have implemented an Environmental, Health & Safety Policy and an Environmental, Health & Safety Management System aligned to the ISO 14001 and ISO 45001 standards in key operating regions. For example, Fraser Suites Singapore has been certified bizSAFE Level 3 by the Singapore Workplace Safety and Health Council.	We are on track towards integrating our climate related risk identification activities within our Enterprise Risk Management processes and associated risk register practices.

SUSTAINABILITY

TCFD core element	Our approach	Our progress in FY2022
<p>Metrics and Targets Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>To ensure that we are on track to meet our target of net-zero carbon emissions by 2050, we measure and report our energy consumption and GHG emissions across Scopes 1, 2 and 3. Please refer to the Energy and Carbon section for detailed information on our metrics and targets.</p>	<p>We measure and disclose our performance using metrics including:</p> <ul style="list-style-type: none"> • Scope 3 energy consumption (GWh) • Scope 3 energy intensity (kWh/m²) • Scope 3 GHG emissions ('000 tonnes of CO₂e) • Scope 3 GHG intensity (kgCO₂e/m²) <p>We have also restructured this Sustainability Report to better align with recommended TCFD disclosures.</p>
	<p>Across asset classes and regions, we certify our properties against third-party green building standards, and we continue to take steps to meeting our goal of achieving green certification for 80% of owned and asset-managed properties by FY2024.</p>	<p>For details on our green building certifications, please refer to the Responsible Investment section.</p>
<p>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</p>	<p>We measure and report our GHG emissions across Scopes 1, 2 and 3.</p>	<p>For full details of our metrics related to GHG emissions, please refer to the Energy and Carbon section.</p>
<p>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p>We have introduced goals to inspire ambitious climate action, such as attaining net-zero carbon across our business and value chain by 2050, being climate-resilient and establishing adaptation and mitigation plans by 2024, and financing the majority of our sustainable asset portfolios with green and sustainable financing by 2024.</p>	<p>For further details on energy efficiency measures implemented in FY2022, please refer to the Energy and Carbon section.</p>



CONSUMING RESPONSIBLY

Recognising our responsibility to minimise our environmental footprint, we continue to champion responsible tourism and environmental stewardship across our hotels and serviced residences. We strive to embed sustainability into our operations and value chain to meet and exceed guests' and stakeholders' expectations. Recognising that natural resources are finite, we carefully manage our consumption to reduce unnecessary usage. In aligning to our Group-wide goal of achieving net-zero carbon by 2050, we measure and disclose our progress on the focus areas of Energy & Carbon, Water and Waste. Our properties in Singapore have also implemented several initiatives in support of the Hotel Sustainability Roadmap by Singapore Hotel Association and the Singapore Green Plan 2030.

OUR APPROACH

- Develop 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 PROGRESS

Focus Area	Our Goals	Our Progress in FY2022	Status ²
Energy & Carbon	<ul style="list-style-type: none"> • To develop a net-zero carbon roadmap and establish carbon targets in line with a science-based approach in order to achieve net-zero carbon emissions by 2050. • To reduce the energy intensity of the portfolio by 3% per annum for the portfolio by 2024 against a 2018 baseline. 	<ul style="list-style-type: none"> • On track to establish net-zero roadmap in FY2023. • Energy intensity increased by 7.4% YoY per occupied room night. • Fraser Suites Glasgow, Fraser Suites Edinburgh, Fraser Suites Canary Wharf London, Fraser Suites Queens Gate London and Park International London are supplied with 100% renewable electricity. 	On track
Water	To reduce the water intensity reduction of the portfolio by 1.5% per annum by 2024 against a 2018 baseline.	<ul style="list-style-type: none"> • Water intensity increased by 6.6% per room night due to higher portfolio occupancy in FY2022 compared to FY2021. 	Not on track
Waste	To establish a waste recycling target and expand waste data coverage from current 10 properties to 14.	<ul style="list-style-type: none"> • Waste data coverage remained at 10 properties. We will strive to expand the data coverage in FY2023. • Waste intensity remained relatively unchanged at 3.4 kg per room night. 	In progress

2 **On track:** Target is either achieved or is on track to be achieved on time
In progress: Target is delayed but progress is still being made and could still be achievable on time
Not on track: Target is delayed to the point that it is unlikely that it will be achieved on time

SUSTAINABILITY

ENERGY AND CARBON

What this means to us

With a goal to achieve net-zero carbon by 2050, we harness a range of strategies to reduce energy consumption and improve efficiency. We also strive to influence and enable our employees, guests and suppliers to prioritise environmentally-friendly lifestyles and decisions.

How we manage Energy and Carbon

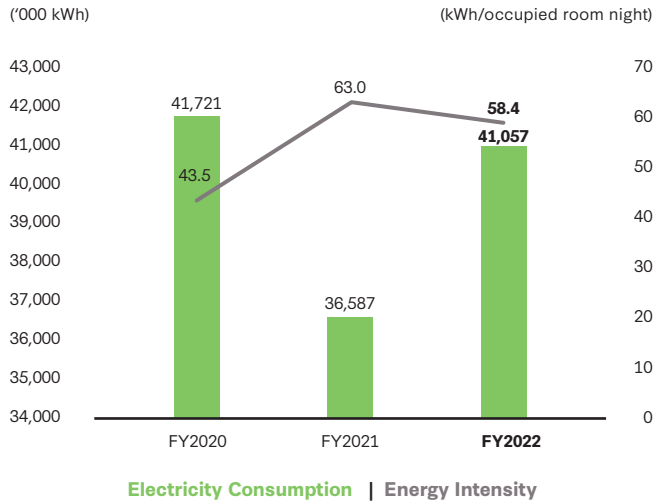
FHT has been tracking and disclosing our progress in energy reduction, with an aim to reduce the energy intensity of the portfolio by 3% per annum by 2024 against a 2018 baseline. Further, as a key step towards achieving net-zero carbon emissions by 2050, we are in the midst of developing net-zero carbon roadmap and establishing decarbonisation targets. To ensure that the targets are aligned with a science-based approach, we will be submitting these targets to the Science-Based Targets initiative for validation.

How we create value and our progress in FY2022³

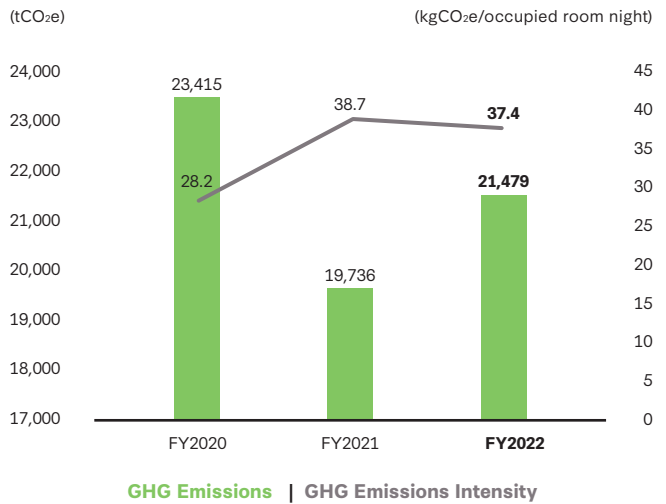
In FY2022, FHT’s properties consumed a total of 41.1 GWh of electricity, an increase of 12.2% compared to FY2021 due to higher occupancy as COVID-19 restrictions were gradually eased in FY2022. Energy intensity per occupied room night – measured by dividing total energy usage over total occupied room nights – decreased by 7.4% YoY to 58.4kWh per room night due to the exclusion of the divested Sofitel Sydney Wentworth for intensity calculation.

As a result, the total carbon emissions from our energy consumption amounted to 21,479 tonnes of CO₂ equivalent (tCO₂e), an increase of 8.8% YoY. However, our GHG emissions intensity was 37.4 kgCO₂e per occupied room, down 3.3% YoY due to more efficient use of electricity.

Energy Consumption and Energy Intensity



Scope 3 GHG Emissions and Intensity



³ GHG emissions are calculated using the location-based method. Total energy consumption includes purchased electricity, renewable energy purchased, and are reported as a whole in text and separately in charts. Scope 3 GHG data for the reported periods are restated to factor in avoided emissions from use of renewable energy, replacement of previous estimates with actual data, and updates in historical emissions factors.

Key initiatives in FY2022

- All our properties in Australia achieved an average of 3.5 Stars NABERS energy rating (between 'Average' and 'Good').
- In the UK, all but one of FHT's properties have obtained an Energy Performance Certificate. We will continue to improve energy efficiencies in our operations.
- Fraser Suites Glasgow, Fraser Suites Edinburgh, Fraser Suites Canary Wharf London, Fraser Suites Queens Gate London and Park International London are supplied with 100% renewable electricity. This translates to 2.9 GWh and hence 620.9 tCO₂e in avoided emissions in FY2022.
- ibis Styles London Gloucester Road implemented several energy-saving initiatives, including replacing gas boilers with more energy-efficient electric boilers and installing a timer in its bedroom extraction system, allowing it to be switched off at certain times of the day.
- To encourage guests who are staying several nights to choose the option of reusing their towels, Novotel Melbourne on Collins invested half of the savings made on laundry costs towards a reforestation programme. The property also implemented a new Building Management System and utility services meters, providing an automated line of sight for monitoring and streamlining operations.
- Fraser Suites Sydney upgraded its heating, ventilation and air-conditioning system and replaced its whitegoods and television sets with more energy-efficient models.
- The Westin Kuala Lumpur redesigned the schedule for its heat exchanger system, resulting in greater downtime and a reduction in energy consumption.
- ANA Crowne Plaza Kobe shortened the operating time for its air-conditioning systems, leading to decreased energy consumption.
- Fraser Suites Singapore replaced its guestroom downlights with LED lighting.



Fraser Suites Singapore

SUSTAINABILITY

WATER

What this means to us

As a hotel and serviced residence trust with a global footprint, we recognise that we have a role to play in improving water efficiency in our operations and minimising impact in water scarcity in regions that we operate. More than 50% of assets within our portfolio by floor area are located in countries under high or extremely high water stress, according to World Resources Institute’s research (2013). Our goal is to achieve a reduction in water use intensity of 1.5% per year by 2024 against a 2018 baseline.

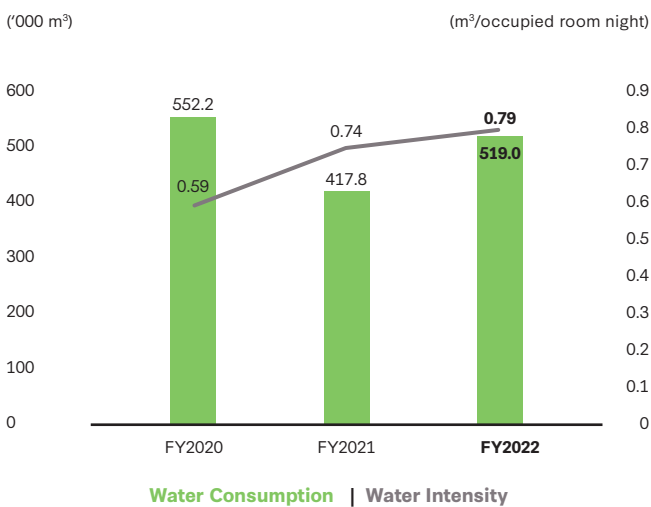
How we manage Water

We continue to take steps to manage water usage in our properties by upgrading to water-efficient devices and equipment whenever possible. We benchmark our properties with accredited water efficiency ratings.

How we create value and our progress in FY2022⁴

In FY2022, our properties consumed a total of 519.0 megalitres of water, all of which came from municipal water supply. We saw an increase as compared to FY2021 due to higher level of activities across our assets. In spite of the rise in absolute consumption, our water intensity per occupied room night only saw a slight increase of 6.6% to 0.79 m³. This is attributable to our continuous effort to raise awareness in more efficient water use.

Water Consumption and Intensity



Key initiatives in FY2022

- Novotel Sydney Darling Square holds a NABERS water rating of 5 Stars (Excellent) while Novotel Melbourne on Collins and Fraser Suites Sydney hold a 4 Stars (Gold) rating.
- The Westin Kuala Lumpur installed a chemical system to treat its incoming water supply, which improved water quality consumed in the rooms. This reduced the frequency of which the water tanks need to be emptied, hence saving the property an estimated 321,500 litres of water a year.
- Fraser Suites Sydney and ANA Crowne Plaza Kobe installed water-saving showerheads in guest bathrooms.



Novotel Melbourne on Collins

WASTE

What this means to us

As a global hospitality REIT, we are uniquely positioned to drive responsible practices across our portfolio. We work closely with our property operators to adopt waste reduction initiatives and improve waste management systems.

How we manage Waste

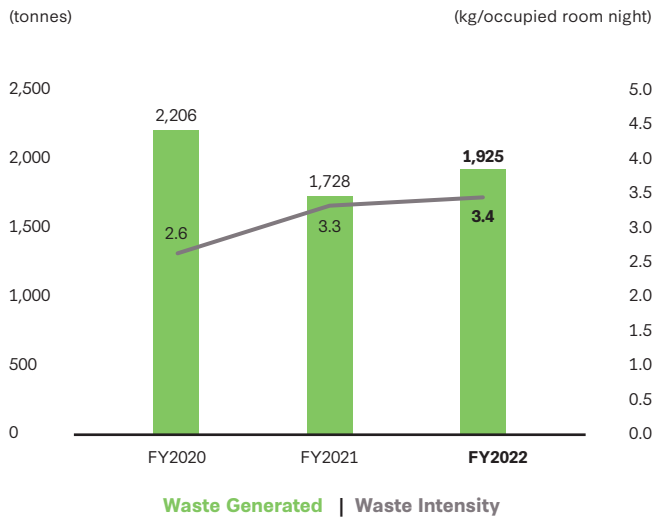
We partner waste specialists and non-profit organisations to implement innovative waste management initiatives such as a partnership with WWF-Singapore to advance circular economy goals. Furthermore, we are actively phasing out single-use plastics in our properties.

⁴ Water data covers all properties except Fraser Place Canary Wharf London, which does not report water consumption. Water data for the reported periods are restated to factor in replacement of previous estimates with actual data.

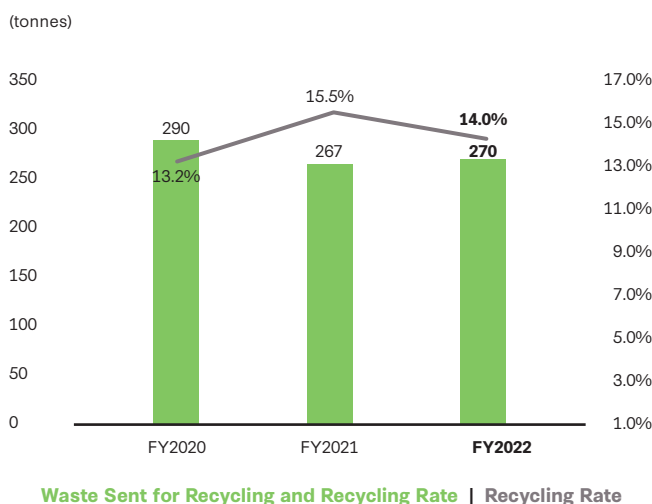
How we create value and our progress in FY2022⁵

A total of 1,925 tonnes of non-hazardous waste was generated in 10 of our properties during the year, an increase of 11.4% compared to FY2021. Waste intensity remained relatively unchanged at 3.4 kilograms per occupied room night despite a higher occupancy observed across our assets. This was attributable to our initiatives in promoting waste reduction in our properties. A total of 270 tonnes of waste were sent for recycling in FY2022, representing a recycling rate of 14.0%.

Waste Generated and Waste Intensity



Waste Sent for Recycling and Recycling Rate



Key initiatives in FY2022

- All of Frasers Hospitality-managed properties have eliminated single-use plastics across various segments of the properties, such as food & beverage, laundry and bathroom amenities.
- Park International London, Fraser Place Canary Wharf London, Fraser Suites Edinburgh, Fraser Suites Glasgow and Fraser Suites Queens Gate London introduced duvets and pillows with a 100% recycled filling, reducing the use of virgin raw materials in the manufacturing process. To avoid waste going into landfill, they donated all replaced duvets and pillows to charity.
- Ibis Styles London Gloucester Road eliminated single-use plastic bottles and replaced individually-packaged breakfasts items like jams with larger reusable containers.
- Novotel Melbourne on Collins and ANA Crowne Plaza Kobe implemented systems to separate food waste from other waste streams to be recycled.
- Novotel Melbourne on Collins provides avenues for guests to recycle their coffee pods, toner and printer cartridges as well as electronic waste.
- Fraser Suites Singapore was one of five properties managed by Frasers Hospitality in Singapore to participate in WWF-Singapore’s PACT initiative, a cross-sector programme that encourages businesses to reduce their waste footprint and move towards a circular economy. The property is committed to meeting goals including moving to 100% reusable or >50% recycled or recyclable packaging design models by 2025, reducing 50% of plastics in guest rooms by FY2022 and 80% by 2024, and supporting conservation, innovation and research projects related to plastics and recycling infrastructure.
- Fraser Suites Singapore also collected 420 kilograms of used cooking oil to be recycled as feedstock for the production of biodiesel and renewable diesel, and 5.6 kilograms of lightly used soaps to be reprocessed and distributed to communities that lack access to basic sanitation and hygiene resources.

⁵ Waste data is available for 10 out of the 14 properties covered in this report. Waste data for the reported periods are restated to factor in replacement of previous estimates with actual data.

SUSTAINABILITY



FOCUSING ON PEOPLE

A people-first approach forms the core of how we deliver delight and value for our guests, employees and local communities. Through nurturing our team with learning and development opportunities, and prioritising the holistic well-being of all our stakeholders, we seek to deliver on our shared Group purpose of *“Inspiring experiences, creating places for good.”*

OUR APPROACH

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

OUR PROGRESS

Focus Area	Our Goals	Our Progress in FY2022	Status ⁶
Diversity, Equity & Inclusion (DEI)	<ul style="list-style-type: none"> • To embed DEI in our culture through employee engagement. • To provide training and education that raises employee awareness of DEI and associated benefits. • To enhance processes and policies to encourage greater flexibility and diversity. 	<ul style="list-style-type: none"> • 53% female representation in workforce. • 60% female representation in senior management. • Continued alignment with Sponsor’s Diversity and Inclusion Policy and Group DEI Framework. 	On track
Skills & Leadership	<ul style="list-style-type: none"> • To achieve an average of 30 training hours per employee. • To train all employees on sustainability. 	<ul style="list-style-type: none"> • Each employee underwent 53 learning hours on average. • All employees have undergone sustainability-related training. 	On track
Health & 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"> • Employees reported a well-being score of 56% in our Culture Survey. • We continue to maintain safety priority in our operations. In FY2022, we recorded no work-related fatalities for our staff and contractors. There were 15 lost-time injuries with a lost-time injury rate of 7.7. 	On track
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"> • Achieved a positive guest review score of 76 out of 100 and a performance score of 81 out of 100 across all properties managed by Frasers Hospitality. • Continued alignment with Frasers Property’s Corporate Social Responsibility Policy and Community Investment Framework. 	On track

⁶ **On track:** Target is either achieved or is on track to be achieved on time
In progress: Target is delayed but progress is still being made and could still be achievable on time
Not on track: Target is delayed to the point that it is unlikely that it will be achieved on time

DIVERSITY, EQUITY AND INCLUSION

What this means to us

We embrace workforce diversity and equal employment opportunities based on meritocracy, and believe that a diverse talent pool promotes growth, innovation and inclusivity.

How we manage DEI

We adopt fair employment practices guided by TAFEP, which Frasers Property Group is aligning to. We are also governed by the Group’s Code of Business Conduct as well as its group-wide Diversity and Inclusion Policy and Group DEI Framework. Laying a foundation for our DEI strategy, the Framework comprises four key equity strands – gender equity, generation equity, cultural equity and ability equity.

How we create value and our progress in FY2022

We conduct annual performance reviews which consist of an open appraisal process for our employees to assess performance and to better understand their professional development needs. Employees are rewarded based on meritocracy and have equal access to opportunities to grow. We also foster diversity and inclusion in our culture through regular employee engagement. Our employees participate in a biennial Culture Survey led by our Sponsor to better understand our working styles and improve dialogue and collaboration among employees. In FY2022, employees participated in an interim Pulse survey to track progress from actions arising from the survey insights. We will continue to partner our Sponsor and employees to develop a more purpose-driven culture.

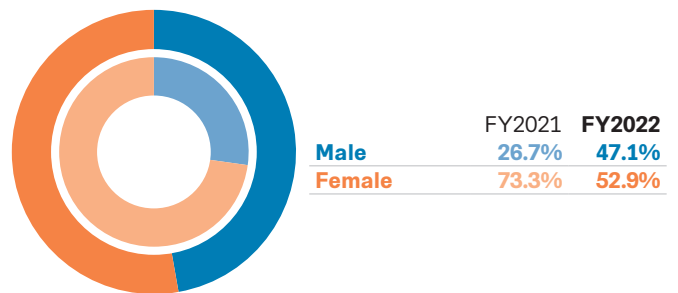
Our Employee Profile

As at 30 September 2022, we have a total of 17 permanent employees, of whom 14 are based in Singapore, two in Australia and one in the UK. 16 of our permanent employees work full-time and one works part-time. We do not have any temporary employees. Employees aged between 30 and 50 years old form the largest group, representing 70.6% of the workforce. Our workforce is gender-balanced, with women comprising 52.9% of our employees and 60.0% of senior management.

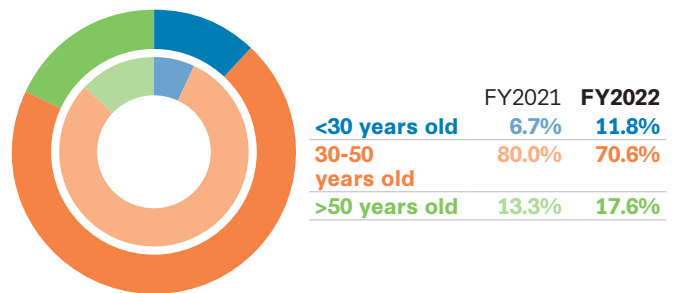
In FY2022, our hiring rate was 47.1%, an increase of 17.1 percentage points from FY2021. Our turnover rate was 52.9%, an increase of 12.9 percentage points from FY2021. The increase in hiring activity was attributable to the reopening of the global economy and continual easing of pandemic-related restrictions. Majority of hiring and turnover activity this year occurred among male employees aged between 30 and 50 years.

Employee Breakdown by Gender, Age Group, Location and Employment Type

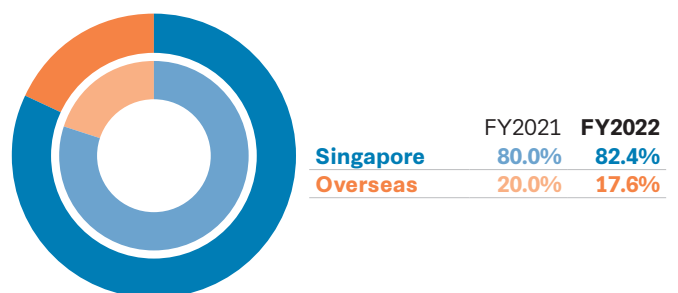
By Gender



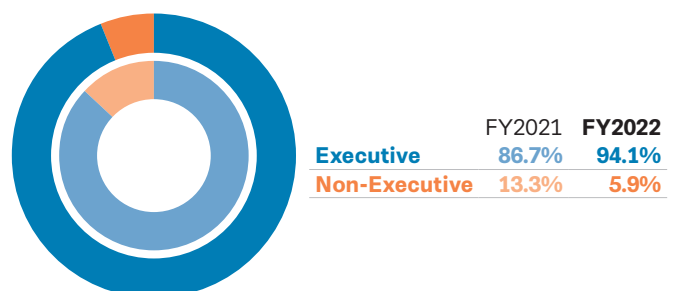
By Age Group



By Location



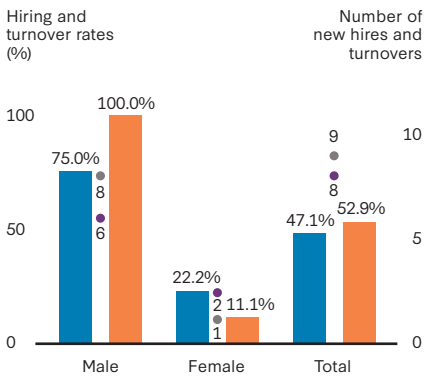
By Employment Type



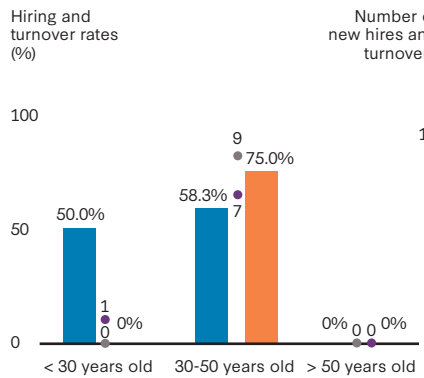
SUSTAINABILITY

Hiring and Turnover by Gender, Age Group and Location

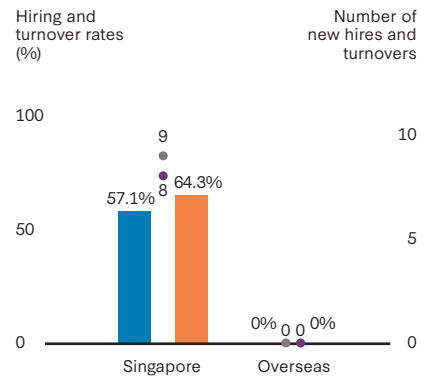
By Gender



By Age Group



By Location



Hiring Rate | Turnover Rate | Number of New Hires | Number of Turnovers

Championing DEI in our properties

With our assets mostly located in key gateway cities in Asia, Australia and Europe, our employees bring to the table diverse viewpoints and experiences, playing a key role in championing DEI while engaging a wide range of guests and stakeholders.

Key initiatives in FY2022

- At The Westin Kuala Lumpur, we have equipped our workspace with signage, strobe lights and panic buttons to make it easier for our differently-abled housekeeping and stewarding department staff to indicate where there is an emergency.
- At Park International London, Fraser Place Canary Wharf London, Fraser Suites Edinburgh, Fraser Suites Glasgow and Fraser Suites Queens Gate London, senior leadership teams were trained on DEI, with an emphasis on recognising and managing unconscious biases. Further, all staff underwent a DEI learning programme and completed surveys that formed the basis of an action plan to embed DEI in the properties.
- At ibis Styles London Gloucester Road, hiring managers were trained on DEI to foster a more inclusive working environment.
- Staff at Novotel Melbourne on Collins dressed up in support of White Ribbon Day, a campaign to eliminate gendered violence, and Wear it Purple Day, an annual Lesbian, Gay, Bisexual, Transgender, Intersex, Queer/Questioning, Asexual and others (LGBTIQA+) awareness day that celebrates diversity and young people from the LGBTIQA+ community. The hotel also organised a tea session for 25 staff to commemorate National Aborigines and Islanders Day Observance Committee Week, which celebrates the history, culture and achievements of Aboriginal and Torres Strait Islander peoples, and a tea and meditation session for 30 staff to raise awareness on suicide prevention.

SKILLS AND LEADERSHIP

What this means to us

Cognisant of the dynamic nature of the hospitality industry, we support our employees’ growth by providing relevant learning opportunities that help to foster agility and broaden skillsets.

How we manage Skills and Leadership

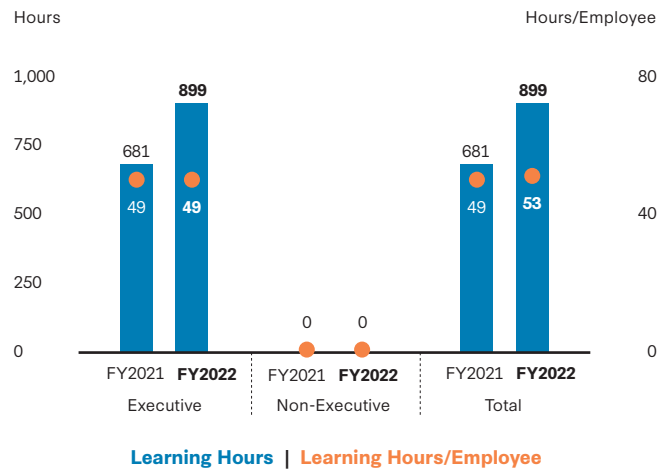
Our employees’ learnings are supported by our Sponsor’s Learning Academy. Through a learning and development strategy known as our Learning Plan, the Learning Academy team identifies and curates comprehensive training programmes to meet the needs of diverse employees within the organisation. The Learning Plan is refreshed annually to better align with external trends and our business strategy. The Learning Plan comprises seven learning themes: People & Culture, Sustainability, Innovation, Technology & Digitalisation, Customer-centricity, Functional Excellence and Mandatory & Compliance.

How we create value and our progress in FY2022

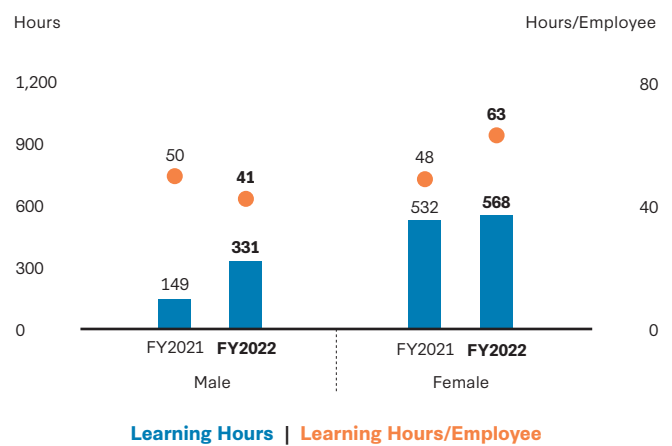
In FY2022, our employees continued to participate actively in learning and development programmes. During the year, they underwent 899 hours of learning, which translates to an average of 53 learning hours per employee – an increase from the average number of learning hours in FY2021. Further, 100% of our employees participated in sustainability-related training via an e-learning module.

This year, our female staff underwent an average of 63 hours of learning, compared to 41 hours for male staff. We will strive to achieve greater gender balance in implementing future learning interventions.

Learning Hours by Employment Category



Learning Hours by Gender



Key initiatives in FY2022

- Employees at Fraser Suites Singapore, Novotel Melbourne on Collins, The Westin Kuala Lumpur and ANA Crowne Plaza Kobe participated in online and in-person training programmes on topics including cultural capability, personal data protection, security management and fire safety.
- Park International London, Fraser Place Canary Wharf London, Fraser Suites Edinburgh, Fraser Suites Glasgow and Fraser Suites Queens Gate London implemented various learning interventions including a three-day management induction programme to set standards around leadership and management, and providing all staff access to a series of three-hour bite-sized courses spanning a range of soft and technical skills.
- Intercontinental Singapore launched a programme, Leading Others, that equips front-line leaders with the essentials of managing, leading and creating positive feedback loops.
- ibis Styles London Gloucester Road partnered a university with the aim of providing hospitality apprenticeships to students. The property hired one apprentice in FY2022.

SUSTAINABILITY

HEALTH AND WELL-BEING

What this means to us

We strive to create a secure and healthy environment for employees and guests to work, live and play by meeting the highest standards of safety within our workplace and business operations. We also prioritise the mental, physical and environmental well-being of our stakeholders, which include the local communities that we interact with.

How we manage Health and Well-being

Health and Safety

We work closely with our appointed hotel operators to raise the levels of health and well-being in FHT properties, including aiming to align with internationally recognised health and cleanliness standards. Each property has established health and safety policies and practices. A designated health and safety committee is responsible for assessing and improving health and safety performance in each property by conducting regular risk reviews and assessments. Property staff undergo regular trainings to learn the latest safety procedures. Each property shares its policies and procedures with its vendors to encourage health and safety practices along the supply chain.

Hazard identification, risk assessment and incident investigation

A business continuity plan (BCP) is in place within our properties, to anticipate and mitigate the impacts from potential disruptions such as pandemics, fire or power failures. Test drills are scheduled regularly to strengthen the effectiveness of the BCP under different scenarios and to ensure it remains relevant. Results of drills are reported quarterly, with areas for improvement identified for further action.

Well-being

We align with our Sponsor's human resource policies in relation to the human resource practices for the REIT Manager's employees. This comprises a comprehensive suite of welfare benefits, which include parental and family care leave as well as life, medical and accident insurance. In FY2022, one of our employees went on maternity leave, and she returned to work after the leave ended. In addition to the safety measures adopted at our properties, we have also rolled out employee well-being initiatives to protect employees of the REIT Manager and property managers, who may have been invariably impacted by the COVID-19 pandemic. We participated in activities organised by our Sponsor's Corporate Wellness team, which implements the group Corporate Wellness Framework in covering physical, mental, financial and environmental wellness initiatives. Property-level well-being activities were also organised for employees of property managers and guests.

How we create value and our progress in FY2022

Training on Occupational Health and Safety

During the year, safety training was conducted within our properties to raise awareness around areas such as:

- Fire safety and disaster preparedness
- Safety and security
- Emergency management
- Evacuation
- COVID-19 awareness
- Hygiene standards
- Singapore Workforce Skills Qualifications
- First aid
- Counter-terrorism

Pursuing health and safety certification progress

Fraser Suites Singapore is bizSAFE Level 3-certified by the Singapore Workplace Safety & Health Council. The Westin Kuala Lumpur is annually audited according to the Malaysia Department of Occupational Safety and Health's Self-Regulation And Occupational Safety And Health Act 1994. ANA Crowne Plaza undergoes an audit every three years to attain the Hazard Analysis and Critical Control Points) certification from verification company, SGS.

In FY2022, we recorded no work-related fatalities for our staff and contractors. However, we recorded 15 lost-time injuries with a lost-time injury rate of 7.7 and severity rate of 59.4. We have taken appropriate follow-up action after the incidents to remediate and prevent further occurrence and will continue to strengthen our safety protocols.

Nurturing holistic staff well-being

All full-time and contract employees of the REIT manager have a flexi-benefit scheme extended to them, allowing them to customise their level of benefits such as additional personal insurance coverage, outpatient treatment, dental care and health screening. Employees of the REIT Manager in Singapore have access to the employer assistance programme launched by our Sponsor. The programme provides confidential professional counselling services for any challenges they face. In FY2022, the programme was extended to immediate family members of our employees, to better support their well-being. To understand our employee sentiments and to ensure that we are catering to their unique needs, our Sponsor holds regular Group-wide employee surveys, which include employees of the REIT Manager. Following from our most recent Culture Survey, in which employees of the REIT Manager reported a well-being score of 56%, we implemented several initiatives to better support their well-being. One example was StartWell@FH, a pilot wellness programme to help new hires of the REIT Manager and Frasers Hospitality transition into their new role with

confidence and be their best at work. By participating in a questionnaire, they received a balanced view of their own health and well-being against the wellness facets of sleep, nutrition, activity, social connectedness, outlets and time out. Thereafter, a regular impact assessment was performed using practical tools for taking care of their well-being.

Employees at the REIT Manager and Frasers Hospitality-managed properties also participate in annual activities held during our Sponsor’s Health and Safety Month in August. This year, the theme “Looking Out, Looking In” aimed at drawing attention to the people around us as

well as diving deeper to rethink mental health and well-being. By “Looking Out”, we need to pay more attention to how we build safer spaces for our society, including having open dialogue about how we can better enhance workplace health and safety. Employees were also invited to reflect on achieving balance in their personal lives and start “Looking In” to be mindful of our own mental and emotional health. Activities included a group-wide virtual quiz and nature walk challenge, as well as tips and webinars to educate and engage the Group’s employees around holistic well-being.

Some property-level activities to enhance staff well-being include:

<p>ibis Styles London Gloucester Road</p> <ul style="list-style-type: none"> • Celebrating employee birthdays and career milestones • Lifeworks employee assistance programme to provide counselling support and well-being resources 	<p>Novotel Melbourne on Collins</p> <ul style="list-style-type: none"> • Lifeworks employee assistance programme to provide counselling support and well-being resources
<p>InterContinental Singapore</p> <ul style="list-style-type: none"> • myWellbeing initiative that focuses on supporting colleagues on their unique health, lifestyle and workplace well-being 	<p>The Westin Kuala Lumpur</p> <ul style="list-style-type: none"> • Fitness activities to promote good health under the Move Well initiative
<p>Novotel Sydney Darling Square</p> <ul style="list-style-type: none"> • Work Your Way @ Accor employee development programme • Welfare initiatives • Team events 	<p>Fraser Suites Sydney</p> <ul style="list-style-type: none"> • Providing healthy breakfasts for staff and other well-being activities under the Be Well initiative • R U OK Day where intentional conversations on health are facilitated to educate and advocate the importance on checking in on one another
<p>Fraser Suites Singapore</p> <ul style="list-style-type: none"> • Bee Happy Friday: Weekly treats served at 4pm onwards every Friday, with short breaks given for staff to wind down the week • Healthy options made available for staff dining • Nature walks and other activities to promote active lifestyles 	<p>ANA Crowne Plaza Kobe</p> <ul style="list-style-type: none"> • Regular health and safety meetings • Providing staff stress level and health check-ups

SUSTAINABILITY

Fostering a healthy environment for our guests

The COVID-19 pandemic has underscored the importance of providing a clean and safe environment for our guests. All Frasers Hospitality-managed properties adhere to cleaning and disinfection protocols under the #FraserCares initiative to enhance health and safety standards, which have been assessed by verification company SGS. In the UK, Frasers Hospitality-managed properties use a patented, chemical-free, child-friendly cleaning technology that uses only tap water – which helps to reduce chemical waste and carbon footprint, by utilising less water than conventional cleaning methods. We also began prototyping a new robot cleaner at Fraser Suite Singapore with an aim to optimise manpower resources and achieve better air quality. Accor-managed properties adhere to ALLSAFE global cleanliness and prevention standards which have been developed with and vetted by Bureau Veritas, a testing, inspections and certification firm. InterContinental Hotels & Resorts has also expanded its commitment to cleanliness with the launch of IHG Clean Promise which includes an updated IHG Way of Clean programme involving COVID-19 protocols and best hygiene practices. The Marriott Cleanliness council also features rigorous cleaning protocols to protect guest safety and health.

In addition to protecting our guests, we also seek to enhance their well-being through enabling access to healthy food options and nature. An in-house herb garden is available for guests at Fraser Suites Singapore to plant and harvest herbs, with the property's restaurant adopting a farm-to-table concept with the harvested herbs. Guests are also encouraged to take the herbs home for their own cooking needs. In ANA Crown Plaza Kobe, guests enjoy discounted access to the adjacent Kobe Nunobiki Herb Gardens which features almost 75,000 herbs and 200 variations of flowers and offers a stunning view of Kobe. To encourage healthy eating, the Westin Kuala Lumpur partners with local farming suppliers who supply the restaurant on property with fresh produce that is grown via hydroponic farming.

COMMUNITY CONNECTEDNESS

What this means to us

FHT is committed to forging meaningful and long-term connections with our guests, employees, suppliers and local communities. We do this through community investment activities and guest engagement activities.

How we manage community connectedness

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

Monitoring customer feedback and satisfaction

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

Providing training targeted at customer service excellence

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

Engaging external parties to evaluate service quality

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

Our community investment activities at property-level are guided by our Sponsor's Community Investment Framework, which articulates three areas where we can channel our resources to make the greatest positive impact - health, education, and the environment. This is reinforced with activities that are tailored to local communities to meet their specific needs.

How we create value and our progress in FY2022

Elevating Guest Experiences

We track guest satisfaction levels to ensure that our service offerings remain tailored to their diverse needs. We received 5,197 reviews across our Frasers Hospitality-managed properties in FY2022, an increase from 4,306 in FY2021. However, we noted a decreased positive review score and performance score of 76 out of 100 and 81 out of 100 respectively, from 83 out of 100 and 86 out of 100 in FY2021. We will continue to review ways to improve our performance and satisfaction levels in order to provide a delightful experience for our guests.

We also leverage innovation and digitalisation to connect with our customers and respond to their requests without the need for physical interaction, improving our service levels and quality. In Fraser Suites Singapore, we adopt Whizz, a breakthrough artificial intelligence navigation technology to achieve better air quality, with an ability to decrease airborne fungi by 80% and residue and microorganisms by 71.95%. A "Big Belly" waste compacter is also placed within the recreational and community gathering venues within Fraser Suites Singapore, complete with smart engineered and solar power features. This is not only a greener way of compacting waste, it also helps to reduce the manpower needed to manually manage waste volume. Five of our properties in the UK and Frasers Suites Sydney in Australia have implemented Lola, an interactive digital concierge chatbot developed by Frasers Hospitality which seamlessly integrates with property workflow management systems for a more streamlined and automated customer experience. ibis Styles London Gloucester Road also offers a fully digital guest experience, with contactless solutions accessible at each customer touchpoint from check-in to check-out.

Giving back to local communities

We dedicate our resources towards making a positive difference to society, in key focus areas of health, education, environment and supporting community-specific needs.

Health

Fraser Suites Sydney supported Jeans for Genes, the iconic fundraising campaign of the Australia Children's Medical Research institute to help find cures for children's genetic diseases. Team members participated by donating to the fundraiser which raised more than A\$1,300 in total and by raising awareness by wearing jeans and sharing a picture on social media. The property also organised a blood donation drive to support local communities, and encouraged employees to participate in the blood donation drive.

Environment

Frasers Suites Singapore collected close to 412 kilograms worth of food donations in support of Food Bank Singapore, as part of a collective effort to say no to food waste by donating excess food or food that was nearing expiry. In conjunction with our Sponsor's Environment Month, residents and staff across Singapore properties united to donate 29 boxes of pre-loved items during a Red Cross Donation Drive. The properties also switched off non-essential lights for an hour to show our support for Earth Hour, with staff and residents signing a pledge board to save the Earth.



Staff at Fraser Suites Glasgow also supported Environment Month by organising a clean-up exercise around Glasgow, which was combined with a walking tour to enable participants to learn more about the city while contributing to the environment. The rest of the team attended an up-cycling workshop where they learnt how to mend and make things from old clothing and fabric.

A team from Fraser Suites Singapore also participated and emerged a winner at our Sponsor's Group Innovation Awards, for the Harvesting our Greens project, which is an in-house herb garden within its premises opened for usage guests. With the S\$10,000 funds allocated, the team donated S\$2,000 to Red Cross Asia, with the rest of the funds allocated to be used to start a fund for future sustainability-related projects and community outreach.



SUSTAINABILITY

Education

In ANA Crowne Plaza Kobe, team members welcomed children from an orphanage on property, sharing experiences and insights on the hospitality sector and engaging them with educational and interactive activities.

Local communities

Fraser Suites Singapore organised a charity bake sale in support of SPD, a local charity set up to help people with disabilities of all ages to maximise their potential and integrate them into mainstream society. Home bakers donated 20% of their sales to SPD, raising an estimated of S\$500 in the process. Nine team members also devoted their time to volunteering with Willing Hearts Singapore, a soup kitchen which prepares, cooks and distributes 10,000 daily meals to 40 locations island-wide.

Staff at ANA Crowne Plaza Kobe participated in several initiatives to learn more about the different areas of need within local communities. This includes two team members a month volunteering with Foodbank Kansei, to support and learn about food bank activities and social impact. Training courses on how to facilitate sports events for persons with disabilities are made available to team members to attend on a voluntary basis to widen their experience in making a difference to communities in need.

ABOUT THIS REPORT

FHT's 8th Sustainability Report covers our sustainability performance for the financial reporting period from 1 October 2021 to 30 September 2022.

This report has been prepared in accordance with the sustainability reporting requirements of:

- the Global Reporting Initiative (**GRI**) Standards and the latest Universal Standards 2021, including aligning to the GRI Reporting Principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy and Reliability, Timeliness and Clarity.
- the SGX-ST Listing Manual (Rules 711A and 711B) and the SGX Core ESG Metrics.

REPORT SCOPE

This report describes the sustainability activities and performance of our 14 properties located across Asia, Australia and the UK⁷. Information relating to energy, water, waste, customer experience, employee health and well-being⁸, talent recruitment and retention, and our contribution to the communities has been disclosed in good faith and to the best of our knowledge. In this report, employees refer to the staff of the REIT Manager and all employee data disclosed herein relates only to the REIT Manager.

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.

⁷ Maritim Hotel Dresden has been excluded from the scope of the report due to limitations in master lease agreement.

⁸ Occupational health and safety data is available for 13 out of the 14 properties covered in the report. The injury rate and severity rate disclosed do not include contractor's data for Novotel Melbourne on Collins and Sofitel Sydney Wentworth.

GRI CONTENT INDEX

Fraser's Hospitality Trust has reported in accordance with the GRI Standards for the financial reporting period 1 October 2021 to 30 September 2022. We adopt GRI 1: Foundation 2021 within our Sustainability Report. The applicable GRI Sector Standards are the GRI G4 Construction and Real Estate Sector Disclosures.

GRI Standard Other Source	Disclosure	Section and Page Reference / Notes	Omission	
			Requirement(s) Omitted	Reason and Explanation
General disclosures				
GRI 2: General Disclosures 2021	The organization and its reporting practices			
	2-1 Organizational details	Corporate information, Page 7		
	2-2 Entities included in the organization's sustainability reporting	About this Report, Page 102		
	2-3 Reporting period, frequency and contact point	About this Report, Page 102		
	2-4 Restatements of information	Energy and Carbon, Page 90 Water, Page 92 Waste, Page 92		
	2-5 External assurance	We have not sought external assurance on this data and we intend to review this stance in the future		
Activities and workers				
	2-6 Activities, value chain and other business relationships	About Fraser's Hospitality Trust, Page 2		
	2-7 Employees	Diversity, Equity and Inclusion - How we create value and our progress in FY2022, Pages 95 - 96		
	2-8 Workers who are not employees		a,b,c	Not applicable due to the nature of our business.
Governance				
	2-9 Governance structure and composition	Trust and Organisation Structure, Page 6 Board of Directors, Pages 57 - 61 Management Team, Pages 62 - 63 Corporate Governance, - Board Composition, Pages 127 - 135 Managing Sustainability - Sustainability Governance, Page 78		
	2-10 Nomination and selection of the highest governance body	Corporate Governance, - Board Composition, Pages 127 - 135		
	2-11 Chair of the highest governance body	Board of Directors, Pages 57 - 61		
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors, Pages 57 - 61 Board Statement, Pages 74 - 75 Managing Sustainability - Sustainability Governance, Page 78		
	2-13 Delegation of responsibility for managing impacts	Corporate Governance, - Delegation of Authority Framework, Pages 123 - 124 Management Team, Pages 62 - 63 Managing Sustainability - Sustainability Governance, Page 78		

SUSTAINABILITY

GRI Standard Other Source	Disclosure	Section and Page Reference / Notes	Omission		
			Requirement(s) Omitted	Reason and Explanation	
General disclosures					
GRI 2: General Disclosures 2021	Governance				
	2-14 Role of the highest governance body in sustainability reporting	Board Statement, Pages 74 - 75 Managing Sustainability - Sustainability Governance, Page 78			
	2-15 Conflicts of interest	Corporate Governance Report - Conflict of Interest, Page 134 Additional Information - Interested Person Transactions, Pages 303 - 306			
	2-16 Communication of critical concerns	Corporate Governance Report, Pages 147 - 149			
	2-17 Collective knowledge of the highest governance body	Board Statement, Pages 74 - 75 Corporate Governance Report - Training and Development of Directors, Page 126			
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Report - Board Performance Evaluation, Pages 134 - 135			
	2-19 Remuneration policies	Corporate Governance Report - Remuneration Matters, Pages 135 - 151			
	2-20 Process to determine remuneration	Corporate Governance Report - Remuneration Matters, Pages 135 - 151			
	2-21 Annual total compensation ratio		a, b, c	Not applicable due to the nature of our business.	
	Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	Board Statement, Pages 74 - 75			
	2-23 Policy commitments	Risk-based Management - How we create value and our progress in FY2022, Pages 83 - 84			
	2-24 Embedding policy commitments	Risk-based Management - How we manage Risk-Based Management, Page 83			
2-25 Processes to remediate negative impacts	Managing Sustainability - Stakeholder Engagement, Pages 78 - 79 Community Connectedness - How we create value and our progress in FY2022, Page 101				
2-26 Mechanisms for seeking advice and raising concerns	Risk-based Management - How we create value and our progress in FY2022, Pages 83 - 84				
2-27 Compliance with laws and regulations	Risk-based Management - How we create value and our progress in FY2022, Pages 83 - 84				
General disclosures					
GRI 2: General Disclosures 2021	Strategy, policies and practices				
	2-28 Membership associations	Managing Sustainability - Industry Alignment, Page 78			
	2-29 Approach to stakeholder engagement	Managing Sustainability - Stakeholder Engagement, Pages 78 - 79			
	2-30 Collective bargaining agreements	There are no collective bargaining agreements in place.			

GRI Standard Other Source	Disclosure	Section and Page Reference / Notes	Omission	
			Requirement(s) Omitted	Reason and Explanation
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Managing Sustainability - Materiality Assessment, Pages 80 - 81		
	3-2 List of material topics	Managing Sustainability - Materiality Assessment, Pages 80 - 81		
Economic Performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Strategy, Page 3		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Review, Pages 14 - 19 Financial Statements, Pages 159 - 299		
	201-2 Financial implications and other risks and opportunities due to climate change	Risk-based Management - Aligning with Monetary Authority of Singapore (MAS) Guidelines on Environmental Risk Management for Asset Managers, Page 84		
	201-3 Defined benefit plan obligations and other retirement plans	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
	201-4 Financial assistance received from government	Notes to the Financial Statements - Government Grants, Page 219		
Anti-corruption				
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk-based Management, Pages 83 - 84		
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	Enterprise-wide Management, Page 113		
		Risk-based Management - How we manage Risk-based Management, Page 83		
	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance Report - Stakeholder Engagement, Pages 150 - 151 Risk-based Management - How we create value and our progress in FY2022, Pages 83 - 84		
	205-3 Confirmed incidents of corruption and actions taken	Risk-based Management - How we create value and our progress in FY2022, Pages 83 - 84		
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy and Carbon, Pages 90 - 91		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy and Carbon - How we create value and our progress in FY2022, Page 90		
	302-2 Energy consumption outside of the organization	Energy and Carbon - How we create value and our progress in FY2022, Page 90		
	302-3 Energy intensity	Energy and Carbon - How we create value and our progress in FY2022, Page 90		
	302-4 Reduction of energy consumption	Energy and Carbon - How we create value and our progress in FY2022, Page 90		
	302-5 Reductions in energy requirements of products and services	Resilient Properties - How we create value and our progress in FY2022, Pages 86 - 88		

SUSTAINABILITY

GRI Standard Other Source	Disclosure	Section and Page Reference / Notes	Omission	
			Requirement(s) Omitted	Reason and Explanation
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	Water, Page 92		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water - How we manage water Page 92		
	303-2 Management of water discharge-related impacts	Water discharge is generally managed by municipalities.		
	303-3 Water withdrawal	Water - How we create value and our progress in FY2022, Page 92		
	303-4 Water discharge	Water discharge is generally managed by municipalities.		
	303-5 Water consumption	Water - How we create value and our progress in FY2022, Page 92		
Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy and Carbon, Pages 90 - 91		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy and Carbon - How we create value and our progress in FY2022, Page 90		
	305-2 Energy indirect (Scope 2) GHG emissions	Energy and Carbon - How we create value and our progress in FY2022, Page 90		
	305-3 Other indirect (Scope 3) GHG emissions	Energy and Carbon - How we create value and our progress in FY2022, Page 90		
	305-4 GHG emissions intensity	Energy and Carbon - How we create value and our progress in FY2022, Page 90		
Emissions				
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Energy and Carbon - How we create value and our progress in FY2022, Page 90		
	305-6 Emissions of ozone-depleting substances (ODS)		a, b, c, d	Not significant due to the nature of our business.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		a, b, c	Not significant due to the nature of our business.
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste, Pages 92 - 93		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste - How we create value and our progress in FY2022, Page 93		
	306-2 Management of significant waste-related impacts	Waste - How we create value and our progress in FY2022, Page 93		
	306-3 Waste generated	Waste - How we create value and our progress in FY2022, Page 93		
	306-4 Waste diverted from disposal	Waste - How we create value and our progress in FY2022, Page 93		
	306-5 Waste directed to disposal	Waste - How we create value and our progress in FY2022, Page 93		

GRI Standard Other Source	Disclosure	Section and Page Reference / Notes	Omission	
			Requirement(s) Omitted	Reason and Explanation
Employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity, Equity and Inclusion, Pages 95 - 96		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Diversity, Equity and Inclusion - How we create value and our progress in FY2022, Pages 95 - 96		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity, Equity and Inclusion - How we create value and our progress in FY2022, Pages 95 - 96		
	401-3 Parental leave	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
Occupational health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Health and Well-being, Pages 98 - 100		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
	403-2 Hazard identification, risk assessment, and incident investigation	Health and Well-being - How we manage Health and Well-being, Page 98		
	403-3 Occupational health services	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
	403-5 Worker training on occupational health and safety	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
	403-6 Promotion of worker health	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
Occupational health and safety				
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
	403-8 Workers covered by an occupational health and safety management system	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
	403-9 Work-related injuries	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		
	403-10 Work-related ill health	Health and Well-being - How we create value and our progress in FY2022, Pages 98 - 100		

SUSTAINABILITY

GRI Standard Other Source	Disclosure	Section and Page Reference / Notes	Omission	
			Requirement(s) Omitted	Reason and Explanation
Training and education				
GRI 3: Material Topics 2021	3-3 Management of material topics	Skills and Leadership, Page 97		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Skills and Leadership - How we create value and our progress in FY2022, Page 97		
	404-2 Programs for upgrading employee skills and transition assistance programs	Diversity, Equity and Inclusion - How we create value and our progress in FY2022, Pages 95 - 96		
	404-3 Percentage of employees receiving regular performance and career development reviews	Diversity, Equity and Inclusion - How we create value and our progress in FY2022, Pages 95 - 96		
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity, Equity and Inclusion, Pages 95 - 96		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, Equity and Inclusion - How we create value and our progress in FY2022, Page 96		
	405-2 Ratio of basic salary and remuneration of women to men		a, b	Information unavailable / Incomplete. Lack of data for meaningful disclosure. Further analysis to be carried out to take into account the diverse nature of our workforce.
Local communities				
GRI 3: Material Topics 2021	3-3 Management of material topics	Community Connectedness, Pages 100 - 102		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Connectedness - How we create value and our progress in FY22, Pages 101 - 102		
	413-2 Operations with significant actual and potential negative impacts on local communities	Community Connectedness - How we create value and our progress in FY22, Pages 101 - 102		

Notes on Energy , GHG Emissions and Water Reporting Scope:

- With the exceptions mentioned in the corresponding footnotes, all figures reported for electricity consumption, GHG emissions, and water consumption relate to the entire building areas for all properties.
- Energy, GHG and water intensities exclude both newly completed properties in FY2022 and properties divested at any point during the reporting period.
- The GHG emission factors are from Energy Market Authority - Singapore Energy Statistics 2020, Australia National Greenhouse Accounts Factors 2021, UK Government GHG Reporting 2019, 2020, 2021, Climate Transparency (2019 Report) for Japan and GreenTech Malaysia.

Monetary Disclosure

All monetary related disclosures within the report are in Singapore Dollars (S\$) unless stated otherwise.

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 operating and financial performance, we strive to release our announcements, news releases, presentation slides, annual reports, circulars and all other corporate disclosures promptly via SGXNET, and subsequently on FHT's corporate website at www.frasershospitalitytrust.com. Stapled Securityholders and the general public can also subscribe to FHT's email alert service via the corporate website and they will receive email notifications of latest announcements and SGXNET filings on FHT. There is also a dedicated communication channel (via email and telephone) to address queries from investors and the general public.

The website contains general information on FHT, such as property portfolio details, annual and sustainability reports, quarterly business updates and financial results, news releases, presentation slides, distributions, as well as the financial calendar. The corporate website also contains interactive stapled security price charts and historical stapled security price data.

We remain committed to uphold and maintain high standards of corporate governance to ensure our business is sustainable over the long term. We continued to support the Corporate Governance – Statement of Support 2022 organised by the Securities Investors Association Singapore to demonstrate this commitment.

ANNUAL GENERAL MEETING (AGM)

AGMs provide important channels for communication between the Managers and Stapled Securityholders. FHT's 7th AGM was convened on 19 January 2022 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. Stapled Securityholders were invited to submit their questions relating to FHT to the Managers ahead of the AGM. The responses to the substantial and relevant questions received from Stapled Securityholders were published on FHT's website and on SGXNet, prior to the AGM, on 19 January 2021. Some of the questions were also addressed during the AGM. Voting on all AGM resolutions was conducted by electronic polling. Stapled Securityholders were also invited to vote by appointing the Chairman of the Meeting as the proxy at the meeting. All resolutions tabled at the AGM were duly passed and the results were announced on SGXNet and FHT's website on the same day of the AGM. The minutes of the AGM were also published on SGXNet FHT's website subsequently.

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 insights 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 COVID-19 restriction orders in Singapore, our investor roadshows and analyst briefings in FY2022 were conducted via electronic means such as Zoom and Microsoft Teams while property visits have been temporarily suspended. The adoption of virtual meetings has no significant compromise on the efficacy of investor engagements.

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

INVESTOR RELATIONS

Investor Relations Calendar for FY2022

First Quarter FY2022 (1 October 2021 – 31 December 2021)	
Analyst briefing for FY2021 results	29 October 2021
Frasers Day, Bangkok	17 November 2021
Second Quarter FY2022 (1 January 2022 – 31 March 2022)	
7th AGM	19 January 2022
Analyst briefing for 1Q FY2022 business updates	28 January 2022
Investor conference call hosted by DBS Research	28 January 2022
Third Quarter FY2022 (1 April 2022 – 30 June 2022)	
Analyst briefing for 1H FY2022 results	29 April 2022
Investor conference call hosted by DBS Research	29 April 2022
Analyst briefing on the proposed privatisation of FHT	13 June 2022
Media briefing on the proposed privatisation of FHT	13 June 2022
Fourth Quarter FY2022 (1 July 2022 – 30 September 2022)	
FHT Fireside Chat with Securities Investors Association (Singapore) (SIAS)	20 July 2022
Group brokerage briefing on the proposed privatisation of FHT	25 August 2022
Group brokerage briefing on the proposed privatisation of FHT	30 August 2022
SIAS-FHT Dialogue Session	31 August 2022
FHT EGM and Scheme Meeting on the proposed privatisation of FHT	12 September 2022

Financial Calendar for FY2022

19 January 2022

7th AGM

28 January 2022

Release of 1Q FY2022 business updates

29 April 2022

Release of 1H FY2022 results

29 June 2022

Payment of 1H FY2022 distribution

28 July 2022

Release of 3Q FY2022 business updates

4 November 2022

Release of 2H and FY2022 results

29 December 2022

Payment of 2H FY2022 distribution

Financial Calendar for FY2023

(subject to changes by the Managers without prior notice)

16 January 2023

8th AGM

February 2023

Release of 1Q FY2022 business updates

April 2023

Release of 1H FY2023 results

June 2023

Payment of 1H FY2023 distribution

July 2023

Release of 3Q FY2023 business updates

October 2023

Release of 2H and FY2023 results

December 2023

Payment of 2H FY2023 distribution

STAPLED SECURITY PRICE PERFORMANCE

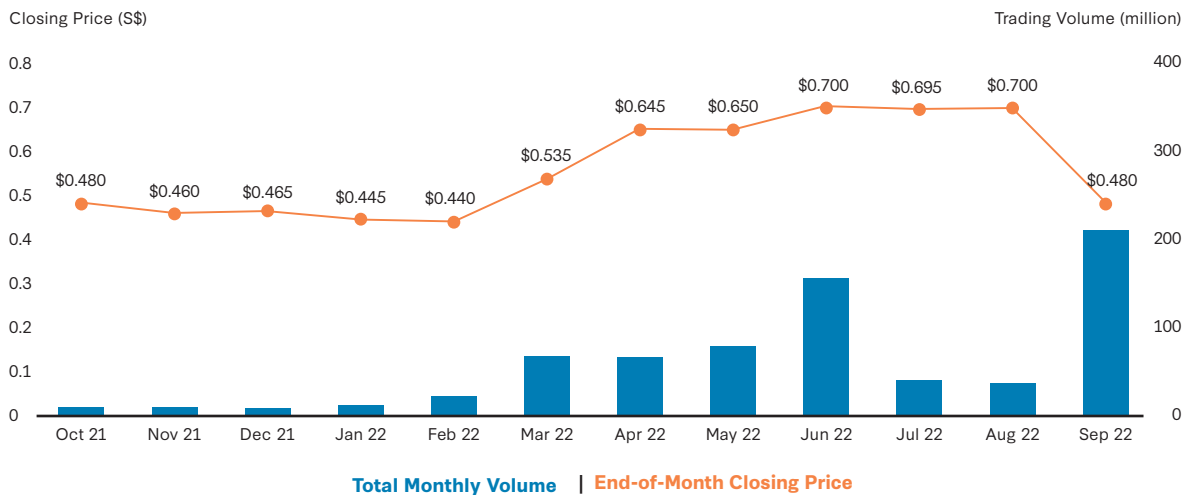
FHT’s stapled security price experienced an upward recovery trajectory towards the end of the second quarter of FY2022 following positive news on lifted travel restrictions and reopening of borders which was in tandem with the board markets. The stapled security price further increased after FHT’s announcement in response to media queries on the strategic review by FHT.

In June 2022, FHT announced the proposed privatisation of FHT which saw the stapled security price trading close to the announced scheme

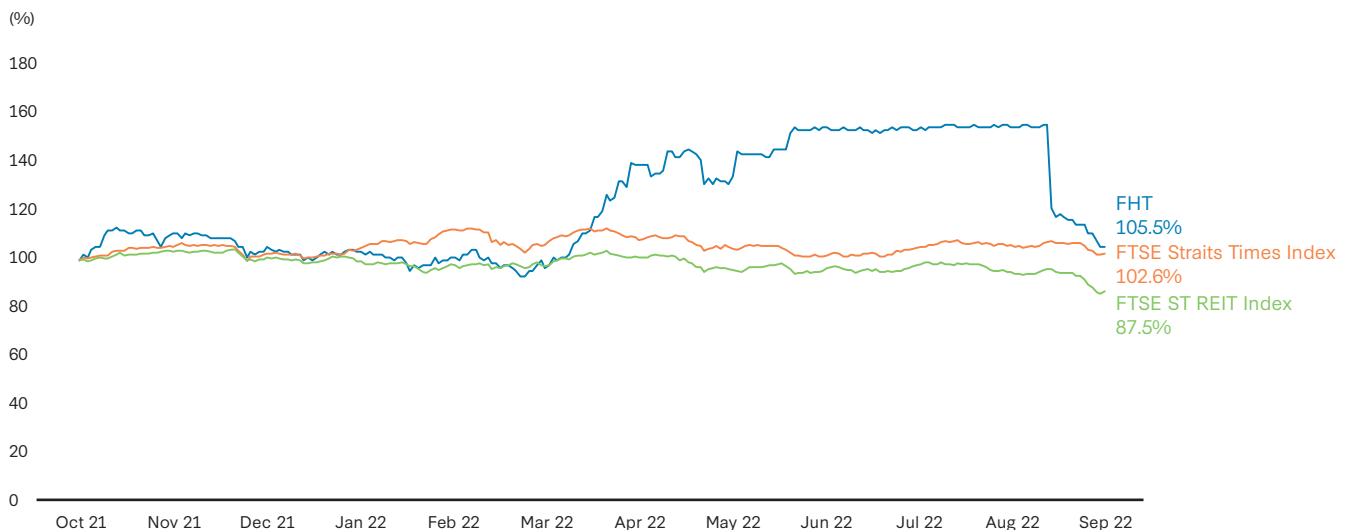
consideration of S\$0.700 per stapled security. FHT held the FHT EGM and Scheme Meeting on 12 September 2022 to seek Stapled Securityholders’ approval for the amendment of the FHT Trust Deeds and the privatisation of FHT. However, the resolution of Stapled Securityholders to approve the privatisation of FHT was not passed at the Scheme Meeting and FHT remains listed on SGX-ST. Hence, the stapled security price traded close to the range prior to the privatisation announcement.

FHT closed at \$0.480 on 30 September 2022, representing a 5.5% increase from the opening price of \$0.455 on 1 October 2021.

FHT Monthly Trading Performance for FY2022



Comparative Trading Performance for FY2022



INVESTOR RELATIONS

FHT 5-Year Trading Performance

	FY2018	FY2019	FY2020	FY2021	FY2022
Opening Price	\$0.755	\$0.715	\$0.710	\$0.430	\$0.455
Closing Price	\$0.700	\$0.715	\$0.430	\$0.455	\$0.480
Highest Price	\$0.825	\$0.770	\$0.735	\$0.590	\$0.710
Lowest Price	\$0.665	\$0.675	\$0.350	\$0.385	\$0.420
Total volume of Stapled Securities traded	279.0 million	249.0 million	268.9 million	136.2 million	700.0 million
Average volume of Securities traded	1.1 million	1.0 million	1.1 million	0.5 million	2.7 million
Market Capitalisation at end of financial year	\$1,308.4 million	\$1,354.4 million	\$826.1 million	\$876.4 million	\$924.5 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 offerings, 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	5.5%	9.1%	-32.4%	-26.7%	-36.4%	-19.0%
FTSE Straits Times Index	2.6%	6.8%	-0.5%	11.6%	-2.8%	17.5%
FTSE ST REIT Index	-12.5%	-7.5%	-20.3%	-7.5%	-8.4%	19.5%

Source: Bloomberg

1 1-year return is for period 1 October 2021 to 30 September 2022; 3-year return is for period 1 October 2019 to 30 September 2022; and 5-year return is for period 2 October 2017 to 30 September 2022

2 Assumes dividends are reinvested

EQUITY RESEARCH COVERAGE

FHT is covered by sell-side analysts from:

- DBS Research
- Maybank Kim Eng Research

FEEDBACK

To promote open and transparent communication, FHT values and welcomes feedback via the following contact details:

Low Ru Yan

Head of Investor Relations

Telephone: +65 6349 0423

Email: Ruyan.Low@frasershospitality.com

Website: www.frasershospitalitytrust.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 formalized and adopted. The risk tolerance statements are reviewed annually according to the business plan. Risk limits, which set the risk boundaries in strategic and operational areas, support the risk tolerance statements. The risk limit status is monitored by the Management and reported to the ARCC quarterly.

The Managers have implemented a Comfort Matrix Framework, which provides an overview of the mitigating measures, and assurance processes for managing key financial, compliance, Information Technology (**IT**) and operational risks.

KEY RISKS IN 2022

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

RISK MANAGEMENT

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 financial year, approximately 41.8% of FHT's trade and other receivables were due from two third parties (2021: approximately 78.6% of FHT's trade and other receivables were due from two third parties). 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 end of FY2022, FHT has undrawn committed revolving credit facility (**RCF**) of S\$124.5 million and S\$880.0 million of untapped facility under its S\$1.0 billion Multicurrency Debt Issuance Programme which was established in January 2016.

It is the Managers' intention to ensure that the maturities of the borrowings are spread out to mitigate financing risks. There are no borrowings due until March 2023 and the borrowings are widely spread out across FY2023 to FY2026 to mitigate concentration of refinancing risk. As at 30 September 2022, FHT's weighted average debt maturity was 2.00 years (2021: 2.56 years). As at 30 September 2022, FHT's gross borrowings stood at S\$758.4 million.

Operational Risks

FHT relies on its appointed hotel and serviced residence operators for the day-to-day running of its properties. It reduces its operational risks through the engagement of reputable hotel and serviced residence operators with strong experience in the respective markets. The Asset Management team actively oversees the performance of the assets and the operators and performs benchmarking of the assets' performance vis-à-vis their competitors. Regular meetings are scheduled between the Asset Management team and the operators in which the performance is reviewed and actions to improve the operating performance are agreed. The interests of these operators are aligned with FHT's through a 100% variable fee model which links performance of the assets to fees payable to operators.

In pandemic situations (such as COVID-19), disruptions to hotels and serviced residences are minimised through established crisis management and business continuity plans, and adoption of country-specific disease prevention and containment regulations. The Asset Management team works closely with the operators to rein in the disruptions through identifying alternative revenue streams and cost containment measures.

RISK MANAGEMENT

Global terrorism risk poses a threat to the operations of the hotels and serviced residences. Where physical controls at the properties are inadequate, events such as terrorist attacks could result in physical damage to FHT's assets and injury to guests and employees at the properties.

The hotel and serviced residence operators have implemented business continuity and crisis management procedures at the properties, to reduce the risk of loss of lives and damage to property. The REIT Manager has procured 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 service providers 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 REPORTS

INTRODUCTION

Frasers Hospitality Trust (“FHT”) is a stapled group comprising Frasers Hospitality Real Estate Investment Trust (“FH-REIT”) and Frasers Hospitality Business Trust (“FH-BT”).

The units in FH-REIT and the units in FH-BT are stapled together under the terms of a stapling deed dated 20 June 2014 (“**Stapling Deed**”) entered into between Frasers Hospitality Asset Management Pte. Ltd., as manager of FH-REIT (“**REIT Manager**”), Perpetual (Asia) Limited, as trustee of FH-REIT (“**REIT Trustee**”), and Frasers Hospitality Trust Management Pte. Ltd., as trustee-manager of FH-BT (“**Trustee-Manager**”, and together with the REIT Manager, the “**Managers**” and each, the “**Manager**”), to form stapled securities in FHT (“**Stapled Securities**”, and each a “**Stapled Security**”). Each Stapled Security, consisting of one FH-REIT unit and one FH-BT unit, is treated as a single instrument. The Stapled Securities are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

FH-REIT is a real estate investment trust (“**REIT**”) constituted in Singapore by a trust deed dated 12 June 2014 made between the REIT Manager and the REIT Trustee (as amended and restated by a first amending and restating deed dated 20 June 2014, and as further amended, restated and/or supplemented from time to time) (the “**FH-REIT Trust Deed**”). FH-REIT is a collective investment scheme under the Securities and Futures Act 2001 (the “**SFA**”).

FH-BT is a business trust constituted in Singapore by a trust deed dated 20 June 2014 (as further amended, restated and/or supplemented from time to time) (the “**FH-BT Trust Deed**”, and together with the FH-REIT Trust Deed and the Stapling Deed, the “**Trust Deeds**”). FH-BT is registered as a business trust under the Business Trusts Act 2004 (the “**BTA**”).

FH-BT was activated on 19 October 2016 to act as master lessee of “Novotel Melbourne on Collins” under a master lease agreement (the “**Melbourne Master Lease Agreement**”) entered into between FH-BT NMCS Operations Pty Ltd (an indirectly wholly-owned subsidiary of FH-BT) and The Trust Company (PTAL) Limited, as trustee for FHT Melbourne Trust 1 (an indirectly wholly-owned sub-trust of FH-REIT). The Melbourne Master Lease Agreement is an internal arrangement within the FHT stapled group.

The Managers comply with the principles of the Code of Corporate Governance 2018 (the “**CG Code**”) in line with the listing manual of the SGX-ST (the “**SGX-ST Listing Manual**”). The REIT Manager also complies with the CG Code in accordance with its obligations under the Guidelines to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Guideline No: SFA04-G07) issued by the Monetary Authority of Singapore (“**MAS**”). The practices and activities of the Board of Directors of each of the Managers (collectively the “**Boards**”) and the management of the Managers (collectively the “**Management**”) adhere closely to the provisions under the CG Code.

To the extent the practices may vary from any provision of the CG Code, the Managers will state explicitly the provision from which it has varied, explain the reason for the variation and explain how the practices nevertheless are consistent with the intent of the relevant principle of the CG Code. The Managers are also guided by the Practice Guidance which accompanies the CG Code and which sets out best practices for listed issuers; as this will build investor and stakeholder confidence in FHT and the Managers. A summary of compliance with the express disclosure requirements under the provisions of the CG Code is set out on pages 156 to 157 of this Annual Report.

Due to the different legislative and regulatory requirements in relation to a REIT as compared to a business trust, the corporate governance procedures and disclosure requirements in relation to the REIT Manager are different from those in relation to the Trustee-Manager, and where appropriate, we have highlighted them below.

FHT is a signatory to the 2022 Corporate Governance Statement of Support initiated by the Securities Investors Association (Singapore) where FHT has pledged its continued commitment to uphold high standards in corporate governance.

CORPORATE GOVERNANCE REPORTS

The Managers

The Managers are wholly-owned subsidiaries of Frasers Property Limited (“FPL” or the “Sponsor” and together with its subsidiaries, “Frasers Property Group”). Each of the REIT Manager and the Trustee-Manager has general powers of management over the business and assets of FH-REIT and FH-BT, respectively.

The REIT Manager holds a Capital Markets Services Licence issued by the MAS as required under the licensing regimes for real estate investment trust managers to carry out REIT management activities. The REIT Manager’s main responsibility is to manage FH-REIT’s assets and liabilities for the benefit of unitholders of FH-REIT. To this end, the REIT Manager is able to set the strategic direction of FH-REIT and make recommendations to the REIT Trustee, on acquisitions, divestments and enhancement of the assets of FHT. The role of the REIT Manager includes the pursuit of a business model that sustains the growth and enhances the value of FH-REIT and is focused on delivering regular and stable distribution to holders of the Stapled Securities of FHT (the “Stapled Securityholders”). Other functions and responsibilities of the REIT Manager include preparing annual asset plans, undertaking regular individual asset performance analysis and market research analysis, and managing finance functions relating to FH-REIT (which includes financial and tax reporting, capital management, treasury, and preparation of consolidated budgets). The Trustee-Manager performs similar functions for FH-BT.

The MAS has granted the Trustee-Manager an exemption from compliance with Sections 10(2)(a) and 11(1)(a) of the BTA to act in the best interests of the holders of FH-BT unitholders only, subject to:

- (a) the FH-BT units remaining stapled to the FH-REIT units; and
- (b) the directors of the Trustee-Manager (“Trustee-Manager Directors”) and the Trustee-Manager acting in the best interests of all Stapled Securityholders as a whole.

The Values of the REIT Manager and the Trustee-Manager

1. Each of the REIT Manager and the Trustee-Manager is committed to upholding and maintaining high standards of corporate governance, corporate transparency and sustainability, and instituting sound corporate practices and controls to facilitate their respective roles in safeguarding and enhancing FHT’s asset value so as to maximise returns from investments, and ultimately the total return to Stapled Securityholders. Each of the REIT Manager and the Trustee-Manager believes that a robust and sound governance framework is an essential foundation on which to build, evolve and innovate a business which is sustainable over the long-term and one which is resilient in the face of the demands of a dynamic, fast-changing environment.
2. Each of the REIT Manager and the Trustee-Manager adheres to corporate policies, business practices and systems of risk management and internal controls, which are designed to ensure that it maintains consistently high standards of integrity, accountability and governance in FH-REIT and FH-BT (as the case may be) and its own daily operations.
3. Each of the REIT Manager and the Trustee-Manager ensures that the business and practices of FH-REIT and FH-BT (as the case may be) are carried out in a manner that comply with applicable laws, rules and regulations, including the BTA, the SFA, their respective subsidiary legislation, the SGX-ST Listing Manual, the CG Code, the Code on Collective Investment Schemes (the “CIS Code”) issued by the MAS (including Appendix 6 of the CIS Code, the “Property Funds Appendix”), the Trust Deeds, as well as the written directions, notices, codes and other guidelines that the MAS and other regulators may issue from time to time.

The Boards work with Management to ensure that these values underpin its leadership of the REIT Manager and the Trustee-Manager.

The REIT Manager and the Trustee-Manager are staffed by an experienced and well-qualified team who manage the operational matters of FH-REIT and FH-BT (as the case may be). The Managers are wholly-owned subsidiaries of FPL, a multi-national developer-owner-operator of real estate products and services across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The Frasers Property Group has businesses in Southeast Asia, Australia, Europe and China, and its well-established hospitality business owns and/or operates more than 120 award-winning serviced, hotel residences and boutique lifestyle hotels in 70 cities across Asia, Australia, Europe, the Middle East and Africa.

CORPORATE GOVERNANCE REPORTS

As the Sponsor holds a substantial ownership stake of approximately 25.80% in FHT as at 30 September 2022, 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, which includes appropriate focus on value creation, innovation and sustainability. The REIT Manager Board also determines the REIT Manager's approach to corporate governance, including setting appropriate tone-from-the-top and the desired organisational culture, values and ethical standards of conduct, and works with Management on its implementation across all levels of the organisation's values, standards, policies and practices.

The key roles of the Trustee-Manager Board are to: (a) guide the corporate strategy and directions of the Trustee-Manager; (b) ensure that 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 165 to 170.

The Managers also focus on value creation, innovation and sustainability. The Boards, supported by Management, ensure necessary resources are in place for FHT and the Managers to meet their strategic objectives. Through the enterprise-wide risk management framework of FHT and its subsidiaries (the "**Group**"), the Boards establish and maintain a sound risk management framework to effectively monitor and manage risks and to achieve an appropriate balance between risks and the Group's performance. The Boards also put in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements. The Boards, which comprise directors who, as fiduciaries, are expected to act objectively in the best interests of the Managers and the Group, constructively challenges Management and reviews their performance, and holds Management accountable for performance. The Managers oversee Management to ensure transparency and accountability to key stakeholder groups.

In FY2022, the Boards continued to monitor the impact of the ongoing COVID-19 pandemic with the emergence of new variants and have been working closely with Management in reviewing the business opportunities and challenges posed by the COVID-19 pandemic. In addition, the Boards have been paying close attention to the level of financial discipline and portfolio management rigour across the Group's businesses.

CORPORATE GOVERNANCE REPORTS

To mitigate the impact of the COVID-19 pandemic on FHT's earnings, FH-REIT had relied on the contractual minimum master lease income that provides downside protection. At the operating level of our properties, the hotel and serviced residence operators persisted in pursuing alternative sources of stable revenue for the portfolio, such as tapping on opportunities to support some local government agencies by providing hotel accommodation for returning residents serving their quarantine orders or stay-home notices.

The Chairman

The chairman of the Board (the "**Chairman**") leads the Board¹. The Chairman, provides leadership and direction in the review of Managers' corporate strategy and objectives, sets the right ethical and behavioural tone and ensures the Board's effectiveness by, among other things, promoting and maintaining high standards of corporate governance and transparency, encouraging active and effective engagement, participation from all directors of the REIT Manager (also the Trustee-Manager Directors, collectively, the "**Directors**") and facilitating constructive and appropriate relations among and between them and Management. The Chairman sets the agenda for each Board meeting to take full account of the issues and concerns of the Directors and the Management team, promotes a culture of openness and debate at Board meetings and encourages Directors to engage in productive and thorough discussions and constructive debate on strategic, business and other key issues pertinent to the business and operations of the Group, the REIT Manager and the Trustee-Manager, leading to better decision-making and enhanced business performance. The Chairman also enhances the standing of the FHT with the outside world and ensures effective communication with Stapled Securityholders, financial analysts and the media on critical issues that could significantly affect the reputation and standing of FHT.

The Chairman also presides over the Annual General Meeting each year and any other general meetings of Stapled Securityholders. The Chairman addresses, and/or requests the Chief Executive Officer (the "**CEO**") of the Managers to address, Stapled Securityholders' queries and ensures that there is clear and open dialogue between all stakeholders.

Role of the CEO and Management

The Management is led by the CEO of the Managers. The CEO is responsible for the execution of the strategies and policies as approved by the Boards, leading, promoting and conducting the affairs of FHT and the Managers with the highest standards of integrity, corporate governance and transparency. The CEO is responsible and is accountable to the Boards for the conduct and performance of Management. The CEO and Management team of the Managers, are responsible for executing the Boards' strategies and policies as approved by the Boards and are responsible for the planning, direction, control, conduct and performance of the business operations of the Group. With the support of the Management, the CEO seeks business opportunities, drives new initiatives and is responsible for the operational performance of the Group and building and maintaining strong relationships with stakeholders of the Group.

Division of Responsibilities between the Chairman and the CEO

The Chairman and the CEO are separate persons and the division of responsibilities between the Chairman and the CEO is clearly demarcated, avoids concentration of power and ensures a degree of checks and balances, an increased accountability, and greater capacity of the Boards for independent decision making. Such separation of roles between the Chairman and CEO promotes robust deliberations by the Boards and Management on the business activities of FHT.

Relationships between the Boards and the CEO

None of the members of the Boards and the CEO are related to one another, and none of them has any business relationships among them.

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 FY2022, the Boards and Management comprised the same persons.

CORPORATE GOVERNANCE REPORTS

Board Committees

Each of the REIT Manager Board and the Trustee-Manager Board has formed committees of their respective boards (the “**Board Committees**”) to oversee specific areas, for greater efficiency and has delegated authority and duties to such Board Committees based on written and clearly defined terms of reference. The terms of reference of the Board Committees set out their compositions, authorities and duties, including reporting back to the Boards. Each of the REIT Manager Board and the Trustee-Manager Board has constituted two Board Committees, namely, the Audit, Risk and Compliance Committee (“**ARCC**”), and the Nominating and Remuneration Committee (“**NRC**”).

The ARCC of the REIT Manager (“**REIT Manager ARCC**”) and the ARCC of the Trustee-Manager (“**Trustee-Manager ARCC**”) comprise the same persons. The NRC of the REIT Manager (“**REIT Manager NRC**”) and the NRC of the Trustee-Manager (“**Trustee-Manager NRC**”) also comprise the same persons.

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 ⁽¹⁾	
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, financial practices, internal controls, risk management and sustainability practices of the Manager

Note:

⁽¹⁾ Unless otherwise stated, the information provided herein is as at 30 September 2022.

As at 30 September 2022, each of the ARCCs² comprises non-executive Directors, all of whom, including the chairman of each of the ARCCs, are independent Directors. All members of the ARCC, including the chairman of each of the ARCCs, are appropriately qualified and collectively possess relevant accounting and related financial management expertise or experience. Their collective wealth of experience and expertise enables them to discharge their responsibilities competently.

Under the Terms of Reference of each of the ARCCs, a former partner or director of FHT’s existing auditing firm or auditing corporation should not act as a member of the ARCC: (a) within a period of two years commencing on the date of his ceasing to be a partner of the auditing firm or a director of the auditing corporation; and in any case, (b) for as long as he has any financial interest in the auditing firm or auditing corporation. None of the members of the ARCCs is a former partner of FHT’s external auditors, KPMG LLP and none of the members of the ARCCs holds any financial interest in FHT’s external auditors, KPMG LLP.

Audit Functions

The Terms of Reference of the ARCCs provide that some of the key responsibilities of the ARCCs include:

- **External Audit Process:** reviewing and reporting to the Boards, the scope, quality, results and performance of the external audit(s), its cost effectiveness and the independence and objectivity of the external auditors. It shall also review the nature and extent of non-audit services performed by external auditors;
- **Internal Audit:** establishing an effective internal audit function which shall be adequately qualified to perform an effective role, adequately resourced, independent of the activities which it audits and able to discharge its duties objectively, and to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced³;

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 For FY2022, the internal audit function is outsourced to the Frasers Property Group.

CORPORATE GOVERNANCE REPORTS

- 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 Chief Financial Officer ("**CFO**", and together with the CEO, the "**Key Management Personnel**") that the financial records have been properly maintained and the financial statements give a true and fair view of each of FHT's, FH-REIT's, the REIT Manager's, FH-BT's and/or the Trustee-Manager's respective operations and finances;
- Internal Controls and Risk Management:** reviewing and reporting to the Board at least annually, its assessment of the adequacy and effectiveness of each of the REIT Manager's and the Trustee-Manager's internal controls for FHT, and FH-REIT and the REIT Manager and FH-BT and the Trustee-Manager (as the case may be), including financial, operational, compliance and information technology controls (including those relating to compliance with existing legislation and regulations), and risk management policies and systems established by Management;
- Interested Person Transactions:** reviewing interested person transactions⁴ and/or interested party transactions⁵ (collectively referred to herein as "**Related/Interested Person Transactions**" (save where the context otherwise requires)) entered into from time to time and the internal audit reports to ensure compliance with the applicable legislation, the SGX-ST Listing Manual and/or the Property Funds Appendix (where applicable);
- Conflicts of Interests:** deliberating on resolutions relating to conflicts of interest situations involving FHT, FH-REIT and/or FH-BT (as the case may be);
- Whistle-blowing:** reviewing the policy and arrangements by which employees of the REIT Manager and any other persons may, in confidence, safely raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken; and
- Investigations:** reviewing the findings of internal investigations into any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, which the ARCCs become aware of, and which has or is likely to have a material impact on FHT's operating results or financial position.

During FY2022, key activities of the ARCC included assessing the impact of the COVID-19 pandemic and ensuring adequate cash flow and liquidity to sustain the Group's operations on an ongoing basis, reviewing the internal and external audit plans to ensure the adequacy of the audit scope, including reviewing and approving adjustments to the annual internal audit plan to prioritise and address risks and constraints arising during the COVID-19 pandemic.

Where the external auditors raise any significant issues (where applicable) in their audit of FHT's year-end financials, the ARCCs will consider whether the issues raise have a material impact on the interim financial statements or business updates previously announced by FHT. If so, the ARCCs will bring this to the Boards' attention immediately so that the Boards can consider whether an immediate announcement is required under the SGX-ST Listing Manual. In such a situation, the ARCCs will also advise the Board if changes are needed to improve the quality of future interim financial statements or business updates – such changes (if any) will be disclosed in FHT's annual report.

In carrying out its role, the ARCCs are empowered to investigate any matter within its Terms of Reference, with full access to, and cooperation by, Management, to seek information they may require from any Director and/or employee of the Managers (as the case may be). The ARCCs also have full discretion to invite any Director or executive officer to attend its meetings, and obtain reasonable resources to enable them to discharge their functions properly. The Chairman of the Board, non-executive Directors, the CEO, the 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

⁴ 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).

⁵ Refers to "interested party transactions" under the Property Funds Appendix wherein an "**Interested Party**" means (a) a director, CEO or controlling shareholder of the manager, or the manager, trustee or controlling unitholder of the property fund; or (b) an associate of any director, CEO or controlling shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund.

CORPORATE GOVERNANCE REPORTS

discuss material risks and exposures of the Managers' businesses and strategies to mitigate risks. The ARCCs meet with internal auditors and external auditors without the presence of Management at least once a year to review various audit matters and the assistance given by Management to the internal and external auditors. In carrying out its function, the ARCCs may also obtain independent or external legal or other professional advice or appoint external consultants as they consider necessary at the Managers' cost.

Periodic updates on changes in accounting standards and treatment are presented to members of the ARCCs so that they are kept abreast of such changes and its corresponding impact on the financial statements, if any.

Risk Management

The ARCCs shall review the framework and processes established by Management to comply with applicable laws, regulations, standards, best practice guidelines and the REIT Manager's and/or the Trustee-Manager's policies and procedures. The ARCCs shall assist the Boards in ensuring that Management maintains a sound system of risk management and internal controls to safeguard the interests of the Managers or the interests of Stapled Securityholders (as the case may be) and the assets of FH-REIT, the REIT Manager, FH-BT and the Trustee-Manager. The ARCCs also assist the Boards in their determination of the nature and extent of significant risks which the Boards are willing to take in achieving the Managers' strategic objectives and value creation, and the overall levels of risk tolerance and risk policies, including reviewing technology risks faced by the Managers. Further information on the key activities conducted by the ARCCs can be found in the sections titled "Financial Performance, Reporting and Audit" on pages 141 to 143 and "Governance of Risk and Internal Controls" on pages 143 to 147.

Sustainability

The ARCCs also assist the Boards in carrying out its responsibility in determining environmental, social, and governance ("ESG") factors identified as material to the business, monitoring and managing ESG factors and overseeing standards, management processes and strategies to achieve sustainability practices. The ARCCs have oversight of sustainability practices, and assists the Boards in ensuring that management establishes and maintains a sound system of sustainability governance and an appropriate sustainability reporting framework which links sustainability risks and opportunities with strategy, other organisational risks and goals and which also enhances operational responses to sustainability risks and opportunities.

NOMINATING AND REMUNERATION COMMITTEE ⁽¹⁾	
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:

⁽¹⁾ Unless otherwise stated, the information provided herein is as at 30 September 2022.

As at 30 September 2022, all the members of the NRCs are non-executive and the majority of whom, including the chairman of each of the NRCs, are independent.

CORPORATE GOVERNANCE REPORTS

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 appointments and re-appointments of Directors (including alternate Directors, if any), and determining the independence of Directors. The NRCs also propose for the Boards' approval, the objective performance criteria and process for the evaluation of the effectiveness of the Boards, the Board Committees and each Directors, and ensure that proper disclosures of such process are made. The NRCs are also responsible for reviewing and making recommendations to the Boards on training and professional development programmes for the Board and the Directors.

Further information on the main activities of the NRCs, in relation to their functions as a nominating committee, are outlined in the following sections:

- "Training and development of Directors" on pages 126
- "Board Composition" on pages 127 to 135
- "Directors' Independence" on pages 130 to 133
- "Board Performance Evaluation" on pages 134 to 135

The NRCs' responsibilities, in reviewing remuneration matters, include reviewing and recommending to the Boards, a framework of remuneration for the Boards and Key Management Personnel. Pursuant to the MAS Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Notice No: SFA04-N14), the REIT Manager NRC's responsibilities also include ensuring the remuneration of executive Directors shall not be linked in any way to FH-REIT's gross revenue.

On an annual basis, the NRCs also review and recommend, for the respective Boards' approval, the respective Managers' remuneration and benefits policies and practices (including long-term incentive schemes), and the performance and specific remuneration packages for each Director and Key Management Personnel, in accordance with the approved remuneration policies and processes.

The NRCs also propose, for the respective Boards' approval, criteria to assist in the evaluation of the performance of Key Management Personnel and (where applicable) reviews the obligations of the Managers arising in the event of the termination of the service agreements of executive Directors and Key Management Personnel to ensure that such contracts of service contain fair and reasonable termination clauses. The NRCs also administer and approve awards under the Restricted Stapled Securities Plan ("**RSSP**") and/or other long-term incentive schemes to senior 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.

Delegation of authority framework

As part of the REIT Manager's internal controls, the REIT Manager Board has adopted a framework of delegated authorisations in its Manual of Authority (the "**MOA**"). The MOA, which is approved by the REIT Manager Board, sets out the levels of authorisation required for particular types of transactions to be carried out, and specifies whether REIT Manager Board approval needs to be sought. It also sets out approval limits for operating and capital expenditure as well as investments, divestments and asset enhancement initiatives.

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While day-to-day operations of the business are delegated to Management, in the REIT Manager Board's exercise of its leadership and oversight of FH-REIT, the MOA contains a schedule of matters specifically reserved for approval by the REIT Manager's Board and these are clearly communicated to Management in writing. These include approval of annual budgets, financial plans, material transactions, namely, acquisitions, divestments, funding and investment proposals and asset enhancement initiatives.

The Trustee-Manager Board has also maintained a similar MOA for FY2022.

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 FY2022:

	Board Meetings	Audit, Risk and Compliance Committee Meetings	Nominating and Remuneration Committee Meetings	General Meetings ⁽²⁾
Meetings held in FY2022	10	4	3	3
Law Song Keng	10 (C) ⁽¹⁾	4	3 (C) ⁽¹⁾	3 (C) ⁽¹⁾
Chua Phuay Hee	10	N.A.	N.A.	3
Liew Choon Wei	10	4	3	3
David Wong See Hong	10	4 (C) ⁽¹⁾	3	3
Panote Sirivadhanabhakdi	9	N.A.	3	3

Notes:

⁽¹⁾ C refers to chairman

⁽²⁾ Comprising the annual general meeting held on 19 January 2022, the extraordinary general meeting held on 12 September 2022 and the scheme meeting held on 12 September 2022.

A calendar of activities is scheduled for the Boards a year in advance.

The Constitutions of both the REIT Manager and the Trustee-Manager provide for Board members who are unable to attend physical meetings to participate through telephone conference, video conference or similar communications equipment.

Management provides the Directors with Board papers setting out complete, adequate and relevant information on the agenda items to be discussed at Board and Board Committee meetings around a week in advance of the meeting (save in cases of urgency). This is to give Directors sufficient time to prepare for the meeting and review and consider the matters being tabled so that discussions can be more meaningful and productive and Directors have the necessary information to make sound and informed decisions.

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. If required, time is set aside after scheduled Board meetings for discussions amongst the Board members without the presence of Management.

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.

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Matters discussed by Boards and Board Committees in FY2022

BOARD

- Strategy
- Financial Performance
- Sustainability, Environment, Social & Governance
- Cybersecurity and Threats
- Technology Risk Management
- Feedback from Board Committees
- Business and Operations Update
- Governance
- Divestments Proposals

Audit, Risk and Compliance Committee

- External and Internal Audit
- Treasury, Debt and Capital Management
- Tax Updates and Planning
- Financial Reporting
- Internal Controls and Risk Management
- Interested Person Transactions
- Conflicts of Interests
- Technology Risk Management
- Sustainability, Environmental, Social & Governance
- Compliance with Legislation and Regulations

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 provides Directors with complete and adequate reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets periodically, as well as such other relevant information on an on-going and timely basis to enable them to discharge their duties and responsibilities properly. In respect of budgets, any material variance between the projections and actual results will be disclosed and explained in the relevant periodic report.

Directors have separate and independent access to Management, and are entitled to request for such additional information as needed to make informed decisions and to fulfil their duties and responsibilities properly, which additional information will then be provided by Management in a timely manner. Where required or requested by Directors, site visits are also arranged for Directors to have an intimate understanding of the key business operations and to promote active engagement with Management.

Directors are provided with complete, adequate and timely information to enable them to ensure that they prepare adequately for Board and Board Committee meetings and make informed decisions, and Directors (including those who hold multiple board representations and other principal commitments) devote sufficient time and attention to the affairs of FHT and the Managers. At Board and Board Committee meetings, the Directors attend and actively participate, discuss, deliberate and appraise matters requiring their attention and decision. Where necessary for the proper discharge of their duties, the Directors may seek and obtain independent professional advice at the Managers' expense.

The Managers continued to closely monitor developments on the COVID-19 situation during FY2022, and the Boards were promptly informed on the impact of such developments on business operations, as well as the implementation of business continuity plans and other mitigating measures to minimise any operational disruptions. Notable developments over the course of FY2022 included a series of tightening and relaxation of COVID-19 related restrictions at varying points in time across the Group's markets.

In addition, the Boards were regularly updated on macro-economic conditions in the Group's markets, and relevant legal and regulatory requirements.

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The Company Secretary

The Boards are supported by the Company Secretary of the Managers (the “**Company Secretary**”), who is legally trained and familiar with company secretarial practices, and responsible for administering and executing Board and Board Committee procedures in compliance with the Companies Act 1967 of Singapore, the Managers’ Constitution, the Trust Deeds and applicable law. The Company Secretary also provides advice and guidance on relevant guidelines, notices, rules and regulations, including disclosure requirements under the SFA, applicable MAS guidelines and notices, the CIS Code and the SGX-ST Listing Manual, as well as corporate governance practices and processes.

The Company Secretary attends all Board and Board Committee meetings and drafts and reviews the minutes of proceedings thereof, and facilitates and acts as a channel of communication for the smooth flow of information to and within the Boards and their various Board Committees, as well as between and with senior Management. The Directors have separate and independent access to the Company Secretary, whose responsibilities include supporting and advising the Boards on corporate and administrative matters.

The Company Secretary solicits and consolidates Directors’ feedback and evaluation, facilitates induction and orientation programmes for new Directors, and assists with Directors’ professional development matters. The Company Secretary also acts as the REIT Manager’s and the Trustee-Manager’s primary channel of communication with the SGX-ST.

The appointment and removal of the Company Secretary is subject to the approval of the Boards.

Training and development of Directors

The NRCs are tasked with identifying and developing training programmes for the Boards and Board Committees for the Boards’ approval and ensuring that Directors have the opportunity to develop their skills and knowledge.

Upon appointment, each new Director is issued a formal letter of appointment setting out his or her roles, duties, responsibilities and obligations, including his or her responsibilities as fiduciaries and on the policies relating to conflicts of interest, as well as the expectations of the Managers. An induction and orientation programme is also conducted to provide new appointees with information on the business activities, strategic direction, policies and corporate governance practices of the Managers, as well as their statutory and other duties and responsibilities as Directors. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his or her roles and responsibilities as prescribed by the SGX-ST, unless the NRC is of the view that training is not required because he or she has other relevant experience, in which case the basis of its assessment will be disclosed.

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 FY2022, the Directors attended briefings and training programmes on, among others, (i) updates to the SGX-ST Listing Manual and Code of Corporate Governance; and (ii) updates on MAS Guidelines on Environmental Risk Management and Technology Risk Management Compliance.

To ensure that the Directors have the opportunities to develop their skills and knowledge and continually improve the performance of the Boards, all Directors are encouraged to undergo continual professional development during the term of their appointment, and are provided with opportunities to develop and maintain their skills and knowledge at the Managers’ expense. The Managers maintain a training record to track Directors’ attendance at training and professional development courses.

Directors are encouraged to be members of the Singapore Institute of Directors (“**SID**”) and for them to receive updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and relevant business trends.

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BOARD COMPOSITION

The following table shows the composition of the Board and the various Board Committees as at 30 September 2022:

		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		•

Profiles of each of the Directors can be found on pages 57 to 61.

As at 30 September 2022, all of the Directors are non-executive, majority of whom are independent.

No alternate directors have been appointed on the Boards for FY2022. Alternate directors will only be appointed in exceptional circumstances. As the Chairman, Law Song Keng, is a Non-Executive (Independent) Director, no lead independent director has been appointed.

The NRC reviews, on an annual basis, the structure, size and composition of the Board and Board Committees, taking into account the CG Code, Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**") and Business Trust Regulations.

The NRCs review, on an annual basis, the Board structure, size, composition of the Board and Boards Committees, taking into account the CG Code, the SFLCB Regulations and the 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 such as gender and age that avoids groupthink and fosters constructive debate and ensures the effectiveness of the Boards and the Board Committees. The Boards concur with the views of the NRCs.

Where Directors step down from the Boards, cessation announcements providing detailed reason(s) for the cessation are released on SGXNet in compliance with the requirements of the SGX-ST Listing Manual.

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Board Composition in terms of Age Group, Independence and Tenure (as at 30 September 2022)

Age Group



41-50	16%
51-60	17%
61 and above	67%

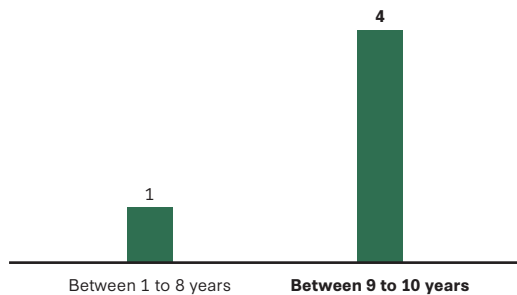
Independence



Non-Executive and Non-Independent Directors	33%
Non-Executive and Independent Directors	67%

Tenure

Number of Directors



Selection, Appointment and Re-appointment of Directors

Under the NRCs’ Terms of Reference, NRCs are tasked with making recommendations to the Boards on all Board appointments and re-appointments, taking into account, among other things, the scope and nature of the operations of the Group, the requirements of the business, whether Directors who have multiple board representations are able to carry out and have been carrying out their duties as Directors and whether the Directors have given sufficient time and attention to the affairs of FHT, FH-REIT and the REIT Manager, and/or FH-BT and the Trustee-Manager (as the case may be).

The process for the selection, appointment and re-appointment of Directors also takes into account the composition and progressive renewal of the Boards and Board Committees.

Additionally, as part of the NRCs’ review of the composition, and performance evaluation, of the Boards and Board Committees (which are done at least annually), the NRCs will consider the competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) of the Directors (including Directors who are to be recommended for re-appointment). In the case of a potential new Director, the NRCs will consider the candidate’s experience, education, expertise, judgment, skillset, personal qualities and general and sector specific knowledge in relation to the needs of the Boards as well as whether the candidates will add diversity and technological expertise to the Boards and whether they are likely to have adequate time to discharge their duties, including attendance at all Board meetings. The NRCs will also take into consideration whether a candidate had previously served on the boards of companies with adverse track records or a history of irregularities, and assess whether such past appointments would affect his/her ability to act as a Director of the Managers.

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The NRCs consider a range of different channels to source and screen both internal and external candidates for Board appointments, depending on the requirements, including tapping on the existing networks of contacts and recommendations. External consultants may be retained from time to time, where appropriate, to assist in sourcing, assessing and selecting a broader range of potential internal and external candidates beyond the Board's existing network of contacts.

Suitable candidates are carefully evaluated by the NRCs so that recommendations made on proposed candidates are objective and well supported.

On an annual basis, the NRCs review (a) the directorships and principal commitments of each Director, and (b) a framework for Board evaluation to be conducted by an external consultant on the effectiveness of the Boards. Through the aforementioned review and Board evaluation exercise, the Directors assess whether Board members effectively manage his or her directorships and have the time and ability to contribute to the Boards.

Instead of prescribing a maximum number of directorships and/or other principal commitments that each Director may have, the NRCs adopt a holistic assessment of each Director's individual capacity and circumstances to carry out his duties, taking into consideration not only the number of other board and other principal commitments held by each Director, but also the nature and complexity of such commitments. The assessment also takes into consideration Directors' commitment, conduct and contributions (such as meaningful participation, candour and rigorous decision making) at Board meetings, as well as whether the Director's engagement with Management is adequate and effective. In respect of FY2022, the NRCs are of the view that each Director, including Directors who hold multiple board representations, has been able to effectively discharge his duties as a Director of the Managers.

Further details on the Board evaluation exercise are set out under the section "Board Performance Evaluation" on pages 134 to 135.

Directors are not subject to periodic retirement by rotation. Under their Terms of Reference, the NRCs are tasked with reviewing the succession plans for Directors, the Chairman and Key Management Personnel.

Board Diversity Policy

The Boards have adopted, with the recommendation of its respective NRCs, board diversity policies for FH-REIT and FH-BT, and has charged the NRCs with the task of setting qualitative and measurable quantitative objectives (where appropriate) for achieving board diversity, and reviewing the FHT's progress towards achieving the objectives under the policy. 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 Managers remain committed to implementing the Board Diversity Policy and any progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate. The current composition of the Boards reflects FHT's commitment to Board diversity, especially in terms of geographical background and experience (Singapore, Thailand and Hong Kong SAR) and diverse age range (between 40 to above 60 years).

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 real estate, 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.

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Directors' Independence

The Directors exercise their judgment independently and objectively in the interests of all Stapled Securityholders as a whole. The NRCs determine annually, and as and when circumstances require, if a Director is independent based on the rules, guidelines and/or circumstances on director independence as set out in Rule 210(5)(d) of the SGX-ST Listing Manual, Provision 2.1 of the CG Code and the accompanying Practice Guidance, the MAS Guidelines No. SFA04-G07 "Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" dated 1 January 2016 and Regulations 13D to 13H of the SFLCB Regulations (collectively, the "**Relevant Regulations**"). The NRCs provides their views to the Boards for the Boards' consideration. Directors are expected to disclose any relationships with the Managers, its related corporations, its substantial shareholders, its officers or the substantial Stapled Securityholders of FHT, if any, which may affect their independence, as and when they arise, to the Boards.

Each of the Independent Directors complete a declaration of independence annually which is then reviewed by the NRCs.

Based on the declarations of independence of the Independent Directors, and having regard to the rules, guidelines and circumstances set forth in the Relevant Regulations, the NRCs and the Boards have determined that 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.

Law Song Keng

Law Song Keng is a non-executive and independent director of IFS Capital Ltd and Great Eastern Holdings Limited as at 30 September 2022. He has confirmed, *inter alia*, that he:

- (a) save as set out in note (1) on page 133, 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 employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2022 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 FY2022 or immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments^(d) or material services from the Managers or any of their subsidiaries, FHT of any of their subsidiaries and/or the Trustee and, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Stapled Securityholder of, or (b) a partner in (with 5% or more stake) or (c) an executive officer of, or (d) a director of, any organisation to or from which the Managers or any of their subsidiaries, FH-REIT/FH-BT or any of their subsidiaries or the REIT Trustee 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 133, Law Song Keng is an independent director as at 30 September 2022.

Chua Phuay Hee

Chua Phuay Hee is a non-executive director and independent director of Yihai Kerry Arawana Holdings Co., Ltd. at 30 September 2022. He has confirmed, *inter alia*, that he:

- (a) save as set out in note (2) on page 133, 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;

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- (b) (i) is not employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2022 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 FY2022 or immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments^(d) or material services from the Managers or any of their subsidiaries, FHT of any of their subsidiaries and/or the Trustee and, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Stapled Securityholder of, or (b) a partner in (with 5% or more stake) or (c) an executive officer of, or (d) a director of, any organisation to or from which the Managers or any of their subsidiaries, FH-REIT/FH-BT or any of their subsidiaries or the REIT Trustee 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 133, Chua Phuy Hee is an independent director as at 30 September 2022.

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 at 30 September 2022. He has confirmed, *inter alia*, that he:

- (a) save as set out in note (3) on page 133, 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 employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2022 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 FY2022 or immediate past financial year, (i) has not, and does not have any immediate family member who, received significant payments^(d) or material services from the Managers or any of their subsidiaries, FHT of any of their subsidiaries and/or the Trustee and, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Stapled Securityholder of, or (b) a partner in (with 5% or more stake) or (c) an executive officer of, or (d) a director of, any organisation to or from which the Managers or any of their subsidiaries, FH-REIT/FH-BT or 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 133, Liew Choon Wei is an independent director as at 30 September 2022.

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 2022. He has confirmed, *inter alia*, that he:

- (a) save as set out in note (4) on page 133, 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 employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2022 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

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- (c) in FY2022 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) a partner in (with 5% or more stake) or (c) an executive officer of, or (d) a director of, any organisation to or from which the Managers or any of their subsidiaries, FH-REIT/FH-BT or 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 133, David Wong See Hong is an independent director as at 30 September 2022.

Notes:

- (a) A Director is "connected" to a substantial shareholder of each of the Managers or substantial Stapled Securityholder of FHT if:
- (I) in the case where the substantial shareholder or substantial Stapled Securityholder is an individual, he/she is:
 - (i) a member of the immediate family of the substantial shareholder or substantial Stapled Securityholder;
 - (ii) employed by the substantial shareholder or substantial Stapled Securityholder;
 - (iii) a partner of a firm or a limited liability partnership of which the substantial shareholder or substantial Stapled Securityholder is also a partner; or
 - (iv) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder or substantial Stapled Securityholder;
 - (II) in the case where the substantial shareholder or substantial Stapled Securityholder is a corporation, he/she is:
 - (i) employed by the substantial shareholder or substantial Stapled Securityholder;
 - (ii) employed by a related corporation or associated corporation of the substantial shareholder or substantial Stapled Securityholder;
 - (iii) a director of the substantial shareholder or substantial Stapled Securityholder;
 - (iv) a director of a related corporation or associated corporation of the substantial shareholder or substantial Stapled Securityholder;
 - (v) a partner of a firm or a limited liability partnership of which the substantial shareholder or substantial Stapled Securityholder is also a partner; or
 - (vi) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder or substantial Stapled Securityholder.
- (b) "substantial shareholder" and "substantial Stapled Securityholder" refers to a shareholder or Stapled Securityholder holding not less than 5% of the total votes or units attached to all voting shares or units in the Managers or FHT, respectively.
- (c) "Immediate family" in relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent.
- (d) As a guide, payments aggregated over any financial year in excess of S\$50,000 would generally be deemed as significant. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material.
- (e) As a guide, payments aggregated over any financial year in excess of S\$200,000 would generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material.

The REIT Manager Board has considered the relevant requirements under the SFLCB Regulations and its views in respect of the independence of each Director are as follows:

The Director:	Law Song Keng ⁽¹⁾	Chua Phuyay Hee ⁽³⁾	Liew Choon Wei ⁽²⁾	David Wong See Hong ⁽⁴⁾	Panote Sirivadhanabhakdi ⁽⁵⁾
(i) had been independent from the management of the REIT Manager and FH-REIT during FY2022	✓	✓	✓	✓	
(ii) had been independent from any business relationship with the REIT Manager and FH-REIT during FY2022		✓	✓	✓	
(iii) had been independent from every substantial shareholder of the REIT Manager and every substantial Stapled Securityholder of FHT during FY2022					
(iv) had not been a substantial shareholder of the REIT Manager or a substantial Stapled Securityholder of FHT during FY2022	✓	✓	✓	✓	
(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 FY2022	✓	✓	✓	✓	✓

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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. During FY2022, Law Song Keng is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT.

Law Song Keng is a director of Great Eastern Holdings Limited, of which Great Eastern General Insurance Limited (“GEG”) is a wholly-owned subsidiary. GEG has provided insurance products to FHT, the Managers and/or their related corporations in the current and the immediately preceding financial year and received fees therefor (the “GEG Fees”). Insurance policies are procured with the assistance of unrelated professional insurance brokers who will source for the most competitive quotes and terms, and make recommendations to FHT and/or the Managers accordingly. Notwithstanding this, such provision of insurance products fall within the categories of business relationships set out in Regulation 13G of the SFLCB Regulations and Regulation 3 of the BT Regulations.

Nonetheless, (i) taking into account, *inter alia*, the declaration of independence of Law Song Keng and the objective criteria in the procurement of products from GEG, each of the Boards affirms its view that the provision of insurance products by GEG to FHT, the Managers and/or their related corporations and the payment of the GEG Fees in respect thereof do not affect his continued ability to exercise strong objective judgment and be independent in conduct and character (in particular, in the expression of his views and in his participation in the deliberations and decision-making of the Boards and Board Committees of which he is a member), and do not interfere with the exercise of his independent judgment, acting in the best interests of all Stapled Securityholders of FHT as a whole, and (ii) the REIT Manager Board is satisfied that, as at the last day of FY2022, 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 FY2022, Law Song Keng was able to act in the best interests of all Stapled Securityholders as a whole.

⁽²⁾ 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. During FY2022, Chua Phuay Hee is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2022, 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 FY2022, Chua Phuay Hee was able to act in the best interests of all Stapled Securityholders as a whole.

⁽³⁾ 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. During FY2022, Liew Choon Wei is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2022, 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 FY2022, Liew Choon Wei 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. During FY2022, David Wong See Hong is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2022, 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 FY2022, 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, in addition to being a director of the REIT Manager and the Trustee-Manager, a director of other entities within the Frasers Property Group. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. Panote Sirivadhanabhakdi is also a director of various entities within the TCC Group⁶ (which is the controlling shareholder of the Frasers Property Group⁷) 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. During FY2022, Panote Sirivadhanabhakdi is deemed (a) to have a management relationship with the REIT Manager and FH-REIT; (b) to have a business relationship with the REIT Manager and FH-REIT; and (c) to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT, and is a substantial Stapled Securityholder of FHT. The REIT Manager Board is satisfied that, as at the last day of FY2022, Panote Sirivadhanabhakdi was able to act in the best interests of all Stapled Securityholders as a whole. As at the last day of FY2022, Panote Sirivadhanabhakdi 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 FY2022, each of the Directors is deemed to be connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2022, 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. Panote Sirivadhanabhakdi was able to act in the best interests of the Stapled Securityholders as a whole as at the last day of FY2022.

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 pages 171 to 172.

⁶ “TCC Group” refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi

⁷ “Frasers Property Group” refers to FPL and/or its subsidiaries.

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The independent Directors lead the way in upholding good corporate governance at the Board level and their presence facilitates the exercise of objective independent judgement on corporate affairs. Their participation and input also ensure that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into account the long-term interests of FHT and its Stapled Securityholders. As at 30 September 2022, 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.

As part of Board renewal, the Managers are in the process of reviewing candidates for appointment as new Directors and will provide updates at the appropriate time.

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.

Conflict of Interest

The Boards have in place clear procedures for dealing with conflicts of interest. To address and manage possible conflicts of interest (including in relation to Directors, officers and employees) that may arise in managing FH-REIT, the REIT Manager has put in place procedures which, among other things, specify that: (a) the REIT Manager shall be dedicated to the management of FH-REIT and will not directly or indirectly manage other REITs; (b) all executive officers will be employed by the REIT Manager; (c) all resolutions in writing of the directors of the REIT Manager ("**REIT Manager Directors**") in relation to matters concerning FH-REIT must be approved by a majority of the REIT Manager Directors, including at least one director independent from management and business relationships with the REIT Manager; (d) at least a majority of the REIT Manager Board shall comprise REIT Manager independent Directors; (e) on matters where the Frasers Property Group has an interest (directly or indirectly), Directors nominated by Frasers Property Group shall abstain from voting. On such matters, the quorum must comprise a majority of the REIT Manager's independent 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, to recuse himself from meetings and/or discussions (or relevant segments thereof), and is required to abstain from voting on resolutions approving the transaction.

Further information on the conflict policy the Trustee-Manager has instituted to deal with conflicts of interest that may arise in managing FH-BT can be found in the Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust on page 165 to 170.

The Managers do not have a practice of extending loans to Directors, and as at 30 September 2022, there were no loans granted by the Managers to Directors. If there are such loans, each of the Managers will comply with its obligations under the Companies Act 1967 in relation to loans, quasi-loans, credit transactions and related arrangements to Directors.

Board Performance Evaluation

Each of the REIT Manager NRC and the Trustee-Manager NRC is tasked with making recommendations to the respective Boards on the process and objective performance criteria for evaluation of the performance of the Board as a whole, the Board Committees and the individual Directors .

The Boards, with the recommendation of the NRCs, has approved the objective performance criteria and implemented a formal process for assessing the effectiveness of the Boards as a whole and their Board Committees separately and the contribution by the Chairman and each individual Director to the effectiveness of the Boards, on an annual basis. In relation to the financial year ended 30 September 2021 ("**FY2021**"), the outcome of the evaluation was generally affirmative across the evaluation categories. The objective performance criteria are not typically changed from year to year.

CORPORATE GOVERNANCE REPORTS

Based on the NRCs' review, the Boards and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Boards.

For FY2022, an independent external consultant, Aon Solutions Singapore Pte. Ltd., has been appointed to facilitate the process of conducting a Board evaluation survey. The external consultant has no connection with the Managers or any of the Directors.

Each Director is required to complete a Board evaluation questionnaire, a Board Committee evaluation questionnaire and an individual Director self-evaluation questionnaire (the "Questionnaires"). The Questionnaires have been designed to provide an evaluation of the current effectiveness of the Boards and to support each of 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. The external consultant will facilitate questionnaires to be sent to all Directors, and one-to-one interviews are conducted selectively on a rotational basis, to obtain Directors' feedback.

The objective performance criteria covered in the Board evaluation exercise relate to the following key segments: (1) Board composition (balance of skills, experience, independence, knowledge of the company, and diversity); (2) management of information flow; (3) Board processes (including Board practices and conduct); (4) Board's consideration of Environmental, Social and Governance aspects; (5) Board strategy and priorities; (6) Board's value add to, and management of the performance of the Company; (7) development and succession planning of executives; (8) development and training of Directors; (9) oversight of risk management and internal controls; and (10) the effectiveness of the Board Committees. The individual Director self-evaluation questionnaire aims to assess whether each Director is willing and able to constructively challenge and contribute effectively to the Boards, and demonstrate commitment to his role on the Boards and Board Committees (if any).

The responses to the Questionnaires and interview(s), if any for that particular financial year, are summarised by the external consultant and its report submitted to the NRCs. To provide a greater level of objectivity in the evaluation process, the report also includes peer comparisons and third-party benchmarking of the results to the evaluation. Findings and recommendations of the external consultant which include feedback from Directors would be taken into consideration and any necessary follow-up actions would be undertaken with a view to improving the overall effectiveness of the Boards in fulfilling its role and meeting its responsibilities to Stapled Securityholders. The Chairman will, where necessary, provide feedback to the Directors with a view to improving Board performance and, where appropriate, propose changes to the composition of the Boards.

REMUNERATION MATTERS

The remuneration of the staff of the Managers and Directors' fees are paid by the REIT Manager and the Trustee-Manager from the management fees received from FH-REIT and FH-BT respectively, and not by FH-REIT and FH-BT (as the case may be). With the recommendations of the NRCs, the Boards have put in place a formal and transparent 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, and performance-orientated compensation programmes which are aligned with Stapled Securityholders' interests. 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.

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Compensation Principles

All compensation programme design, determination and administration are guided by the following principles:

(a) Pay-for-Performance

The Managers' Pay-for-Performance principle encourages excellence, in a manner consistent with the Managers' core values. The Managers take a total compensation approach, which recognises the value and responsibility of each role, and differentiates and rewards performance through its incentive plans.

(b) Stapled Securityholder Returns

Performance measures for incentives are established to drive initiatives and activities that are aligned with both short-term value creation and long-term Stapled Securityholder wealth creation, thus ensuring a focus on delivering Stapled Securityholder returns.

(c) Sustainable Performance

The Managers believe sustained success depends on the balanced pursuit and consistent achievement of short-term and long-term goals. Hence, variable incentives incorporate a significant pay-at-risk element to align employees with sustainable performance for the Managers.

(d) Market Competitiveness

The Managers aim to be market competitive by benchmarking its compensation levels with relevant comparators accordingly. However, the Managers embrace a holistic view of employee engagement that extends beyond monetary rewards. Recognising each individual as unique, the Managers seek to motivate and develop employees through all the levers available to the Managers through its respective comprehensive human capital platform.

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 FY2022, Aon Solutions Singapore Pte. Ltd. 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, benefits in kind, termination terms and payments, grant of awards of Stapled Securities and incentives for the Key Management Personnel and fees for the independent Directors and other non-executive Directors, and the NRCs considers all such aspects of remuneration to ensure they are fair and avoids rewarding poor performance.

The remuneration framework is tailored to the specific role and circumstances of each Director and Key Management Personnel, to ensure an appropriate remuneration level and mix that recognises the performance, potential and responsibilities of these individuals.

CORPORATE GOVERNANCE REPORTS

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

A significant and 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. The performance targets are measurable, appropriate and meaningful so that they incentivise the right behaviour in a manner consistent with the Group's core values. For individuals in control functions, performance targets are principally based on the achievement of the objectives of their functions.

(1) Short-Term Incentive Plans

The short-term incentive plans ("**STI Plans**") aim to incentivise 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, Board Engagement and Strategic Review, Corporate Governance and Compliance, Process and Framework, Sustainability or specified projects. The sustainability performance indicator includes areas such as net zero carbon roadmap and targets, alignment to TCFD recommendations and green building certification. 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.

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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 business performance, Stapled Securityholders' value creation and aligned to FHT's business objectives. The RSSP awards represent the right to receive fully paid Stapled Securities, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met. The final number of Stapled Securities to be released ("**Final Awards**") will depend on the achievement of the pre-determined targets at the end of the performance period. If such targets are exceeded, more Stapled Securities than the Initial Awards may be delivered, subject to a maximum multiplier of the Initial Awards. The Final Awards will vest to the participants in three tranches 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, and that is structured so as to link a significant and appropriate proportion of remuneration to which also takes into account FHT's performance and that of the individual.

In designing the compensation structure, the NRCs seek to ensure that the level and mix of remuneration are competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation.

Executives who have a greater ability to influence outcomes within the Managers have a greater proportion of overall reward at risk. The NRCs exercise broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of Stapled Securityholders and other stakeholders and promote the long-term success of FHT.

Performance Indicators for Key Management Personnel

As set out above, the Managers' variable remuneration comprises short-term and long-term incentives, taking into account both FHT's and individual performance. This is to ensure employee remuneration is linked to performance. In determining short-term incentives, both FHT's financial and non-financial performance as per the balanced scorecard are taken into consideration. The performance targets align the interests of the Key Management Personnel with the long-term growth and performance of FHT and the Managers. The financial performance indicators on which the Key Management Personnel are evaluated comprise (a) FHT's net property income and (b) distribution per Stapled Security. These performance indicators are quantitative and are objective measures of FHT's performance. The non-financial performance indicators on which Key Management Personnel are evaluated include (i) People, (ii) Board Engagement and Strategic Review, (iii) Corporate Governance and Compliance, (iv) Process and Framework, and (v) Sustainability. These qualitative performance indicators will align the Key Management Personnel's performance with FHT's strategic objectives.

In relation to long-term incentives, the Managers have implemented the RSSP with effect from the financial year ended 30 September 2018 as set out above. The release of long-term incentive awards to Key Management Personnel are conditional upon the performance targets being met. The performance targets of the KPIs align the interests of Key Management Personnel with the long-term growth and performance of FHT. In FY2022, the pre-determined target performance levels for the RSSP grant were met.

Currently, the Managers do not have claw-back provisions which allow them to reclaim incentive components of remuneration from the Key Management Personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss.

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Remuneration Packages of Key Management Personnel

The NRCs review and make recommendations on the specific remuneration packages and service terms for the Key Management Personnel for endorsement by the respective Board, which is ultimately accountable for all remuneration decisions relating to the Key Management Personnel. The NRCs will review the short-term and long-term incentives in the Key Management Personnel remuneration package to ensure its compliance with the substance and spirit of the directions and guidelines from the MAS.

No Director or Key Management Personnel is involved in deciding his or her remuneration.

The NRCs align the CEO's leadership, through appropriate remuneration and benefit policies, with FHT's and the Managers' strategic objectives and key challenges. Performance targets are also set for the CEO and her performance is evaluated yearly.

Remuneration Policy in respect of Non-Executive Directors

The remuneration of non-executive Directors has been designed to be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities, on the Board and Board Committees, and to attract, retain and motivate the Directors to provide good stewardship of FHT to successfully manage FHT for the long term.

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

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 physical attendance in Singapore.

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Disclosure of Remuneration of Directors and Key Executives

Information on the remuneration of Directors and Key Executives of the Managers for FY2022 is set out below.

Directors of the Managers	Remuneration ⁽¹⁾ S\$
Law Song Keng	145,000
Chua Phuay Hee	56,500
Liew Choon Wei	89,500
David Wong See Hong	108,000
Panote Sirivadhanabhakdi	63,000

Note:

⁽¹⁾ The remuneration of Directors is paid by the REIT Manager. No Directors' fees are paid by the Trustee-Manager. Directors' fees are paid to Frasers Property Corporate Services Pte. Ltd. for Panote Sirivadhanabhakdi or such other relevant entity within the Frasers Property Limited Group.

Remuneration of CEO for FY2022	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
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Between S\$1,000,000 to S\$1,250,000

Eu Chin Fen	40	29	4	27	100
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Remuneration of Key Executives of the Managers ⁽¹⁾ (excluding CEO) for FY2022	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
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Eric Gan Chee Teik	46 ⁽²⁾	24 ⁽²⁾	4 ⁽²⁾	26 ⁽²⁾	100
Caris Ang					
Wong Soon Yean ⁽³⁾					
Christine Chua ⁽⁴⁾					
Low Ru Yan ⁽⁵⁾					
Jeanette Pang Li Lean ⁽⁶⁾					

Aggregate Total Remuneration (excluding CEO) S\$1,923,411

Notes:

- ⁽¹⁾ For FY2022, the Managers have four Key Executives (excluding the CEO). They are the CFO and the division heads of the Managers and are listed in this table.
- ⁽²⁾ Derived on the aggregation of the respective remuneration components of each Key Executive (excluding the CEO) and represented as percentages against total remuneration for these Key Executives.
- ⁽³⁾ Wong Soon Yean joined the Managers on 1 February 2022, and was appointed the Head of Investment with effect from 3 March 2022. As such, the remuneration disclosed is for the period from 3 March 2022 to 30 September 2022.
- ⁽⁴⁾ Christine Chua ceased to be employed by the Managers as the Head of Investment as at 3 March 2022, as such, the remuneration disclosed is for the period from 1 October 2021 to 2 March 2022.
- ⁽⁵⁾ Low Ru Yan was appointed as the Head of Investor Relations on 9 February 2022, as such, the remuneration disclosed is for the period from 9 February 2022 to 30 September 2022.
- ⁽⁶⁾ Jeanette Pang Li Lean ceased to be employed by the Managers as the Head of Investor Relations as at 18 December 2021, as such, the remuneration disclosed is for the period from 1 October 2021 to 17 December 2021.

For FY2022, there were no termination, retirement and post-employment benefits granted to the Directors, the CEO and Key Management Personnel.

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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 (excluding the CEO), for the following reasons:

- (i) given the competitive business environment which FHT operates in, the Managers face significant competition for talent in the REIT management sector and the Managers had not disclosed the exact remuneration of the Key Executives (including the CEO) so as to minimise potential staff movement and undue disruption to its management team which would be prejudicial to the interests of Stapled Securityholders;
- (ii) the composition of the current management team has been stable and to ensure the continuity of business and operations of FH-REIT, it is important that the REIT Manager continues to retain its team of competent and committed staff;
- (iii) it is important for the Managers to ensure stability and continuity of their business by retaining a competent and experienced management team and being able to attract talented staff and disclosure of the remuneration of the Key Executives, including the CEO could make it difficult to retain and attract talented staff on a long-term basis;
- (iv) due to the confidentiality and sensitivity of staff remuneration matters, the REIT Manager is of the view that such disclosure could be prejudicial to the interests of Stapled Securityholders; and
- (v) the remuneration of Key Executives of the Managers (including the CEO) are paid by the REIT Manager and there is full disclosure of the total amount of fees paid to the REIT Manager set out at page 222 of this Annual Report.

While the disclosure of the exact quantum of the remuneration of the CEO and the requisite remuneration band for each of the other Key Executives (who are not also Directors or the CEO) would be in full compliance with Provision 8.1 of the CG Code, taking into account the reasons why such disclosure would be prejudicial to the interests of Stapled Securityholders and that the Managers have disclosed the remuneration policies, composition of remuneration, appraisal process and performance metrics which go towards determination of the performance bonus of the CEO and other key executives, the Boards have determined that despite the partial deviation from Provision 8.1 of the CG Code, there is sufficient transparency on the Managers' remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the CG Code.

As at 30 September 2022, there are no employees within the Managers who is a substantial Stapled Securityholder or who is an immediate family member of a Director, the CEO or a substantial Stapled Securityholder.

FINANCIAL PERFORMANCE, REPORTING AND AUDIT

The Boards, with the support of Management, are responsible for providing a balanced and understandable assessment of FHT's performance, position and prospects. Financial reports are provided to the Boards on a quarterly basis and monthly accounts are made available to the Directors on request.

The REIT Manager prepares the financial statements of FH-REIT in accordance with the recommendations of the Statement of Recommended Accounting Practice ("**RAP**") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the CIS Code issued by the MAS, the SGX-ST Listing Manual and the provisions of the FH-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards in Singapore prescribed by the Accounting Standards Council.

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

The Boards release FHT's half-yearly and full year financial results. The Managers also provide business updates to Stapled Securityholders for the first and third quarter performance of FHT. The financial results and business updates contain information on the impact of the COVID-19 situation on FHT's business operations and financial performance. The Boards also provide Stapled Securityholders with relevant business updates, other price or trade sensitive information and material corporate developments through announcements to the SGX-ST and FHT's website.

External Audit

The ARCCs conduct an assessment of the external auditors of FHT, and recommends its appointment, re-appointment or removal to the Board. The assessment is based on factors such as the performance and quality of its audit, the cost effectiveness and the independence and objectivity of the external auditors. The ARCC also makes recommendations to the Boards on the remuneration and terms of engagement of the external auditors.

At the AGM held on 19 January 2022, KPMG LLP was re-appointed by Stapled Securityholders as the external auditors of FHT for FY2022 until the conclusion of the next AGM. Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current KPMG LLP audit partner is in charge of the audit of FHT since FY2021.

During FY2022, 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 2022 are set out in the table below:

Fees relating to external auditors as at 30 September 2022	S\$ '000
For audit services	504
For non-audit services	225
Total	729

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 FY2022, and where appropriate, has met with the ARCCs without the presence of Management to discuss their findings, if any.

Each of the REIT Manager and the Trustee-Manager confirms that FH-REIT and FH-BT respectively has complied with Rule 712 of the SGX-ST Listing Manual which requires, amongst others, that a suitable auditing firm should be appointed by the Group having regard to certain factors. Each of FH-REIT and FH-BT has also complied with Rule 715 of the SGX-ST Listing Manual which requires that the same auditing firm of the Group based in Singapore to audit its Singapore-incorporated subsidiaries and significant associated companies, and that a suitable auditing firm be engaged for its significant foreign-incorporated subsidiaries and associated companies.

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In the review of the financial statements of FHT for FY2022, the ARCCs discussed the following key audit matters identified by the external auditors with Management:

Key audit matter	Review by the ARCCs
Valuation of investment properties and property, plant and equipment	The ARCCs considered the independence and competency of the external valuers, as well as the methodologies applied by them to the valuation of the properties. The ARCCs reviewed the outcome of the annual external valuation process and discussed the details of the valuations with the Management and the external auditors. The ARCCs noted that the valuation of properties is an area of focus for the external auditors as a key audit matter in its auditors' report and also noted their assessment of the appropriateness of the valuation methods, inputs and assumptions used. The ARCCs concur with the basis and findings included in the auditors' report with respect to the key audit matter.

GOVERNANCE OF RISK AND INTERNAL CONTROLS

The Boards are responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls.

Enterprise Risk Management and Risk Tolerance

The Managers have established a sound system of risk management and internal controls comprising procedures and processes to safeguard FHT's assets and the interests of FHT and its Stapled Securityholders. The ARCCs review and report to the Boards on the adequacy and effectiveness of such controls, including financial, compliance, operational and information technology controls, and risk management procedures and systems, taking into consideration the recommendations of both internal and external auditors.

Internal Controls

Each of the ARCCs 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 and taking into consideration the recommendation of both internal and external auditors. 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.

A comfort matrix of key risks, by which relevant material financial, compliance and operational (including information technology) risks of FHT and the Managers 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.

The ARCCs and the Boards have consistently been monitoring the impact of the ongoing COVID-19 pandemic on FHT's financials with increased scrutiny on potential high-risk areas such as capital and liquidity management. The ARCCs and the Boards have consistently been working closely with Management to ensure adequate cash flow and liquidity to sustain the Managers and FHT's operations on an ongoing basis. The ARCCs and the Boards are updated by Management regularly on the results of various scenario planning and stress testing conducted to assess and track the possible impact on FHT's liquidity and cashflow. Capital and liquidity management remain priorities for the Managers and FHT.

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Risk Management

The Boards, through the ARCCs review the adequacy and effectiveness of the Managers' risk management framework to ensure that robust risk management and mitigating controls are in place. The Managers have adopted an enterprise-wide risk management ("ERM") framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the Managers' ERM framework and progress report is set out on page 113.

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 and value creation have been formalised and adopted.

The Boards have received assurance from the CEO and the CFO that as at 30 September 2022:

- (a) the financial records of the Group have been properly maintained and the financial statements for FY2022 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 2022 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 2022 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 2022, 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.

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Internal Audit

The internal audit function of each of the REIT Manager and the Trustee-Manager is performed by the Frasers Property Group's internal audit department ("**FPL Group IA**"). FPL Group IA is responsible for conducting objective and independent assessments 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 FPL Group IA reports directly to the ARCCs, and administratively to FPL's Group Chief Operating Officer. The appointment and removal of FPL Group IA as the service provider of the Managers' internal audit function requires the approval of the ARCCs.

The ARCCs ensure that FPL Group IA complies with the standards set by nationally or internationally recognised professional bodies. In this regard, in performing internal audit services, FPL Group IA has adopted and complies with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, Inc.

The ARCCs are also responsible for ensuring that the internal audit function is adequately resourced and staffed with persons with relevant qualifications and experience. As at 30 September 2022, FPL Group IA comprised 24 professional staff. The Head of FPL Group IA and the Singapore-based FPL Group IA staff are members of The Institute of Internal Auditors, Singapore. To ensure that the internal audit activities are effectively performed, FPL Group IA employs suitably qualified audit professionals with the requisite skills and experience. FPL Group IA staff are given relevant training and development opportunities to update their technical knowledge and auditing skills. This includes attending relevant technical workshops and seminars organised by The Institute of Internal Auditors, Singapore, and other professional bodies.

FPL Group IA operates within the framework of a set of terms of reference as contained in the Internal Audit Charter approved by the ARCCs. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned with the key strategies of FHT. Risk assessments are carried out on all key business processes, the results of which are used to determine the extent and frequencies of the reviews to be performed. Higher risk areas are subject to more extensive and frequent reviews. FPL Group IA conducts its reviews based on internal audit plans approved by the ARCCs. FPL Group IA has unfettered access to FHT's and the REIT Manager's and the Trustee-Manager's documents, records, properties and personnel, including the ARCCs' members, and has appropriate standing with FHT and the Managers. All audit reports detailing audit findings and recommendations are provided to Management, who would respond with the actions to be taken.

Each quarter, FPL Group IA submits reports to the ARCCs on the status of completion of the audit plans, audit findings noted from reviews performed, and status of Management's action plans to address such findings, including implementation of the audit recommendations. Each of the ARCCs is satisfied that FPL Group IA is independent, effective, adequately resourced, 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 FPL Group's internal audit function are carried out by qualified professionals from an external organisation. The last review was performed in FY2022. Where required, the ARCCs will make recommendations to the Boards to ensure that FPL Group IA remains an adequate, effective and independent internal audit function.

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

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- any of the Interested Persons, namely, the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of FH-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of FH-BT) (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005), a Director, CEO or controlling shareholder of the Trustee-Manager, a controlling Stapled Securityholder or an associate of any such Director, CEO or controlling shareholder or controlling Stapled Securityholder,

would constitute an interested person transaction.

The Managers have established internal processes such that the Boards, with the assistance of the ARCCs, are required to be satisfied that all Related/Interested Person Transactions are undertaken on normal commercial terms, and are not prejudicial to the interests of FHT and Stapled Securityholders. This may entail obtaining (where practicable) quotations from parties unrelated to the Managers, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix). Directors who are interested in any proposed Related/Interested Person Transaction to be entered into by FHT are required to abstain from any deliberations or decisions in relation to that Related/Interested Person Transaction.

All Related/Interested Person Transactions are entered in a register maintained by the each of the REIT Manager and the Trustee-Manager. The Managers incorporate into their internal audit plan a review of the Related/Interested Person Transactions recorded in the register to ascertain that internal procedures and requirements of the SGX-ST Listing Manual and Property Funds Appendix have been complied with. The ARCCs review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related/Interested Person Transactions have been complied with. The review includes the examination of the nature of the Related/Interested Person Transactions and its supporting documents or such other data deemed necessary by the ARCCs. In addition, the REIT Trustee also has the right to review any such relevant internal audit reports to ascertain that the Property Funds Appendix has been complied with.

Any Related/Interested Person Transaction proposed to be entered into by (a) the REIT Trustee for and on behalf of FH- REIT with a Related Person, and/or (b) the Trustee-Manager for and on behalf of FH-BT with an Interested Person, would require the REIT Trustee and/or the Trustee-Manager (as the case may be) to satisfy itself that such Related/Interested Person Transaction is conducted on normal commercial terms, is not prejudicial to the interests of FHT, FH-REIT and/or FH-BT (as the case may be) and its Stapled Securityholders, and is in accordance with all applicable requirements of the SGX-ST Listing Manual, the BTA and/or CIS Code (where applicable) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts or property funds.

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.

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Save for the transactions described under the sections “Management and Corporate Governance – FH-REIT – Related Transactions – Related Party Transactions in connection with the Setting Up of FH-REIT” and “Management and Corporate Governance – FH-REIT – Related Party Transactions – Future Related Party Transactions” in FHT’s Prospectus dated 30 June 2014, FH-REIT will comply with Rule 905 of the Listing Manual by announcing any IPTs in accordance with the Listing Manual if such transaction, by itself or when aggregated with other IPTs entered into with the same interested person during the same financial year, is 3.0% or more of the value of FH-REIT’s latest audited net tangible assets.

Save for the transactions described under the sections “Management and Corporate Governance – FH-BT – Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions in connection with the Setting Up of FH-BT” in FHT’s Prospectus dated 30 June 2014, FH-BT will comply with Rule 905 of the Listing Manual by announcing any IPTs in accordance with the Listing Manual if such transaction, by itself or when aggregated with other IPTs entered into with the same interested person during the same financial year, is 3.0% or more of the value of FH-BT’s latest audited net tangible assets.

Information on the measures and procedures put in place by the Trustee-Manager to manage potential IPTs can also be found in the Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust on pages 165 to 170.

Whistle-Blowing Policy

The Managers have put in place a whistle-blowing policy (the “**Whistle-Blowing Policy**”). The Whistle-Blowing Policy provides an independent feedback channel through which matters of concern about possible improprieties, misconduct or wrongdoing relating to FHT, the Managers and their officers in matters of financial reporting, suspected fraud and corruption or other matters may be raised by employees and any other persons in confidence and in good faith, without fear of reprisal. Whistle-blowers may report any matters of concern by email, by post or by calling a hotline, details of which are provided in the Whistle-Blowing Policy, which is available on FHT’s website. Any report submitted through this channel would be received by the Head of the FPL Group IA and the Managers have designated FPL Group IA, an independent function, to investigate all whistle-blowing reports made in good faith. FHT is committed to ensuring that whistle-blowers will be treated fairly, and protected from reprisals, or victimisation or any otherwise detrimental or unfair treatment for whistle-blowing in good faith. The Managers will treat all information received confidentially and protect the identity of all whistle-blowers.

The improprieties, misconduct or wrongdoing that are reportable under the Whistle-Blowing Policy include: (a) financial or professional misconduct; (b) improper conduct, dishonest, fraudulent or unethical behaviour; (c) any irregularity or non-compliance with laws/ regulations or the Managers’ policies and procedures, and/or internal controls; (d) violence at the workplace, or any conduct that may threaten health and safety; (e) corruption or bribery; (f) conflicts of interest; and (g) any other improprieties or matters that may adversely affect Stapled Securityholders’/shareholders’ interest in, and assets of, FHT, the REIT Manager and/or the Trustee-Manager and the reputation of these entities. The Whistle-Blowing Policy is covered and explained in detail during staff training, including the procedures for raising concerns. All whistle-blowing complaints raised 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, which are responsible for oversight and monitoring of whistle-blowing, review and ensure that independent investigations and any appropriate follow-up actions are carried out.

STAPLED SECURITYHOLDER MATTERS

The Managers treat all Stapled Securityholders fairly and equitably, and strive to establish and maintain regular interaction and dialogue with Stapled Securityholders to generate awareness and understanding of FHT’s strategic business model, competitive strengths, growth strategy, and investment merits, as well as to garner feedback and views for consideration. Stapled Securityholders are also given accurate, objective and timely assessment of FHT’s performance, financial position and prospects. The Managers provide regular updates via SGXNET announcements and on its websites and via participation in outreach retail investors events hosted by the Securities Investors Association (Singapore) or the SGX-ST. Stapled Securityholders and investors can also contact the investor relations contact person at FHT to provide their feedback or submit enquiries. The AGMs provide a platform for Stapled Securityholders to communicate their views to the Boards and management on various matters affecting FHT.

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Investor Relations

The Managers pride themselves on their high standards of disclosure and corporate transparency. To enable Stapled Securityholders and the investment community to make informed investment decisions, the Managers endeavour to provide them with fair, relevant, comprehensive and timely information regarding FHT's performance and progress and matters concerning FHT and its business which are likely to materially affect the price of the Stapled Securities and other securities of FHT, or are likely to influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell the Stapled Securities.

The Managers' dedicated Investor Relations ("**IR**") personnel is tasked with, and focuses on, facilitating communications between FHT and its Stapled Securityholders, as well as with the investment community and the media. Contact details of the IR manager ("**IR Contact**") are available on FHT's website at www.frasersproperty.com/reits/fht for Stapled Securityholders, investors and other stakeholders to channel their comments and queries. The IR policy also sets out the mechanism through which Stapled Securityholders may contact the Managers with questions and through which the Managers may respond to such questions.

Continuous and informed dialogue between the Managers and Stapled Securityholders is a central tenet of good corporate governance. Regular engagement between these parties promotes greater transparency. Material and other pertinent information such as SGX announcements, media releases and presentation slides are issued via the SGXNET and uploaded on FHT's website on a timely basis. They are the principal media of communication between FHT and its Stapled Securityholders. In the interim business updates for the first and third quarters of each financial year, the Managers provide, *inter alia*, a discussion of the significant factors that affected FHT's interim performance as well as relevant market trends, including the risks and opportunities that may have a material impact on FHT's prospects. Such information provides Stapled Securityholders with a better understanding of FHT's performance in the context of the current business environment.

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, and in order to solicit and understand the views of Stapled Securityholders and investors. Analyst briefings, earnings calls and investor luncheons are conducted after the announcement of half yearly results and business updates. However, due to travel restrictions and social distancing measures arising from the COVID-19 pandemic, investor meetings and quarterly analyst briefings have since gone virtual while property visits have been temporarily suspended.

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 page 110.

A copy of FHT's Annual Report 2022 has been sent to all Stapled Securityholders. The electronic version of FHT's Annual Report 2022 is available on FHT's website at www.frasersproperty.com/reits/fht.

Conduct of general meetings

Due to the COVID-19 situation in Singapore, the AGMs in respect of the financial years ended 30 September 2020 and 30 September 2021 ("**2022 AGM**") were convened and held wholly 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 ("**COVID-19 Temporary Measures Order**"). While Stapled Securityholders were not able to attend the 2022 AGM physically and participate in person, they were able to submit questions to the Chairman of the Meeting "live" at the 2022 AGM through the electronic platform for the 2022 AGM and have their questions addressed at the 2022 AGM itself. All the Directors attended the 2022 AGM either in-person or via electronic means.

In view of the progressive easing of the COVID-19 community safe management measures in Singapore, the forthcoming AGM ("**2023 AGM**") will be held in a wholly physical format on 16 January 2023 pursuant to the COVID-19 Temporary Measures Order and Stapled Securityholders (themselves or through duly appointed proxies) will be able to vote and ask questions in person at the 2023 AGM. The format of 2023 AGM may be subject to further changes as may be necessitated due to the COVID-19 situation in Singapore.

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.

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Stapled Securityholders are given the opportunity to participate effectively and vote at FHT's general meetings, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated prior to the start of the meeting. Stapled Securityholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation, and are able to appoint more than two proxies to attend, speak and vote at general meetings of FHT.

The Managers generally provide Stapled Securityholders with longer than the minimum notice period required for general meetings. The Managers tries their best not to schedule AGMs during peak periods when these might coincide with the AGMs of other listed companies. The Managers give Stapled Securityholders the necessary information on each resolution so as to enable them to exercise their votes on an informed basis.

To safeguard the Stapled Securityholders' interests and rights, the Managers tabled separate resolutions at general meetings of Stapled Securityholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. In the event where resolutions are bundled, the Managers will explain the reasons and material implications in the relevant notice of meeting. Stapled Securityholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions sought to be passed.

For greater transparency, the Managers have implemented electronic poll voting at general meetings. This entails Stapled Securityholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Stapled Securityholders present or represented at the meeting to vote on a one Stapled Security, one vote basis. The voting results of all votes cast for, against, or abstaining from each resolution is then screened at the meeting and announced to via SGXNET after the meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings. The Managers will continue to use the electronic poll voting system at the forthcoming AGM. 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, and for the entire duration of, 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.

The Chairman of the meeting is tasked with facilitating constructive dialogue between Securityholders and the Boards, Management and the external auditors. Where appropriate, the Chairman allows specific Directors, such as the respective Board Committee chairmen, to answer queries on matters related to their roles. Stapled Securityholders are also given an opportunity to interact with the Directors before and/or after general meetings.

The minutes of Stapled Securityholders' meetings which capture the attendance of Board members at the meetings, matters approved by Stapled Securityholders, voting results and substantial and relevant comments or queries from Stapled Securityholders relating to the agenda of the general meeting together with responses from the Boards and Management, are prepared by the Managers. These minutes are published on FHT's website within one month from the date of the Stapled Securityholders' meetings.

Distributions

Distributions of FHT comprise distributions from FH-REIT and FH-BT.

FH-REIT's distribution policy is to distribute at least 90.0% of its distributable income and such distributions are typically paid on a semi-annual basis.

FH-BT's distribution policy is to distribute as much of its income as practicable, and the declaration and payment of distributions by FH-BT will be at the sole discretion of the Trustee-Manager Board.

For FY2022, FHT made two distributions to Stapled Securityholders.

CORPORATE GOVERNANCE REPORTS

STAKEHOLDER ENGAGEMENT

The Boards adopt an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of their overall responsibility to ensure that the best interests of FHT are served. Stakeholders are parties who may be affected by FHT's or the Managers' activities or whose actions can affect the ability of FHT or the Managers to conduct their activities.

Sustainability

In order to review and assess the material factors relevant to FHT's business activities, the Managers from time to time proactively engage with various stakeholders (including employees), vendors and 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 78 to 79 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 FY2022.

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 are 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 covers key aspects such as avoiding conflicts of interest, working with external stakeholders (including customers, suppliers, business partners, governments and regulatory officials), protecting company's assets, social media engagement, data privacy and upholding laws in countries where the Frasers Property Group has geographical presence in. The 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.

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.

CORPORATE GOVERNANCE REPORTS

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' crisis management team and staff are trained periodically, and the plans under the BCM are updated regularly. Management has strengthened its crisis management plans, business continuity plans and emergency response plans to prepare its properties in case of disruptions that may negatively impact on the business of FHT. Beyond its current focus on enhancing BCM capability of the properties that it manages and is owned by FHT, in successive years. The Managers are exploring how to extend this to the corporate office backroom functions within FHT, in order to boost its resilience and capability in responding, managing, and recovering from adverse business disruptions and unforeseen catastrophic events. This may include the identification of critical business functions, key processes, resource requirements and business recovery strategies at the FHT Corporate level, which will be followed by annual tests, exercises (tabletop or simulated) and drills, depending on various scenarios.

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

POLICY ON DEALINGS IN SECURITIES

The REIT Manager and the Trustee-Manager have established a dealing policy on securities trading ("**Dealing Policy**") setting out the procedure for dealings in FHT's securities by its Directors, officers and employees. In compliance with Rule 1207(19) of the SGX-ST Listing Manual on best practices on dealing in securities, the Group issues reminders to the Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (a) two weeks prior to the announcement of the interim business updates of the first and third quarters of the financial year, and (b) one month before the announcement of the half-year and full-year results, and ending on the date of such announcements (the "**Prohibition Period**"). Directors, officers and employees are also reminded not to trade in listed securities of FHT at any time while in possession of unpublished price sensitive information and to refrain from dealing in FHT's securities on short-term considerations. Pursuant to the SFA, Directors and the CEO are also required to report their dealings in FHT's securities within two business days.

Every quarter, each Director, officer and employee is required to complete and submit a declaration form to the designated compliance officer to report any trades he or she made in Stapled Securities in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the ARCCs. Any non-compliance with the Dealing Policy will be reported to the ARCCs for their review and instructions.

Under the Dealing Policy, prior approval from each of the Boards is required before the Managers deals or trades in Stapled Securities. In addition, the Managers will not deal in Stapled Securities:

- (a) during the Prohibition Period; or
- (b) while in possession of unpublished price sensitive information/material in relation to those securities.

CORPORATE GOVERNANCE REPORTS

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> <p>The Base Fee represents the compensation to the REIT Manager for executing its core responsibilities and is based on a percentage of the value of the FH-REIT Deposited Property, which is an appropriate metric that commensurates with the complexity of FH-REIT's operations and the efforts required of the REIT Manager in managing FH-REIT. As the portfolio grows in size and/or geographical diversity, it is expected that the degree and complexity of the REIT Manager's responsibilities will correspondingly increase.</p> <p>The Performance Fee methodology, based on Distributable Income, is an objective benchmark and incentivises the REIT Manager to achieve higher income yields for Stapled Securityholders over the long-term through proactive management, which may include but are not limited to asset enhancement initiatives, repositioning or rebranding of a property, re-segmentation of a property's customer base and driving cost efficiencies to improve profit margin.</p> <p>Such fee methodology aligns the interests between the REIT Manager and Stapled Securityholders and also takes into account the Stapled Securityholders' long-term interests as the REIT Manager receives an amount that is commensurate with the value it delivers to the Stapled Securityholders.</p>

CORPORATE GOVERNANCE REPORTS

ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE MANAGERS (CONT'D)

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>

CORPORATE GOVERNANCE REPORTS

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Acquisition Fee	<p>Pursuant to Clause 15.2.1(i) of the FH-REIT Trust Deed, the REIT Manager is entitled to receive an Acquisition Fee (as defined under Clause 15.1.2(i) of the FH-REIT Trust Deed) at the rate of 0.5% for acquisitions from Related Parties as defined in the FH-REIT Trust Deed and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to no double-counting):</p> <ul style="list-style-type: none"> <li data-bbox="355 797 890 1059">(a) the acquisition price of any real estate purchased by FH-REIT, whether directly or indirectly through one or more special purpose vehicles (“SPVs”), plus any other payments⁽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); <li data-bbox="355 1093 890 1469">(b) 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 <li data-bbox="355 1503 890 1758">(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 	<p>To continue delivering long-term sustainable distributable income to Stapled Securityholders, the REIT Manager regularly reviews its portfolio of properties and considers the recycling of capital, where appropriate, to optimise its portfolio. This involves a thorough review of the exposures, risks and returns as well as the overall value-add of the acquisition or divestment to FH-REIT’s existing portfolio and future growth expectations. When the transaction is completed, the REIT Manager receives the Acquisition Fee or, as the case may be, the Divestment Fee, based on the acquisition price or sale price respectively.</p> <p>The Acquisition Fee is higher than the Divestment Fee because the time and efforts undertaken in terms of sourcing, evaluating and conducting due diligence, and fund raising for an acquisition, are higher as compared to a divestment.</p> <p>The Acquisition Fee and Divestment Fee payable to the REIT Manager serve as a form of compensation of the time, effort and resources spent by the REIT Manager’s team of skilled and experienced executives in sourcing, evaluating and executing of potential opportunities to acquire new properties or in unlocking the underlying value of existing properties within its asset portfolio to optimise Stapled Securityholders’ returns. The REIT Manager provides these services over and above the provision of ongoing management services with the aim of ensuring income sustainability, achieving the investment objectives of FH-REIT and generating long term benefits for Stapled Securityholders.</p>

CORPORATE GOVERNANCE REPORTS

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Divestment Fee	<p>Pursuant to Clause 15.2.1(ii) of the FH-REIT Trust Deed, the REIT Manager is entitled to receive a Divestment Fee (as defined under Clause 15.1.2(ii) of the FH-REIT Trust Deed) at the rate of 0.5% (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of each of the following as is applicable (subject to no double-counting):</p> <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 (pro-rated 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 (pro-rated 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 REPORTS

SUMMARY OF COMPLIANCE WITH EXPRESS DISCLOSURES REQUIREMENTS IN PRINCIPLES AND PROVISIONS OF 2018 CG CODE

PRINCIPLES AND PROVISIONS OF THE 2018 CG CODE GOVERNANCE		PAGE REFERENCE OF FY2022 ANNUAL REPORT
BOARD'S CONDUCT OF AFFAIRS		
Provision 1.2	Induction, training and development provided to new and existing Directors	Page 126
Provision 1.3	Matters requiring Board approval	Pages 123 to 124
Provision 1.4	Names of Board Committee members, terms of reference of Board Committees, any delegation of Board's authority to make decisions and a summary of each Board Committee's activities	Pages 120 to 123
Provision 1.5	Number of Board and Board Committee meetings and each individual Directors' attendances at such meeting	Page 124
BOARD COMPOSITION AND GUIDANCE		
Provision 2.2	The Boards' diversity policy and progress made towards implementation of the policy, including objectives	Page 129
BOARD MEMBERSHIP		
Provision 4.3	Process for the selection, appointment and re-appointment of Directors to each of the REIT Manager Board and Trustee-Manager Board, including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate Candidates	Pages 128 to 129
Provision 4.4	Relationships that independent Directors have with FHT, its related corporations, its substantial Stapled Securityholders or its officers, if any, which may affect their independence, and the reasons why the Boards, having taken into account the views of the respective NRCs, has determined that such Directors are still independent	Pages 130 to 135
Provision 4.5	Listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, the NRCs' and Boards' reasoned assessment of the ability of the Director to diligently discharge his or her duties	Pages 130 to 135
BOARD PERFORMANCE		
Provision 5.2	How the assessments of the Boards, its respective Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with each of the Managers or any of its Directors	Pages 134 to 135
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES		
Provision 6.4	Engagement of any remuneration consultants and their independence	Page 136

CORPORATE GOVERNANCE REPORTS

		PAGE REFERENCE OF FY2022 ANNUAL REPORT
PRINCIPLES AND PROVISIONS OF THE 2018 CG CODE GOVERNANCE		
DISCLOSURE ON REMUNERATION		
Provision 8.1	Policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual Director and the CEO; and (b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel	Pages 140 to 141
Provision 8.2	Names and remuneration of employees who are substantial shareholders of the REIT Manager, substantial shareholders of the Trustee-Manager or substantial Stapled Securityholders, or are immediate family members of a Director, the CEO or such a substantial shareholder or substantial Stapled Securityholder, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000. The employee's relationship with the relevant director or the CEO or substantial shareholder or substantial Stapled Securityholder should also be stated.	Page 141
Provision 8.3	All forms of remuneration and other payments and benefits, paid by each of the Managers and its respective subsidiaries to directors and key management personnel of each of the Managers	Pages 135 to 139
RISK MANAGEMENT AND INTERNAL CONTROLS		
Provision 9.2	Boards' assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the stapled group's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the stapled group's risk management and internal control systems.	Page 144
STAPLED SECURITYHOLDER RIGHTS AND ENGAGEMENT		
STAPLED SECURITYHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS		
Provision 11.3	Directors' attendance at general meetings of Stapled Securityholders held during the financial year	Pages 148 to 149
ENGAGEMENT WITH STAPLED SECURITYHOLDERS		
Provision 12.1	Steps taken by the Managers to solicit and understand the views of Stapled Securityholders	Pages 148 to 149
ENGAGEMENT WITH STAKEHOLDERS		
Provision 13.2	Each of the Managers' strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period	Pages 150 to 151

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REPORT OF THE TRUSTEE OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST

For the year ended 30 September 2022

Perpetual (Asia) Limited (the "REIT Trustee") is under a duty to take into custody and hold the assets of Frasers Hospitality Real Estate Investment Trust ("FH-REIT") held by it or through its subsidiaries (collectively the "FH-REIT Group") in trust for the holders ("Stapled Securityholders") of units in FH-REIT. In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "Regulations"), the REIT Trustee shall monitor the activities of Frasers Hospitality Asset Management Pte. Ltd. (the "REIT Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Amended and Restated Trust Deed ("Trust Deed") dated 20 June 2014 as amended or supplemented from time to time between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to Stapled Securityholders in an annual report.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed FH-REIT during the financial year covered by these financial statements set out on pages 177 to 278, 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
18 November 2022

STATEMENT BY THE MANAGER OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST

For the year ended 30 September 2022

In the opinion of the directors of Frasers Hospitality Asset Management Pte. Ltd., the financial statements of FH-REIT and its subsidiaries (collectively "FH-REIT Group"), and Frasers Hospitality Trust ("FHT"), comprising the FH-REIT Group and Frasers Hospitality Business Trust ("FH-BT") and its subsidiaries (collectively, the "FH-BT Group") set out on pages 177 to 278, comprising the Statements of Financial Position and Portfolio Statements as at 30 September 2022, the Statements of Total Return, Distribution Statements, Statements of Changes in Stapled Securityholders' Funds and Statements of Cash Flows for the financial year then ended, and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio position of FH-REIT Group and FHT as at 30 September 2022, the total return, changes in Stapled Securityholders' funds, distributable income and cash flows of the FH-REIT Group and FHT for the financial year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 Reporting Framework for Investment Funds issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed dated 12 June 2014 (as amended, restated and supplemented from time to time) between the REIT Manager and the REIT Trustee, and the stapling deed of Frasers Hospitality Trust between the REIT Trustee, the REIT Manager and Frasers Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager") dated 20 June 2014 (as supplemented from time to time). At the date of this statement, there are reasonable grounds to believe that the FH-REIT Group and FHT will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Board of Directors of the REIT Manager,
Frasers Hospitality Asset Management Pte. Ltd.

Law Song Keng
Director

Panote Sirivadhanabhakdi
Director

Singapore
18 November 2022

REPORT OF THE TRUSTEE-MANAGER OF FRASERS HOSPITALITY BUSINESS TRUST

For the year ended 30 September 2022

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 2022, 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

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 2022 was the Trustee-Manager a party to any arrangement whose objective is to enable any or all directors of the Trustee-Manager to acquire benefits by means of the acquisition of Stapled Securities, or debentures, of FH-BT.

DIRECTORS' INTEREST IN STAPLED SECURITIES OR DEBENTURES OF FHT

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Business Trusts Act 2004 of Singapore (the "BTA"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in Stapled Securities of FHT are as follows:

Name of Director	Number of Stapled Securityholdings					
	1 October 2021		30 September 2022		21 October 2022	
	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 2022.

REPORT OF THE TRUSTEE-MANAGER OF FRASERS HOSPITALITY BUSINESS TRUST

For the year ended 30 September 2022

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year, no director of the Trustee-Manager has received or become entitled to receive a benefit in FH-BT by reason of a contract made by the Trustee-Manager, on behalf of FH-BT or a related corporation with the director, or with a firm of which such director is a member or with a company in which such director has a substantial financial interest, except that the directors served as directors or employees of related corporations and received remuneration in that capacity from related corporations.

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.

Law Song Keng
Director

Panote Sirivadhanabhakdi
Director

Singapore
18 November 2022

STATEMENT BY THE TRUSTEE-MANAGER OF FRASERS HOSPITALITY BUSINESS TRUST

For the year ended 30 September 2022

In the opinion of the directors,

- (a) The financial statements of FH-BT Group as set out on pages 177 to 278 are drawn up so as to give a true and fair view of the financial position of FH-BT Group as at 30 September 2022, and of the financial performance, changes in Stapled Securityholders' funds and cash flows of FH-BT Group, for the financial year then ended in accordance with the provisions of the BTA and Singapore Financial Reporting Standards (International); and
- (b) At the date of this statement, there are reasonable grounds to believe that FH-BT Group will be able to pay its debts as and when they fall due.

In accordance with Section 86(2) of the BTA, the directors of the Trustee-Manager further certify that:

- fees or charges paid or payable out of the trust property of FH-BT Group to the Trustee-Manager are in accordance with the FH-BT Trust Deed dated 20 June 2014 (as supplemented);
- the interested person transactions are not detrimental to the interests of all the Stapled Securityholders as a whole based on the circumstances at the time of the transactions; and
- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of FH-BT or the interests of the Stapled Securityholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
Fraser Hospitality Trust Management Pte. Ltd.

Law Song Keng
Director

Panote Sirivadhanabhakdi
Director

Singapore
18 November 2022

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

For the year ended 30 September 2022

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.

Eu Chin Fen
Chief Executive Officer

Singapore
18 November 2022

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

For the year ended 30 September 2022

Frasers Hospitality Business Trust ("FH-BT") was dormant from the listing of Frasers Hospitality Trust ("FHT") on 14 July 2014 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") until it was activated on 19 October 2016.

The key roles of the Trustee-Manager Board are as follows:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the Trustee-Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of FH-BT units (the "FH-BT Unitholders"), and managing the business conducted by FH-BT. The Trustee-Manager has general powers of management over the business and assets of FH-BT and its main responsibility is to manage FH-BT's assets and liabilities for the benefit of the FH-BT Unitholders as a whole.

The Trustee-Manager, in exercising its powers and carrying out its duties as FH-BT's trustee-manager, is required to:

- treat the FH-BT Unitholders in the same class fairly and equally and FH-BT Unitholders who hold FH-BT units in different classes (if any) fairly;
- ensure that all payments out of the FH-BT Trust Property are made in accordance with the BTA, the FH-BT Trust Deed and the Stapling Deed;
- report to the MAS any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 by any other person that:
 - relates to FH-BT; and
 - has had, has or is likely to have, a material adverse effect on the interests of all the FH-BT Unitholders, or any class of FH-BT Unitholders;

as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention; and

- ensure that the FH-BT Trust Property is properly accounted for and ensure that the FH-BT Trust Property is kept distinct from the property held in its own capacity.

The Trustee-Manager has the following duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as FH-BT's Trustee-Manager in accordance with the BTA, the FH-BT Trust Deed;
- act in the best interests of all FH-BT Unitholders as a whole and give priority to the interests of all FH-BT Unitholders as a whole over its own interests in the event of a conflict between the interests of all FH-BT Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as FH-BT's Trustee-Manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the FH-BT Unitholders;
- hold the FH-BT Trust Property on trust for all FH-BT Unitholders as a whole in accordance with the terms of the FH-BT Trust Deed;

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

For the year ended 30 September 2022

- 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.

Management of Business Risk

The following procedures have been put in place by the Trustee-Manager to manage business risk:

- The Trustee-Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of FH-BT against a previously approved budget or other applicable performance benchmark and indicators. The Trustee-Manager Board will also review the business risks of FH-BT, examine liability management and will act upon any comments from both the internal and external auditors of FH-BT.
- In assessing business risk, the Trustee-Manager Board will consider the economic environment and risks relevant to the property industry. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the Trustee-Manager and FH-BT and discuss any disclosure issues.

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

For the year ended 30 September 2022

Interested Person Transactions and Potential Conflicts of Interest

In general, transactions between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the Trustee-Manager of FH-BT) or any of the subsidiaries or associated companies of FH-BT); and
- any of the Interested Persons (namely the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of FH-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of FH-BT) (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005), a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, a controlling Stapled Securityholder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Stapled Securityholder);

would constitute an Interested Person Transaction.

The Trustee-Manager's Internal Control System

The Trustee-Manager has established an internal control system to ensure that all Interested Person Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of FH-BT and Stapled Securityholders.

The Trustee-Manager maintains a register to record all Interested Person Transactions which are entered into by FH-BT and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager also incorporates into its internal audit plan a review of all Interested Person Transactions entered into by FH-BT.

Where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of FH-BT and Stapled Securityholders; and
- in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the Interested Person Transactions as disclosed in the IPO prospectus of FHT under "Management and Corporate Governance – FH-BT – Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions in Connection with the Setting up of FH-BT", FH-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of FH-BT's latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in FHT's annual report for the relevant financial year.

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

For the year ended 30 September 2022

Potential Conflicts of Interest

The Trustee-Manager has instituted the following procedures to deal with conflict of interest issues:

- all resolutions in writing of the Trustee-Manager Directors in relation to matters concerning FH-BT must be approved by a majority of the Trustee-Manager Directors, including at least one Independent Trustee-Manager Director;
- save for the corresponding executive positions held in the REIT Manager, all key executive officers will be employed by the Trustee-Manager and will not hold executive positions in other entities;
- in respect of matters in which a Trustee-Manager Director or his associate (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Trustee-Manager Directors and must exclude such interested director;
- in respect of matters in which the Sponsor has an interest, direct or indirect, any nominees appointed by the Sponsor to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Trustee-Manager Directors and must exclude any nominee directors of the Sponsor; and
- where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of FH-BT and Stapled Securityholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and SGX-ST that apply to business trusts.

It should be noted that under Section 6(3) of the BTA, the Trustee-Manager is prohibited from carrying on any business other than the management and operation of FH-BT as its Trustee-Manager.

Expenses Charged to FH-BT

The Trustee-Manager Board will carry out quarterly reviews to ensure that the expenses payable to the Trustee-Manager out of the FH-BT Trust Property are appropriate and in accordance with the FH-BT Trust Deed.

Fees Payable to the Trustee-Manager

Management Fee

The Trustee-Manager shall be entitled under the FH-BT Trust Deed to the following management fees:

- (i) a Base Fee of 0.3% per annum of the value of the FH-BT Trust Property; and
- (ii) a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee).

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

For the year ended 30 September 2022

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 46,000 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.

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.

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

For the year ended 30 September 2022

- 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 2022

Under Regulation 12(1) of the Business Trusts Regulations 2005 (the "BTR"), the Trustee-Manager Board is required to comprise:

- at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Trustee-Manager Directors who are independent from any single substantial shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of five members, 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)

In addition to compliance with requirements under the BTA, the composition of the Trustee-Manager Board is determined using the following principles:

- the Chairman of the Trustee-Manager Board should be a Non-Executive Director; and
- the Trustee-Manager Board should consist of Directors with a broad range of commercial experience.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a substantial shareholder as the Managers are wholly-owned subsidiaries of Frasers Property Limited (the "Sponsor").

However, due to the structure of FHT, appointing a Trustee-Manager Board which is the same as the REIT Manager Board would avoid any differences or deadlock in the operation of FHT. Operationally, the structure of FHT would require a high degree of co-operation between the REIT Manager and the Trustee-Manager (collectively, the "Managers").

The MAS has granted an exemption from the requirement under Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that Regulations 12(1)(a) and 12(1)(b) require the Trustee-Manager Directors to (a) be independent from management and business relationships with the Trustee-Manager and (b) be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager, namely, the Sponsor, subject to the following conditions:

- (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.

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

For the year ended 30 September 2022

The composition of the Trustee-Manager Board will be reviewed regularly to ensure that the Trustee-Manager Board has the appropriate mix of expertise and experience.

Grant of Exemption in respect of the establishment of the Trustee-Manager Audit, Risk and Compliance Committee

In connection with the establishment of the Trustee-Manager Audit, Risk and Compliance Committee, the Managers had applied to the MAS for, and the MAS had, pursuant to a letter dated 14 October 2016, granted an exemption to the Trustee-Manager from the requirement to comply with Regulations 13(1)(b)(i) and (ii) of the BTR (the "ARCC Exemption"). The MAS has granted the ARCC Exemption subject to the following conditions:

- (a) the Trustee-Manager shall ensure that the units of FH-BT remain stapled to the units of FH-REIT;
- (b) the Trustee-Manager shall ensure that, in relation to the composition of the Trustee-Manager Audit, Risk and Compliance Committee, it shall be composed of 3 or more members:
 - (i) all of whom are independent of management and business relationships with the Managers; and
 - (ii) at least a majority of whom, including the Chairman of the Trustee-Manager Audit, Risk and Compliance Committee, are independent of management and business relationships with the Managers and independent from every substantial shareholder of the Managers; and
- (c) the Trustee-Manager shall ensure that the Trustee-Manager Audit, Risk and Compliance Committee and REIT Manager Audit, Risk and Compliance Committee comprise identical directors.

INDEPENDENT AUDITORS' REPORT

To the stapled securityholders of Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust constituted in the Republic of Singapore pursuant to the trust deeds dated 12 June 2014 and 20 June 2014, respectively (as amended, restated and supplemented)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited:

- (i) the consolidated financial statements of Frasers Hospitality Real Estate Investment Trust ("FH-REIT") and its subsidiaries ("FH-REIT Group"), which comprise the Statement of Financial Position and Portfolio Statement as at 30 September 2022, the Statement of Total Return, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies;
- (ii) the consolidated financial statements of Frasers Hospitality Business Trust ("FH-BT") and its subsidiaries ("FH-BT Group"), which comprise the Statement of Financial Position as at 30 September 2022, the Statement of Profit or Loss, 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 2022, the Statement of Total Return, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 177 to 278. Frasers Hospitality Trust, which comprises the FH-REIT Group and the FH-BT Group, is hereinafter referred to as "FHT".

In our opinion:

- (a) the accompanying consolidated financial statements of the FH-REIT Group and FHT present fairly, in all material respects, the financial position and the portfolio holdings of the FH-REIT Group and FHT as at 30 September 2022 and the financial performance, distributable income, changes in stapled securityholders' funds, and cash flows of the FH-REIT Group and FHT for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants ("ISCA"); and
- (b) the accompanying consolidated financial statements of the FH-BT Group are properly drawn up in accordance with the provisions of the Business Trusts Act 2004 of Singapore (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the state of affairs of the FH-BT Group as at 30 September 2022 and of 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 FHT in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT

To the stapled securityholders of Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust constituted in the Republic of Singapore pursuant to the trust deeds dated 12 June 2014 and 20 June 2014, respectively (as amended, restated and supplemented)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of properties

(Refer to Note 10 and Note 11 to the financial statements)

Risk

FHT hold properties comprising serviced residences and hotel properties located in Singapore, Australia, United Kingdom, Japan, Malaysia and Germany. Properties that are leased under a master lease are classified as investment properties whereas a property that is operated under a hotel management contract is classified as property, plant and equipment. Investment properties and the property operated under a hotel management contract are significant asset items on the statements of financial position, amounting to SGD 1.7 billion and SGD 0.2 billion respectively, at 30 September 2022.

FHT's accounting policy is to state investment properties at fair value and the property classified as property, plant and equipment at revalued amount. Fair value is based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the assumptions to be applied. A change to the underlying assumptions could have significant impact to the valuations.

Our response

We evaluated the qualifications and objectivity of the external valuers.

We held discussions with the valuers to understand the valuation methods, inputs and assumptions used. We considered the valuation methodologies used against those applied by other valuers for similar property types. We challenged the reasonableness of the projected cash flows used in the valuations. We evaluated the appropriateness of the discount rate, terminal capitalisation rate and capitalisation rate used in the valuations by comparing these against historical rates and available industry data, taking into consideration market factors. Where the rates are outside the expected range, we undertook further procedures to understand the bases.

Our findings

The valuers are members of recognised professional bodies for valuers. The valuation methodologies and key assumptions used by the valuers are in line with generally accepted market practices and available market data.

Other information

Frasers 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 Corporate Governance and Statistics of Stapled Securityholders (the "Reports"), 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 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 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.

INDEPENDENT AUDITORS' REPORT

To the stapled securityholders of Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust constituted in the Republic of Singapore pursuant to the trust deeds dated 12 June 2014 and 20 June 2014, respectively (as amended, restated and supplemented)

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the REIT Manager and the Trustee-Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the REIT Manager for the financial statements

The REIT Manager is responsible for the preparation and fair presentation of the consolidated financial statements of the FH-REIT Group and FHT in accordance with the recommendations of RAP 7 issued by ISCA, and for such internal controls as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the REIT Manager is responsible for assessing the ability of the FH-REIT Group and FHT to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to terminate the FH-REIT Group and FHT 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 FHT.

Responsibilities of the Trustee-Manager for the financial statements

The Trustee-Manager is responsible for the preparation of the consolidated financial statements of the FH-BT Group that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the ability of the FH-BT Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to 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.

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 internal controls of the FH-REIT Group, the FH-BT Group and FHT.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT Manager and the Trustee-Manager.

INDEPENDENT AUDITORS' REPORT

To the stapled securityholders of Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust constituted in the Republic of Singapore pursuant to the trust deeds dated 12 June 2014 and 20 June 2014, respectively (as amended, restated and supplemented)

- 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 FHT to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the FH-REIT Group, the FH-BT Group and FHT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the FH-REIT Group, the FH-BT Group and FHT to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the REIT Manager and the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the REIT Manager and the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the REIT Manager and the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless 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 Leong Kok Keong.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

18 November 2022

STATEMENTS OF TOTAL RETURN OF FHT AND THE FH-REIT GROUP STATEMENT OF PROFIT OR LOSS OF THE FH-BT GROUP

For the year ended 30 September 2022

	Note	2022 \$'000	FHT 2021 \$'000	FH-REIT Group 2022 \$'000	FH-REIT Group 2021 \$'000	FH-BT Group 2022 \$'000	FH-BT Group 2021 \$'000
Master lease rental	10	75,319	64,648	83,037	75,107	-	-
Room revenue		12,293	5,166	-	-	12,293	5,166
Food and beverage revenue		2,765	3,556	-	-	2,765	3,556
Other income		5,479	12,162	-	479	5,479	11,683
Revenue		95,856	85,532	83,037	75,586	20,537	20,405
Property tax		(7,384)	(8,421)	(7,384)	(8,421)	-	-
Property insurance		(1,431)	(1,730)	(1,326)	(1,628)	(105)	(102)
Property management fees		(4,448)	(2,208)	(4,448)	(2,208)	-	-
Other property expenses		(2,118)	(2,391)	(2,118)	(2,391)	-	-
Reversal of impairment loss/(Impairment loss) on trade receivables		1,297	(4,137)	1,297	(4,137)	-	-
Operations and maintenance expenses		(4,406)	(3,623)	(115)	(57)	(4,748)	(3,566)
Energy and utilities expenses		(633)	(541)	-	-	(633)	(541)
Hotel management fee		(531)	(722)	-	-	(531)	(722)
Rental expense		-	-	-	-	(1,996)	(4,557)
Staff costs	3	(4,584)	(3,532)	-	-	(4,584)	(3,532)
Marketing expenses		(1,516)	(289)	-	-	(1,516)	(289)
Administrative expenses		(519)	(312)	-	-	(519)	(312)
Property operating expenses		(26,273)	(27,906)	(14,094)	(18,842)	(14,632)	(13,621)
Net property income		69,583	57,626	68,943	56,744	5,905	6,784
Depreciation	11	(4,224)	(3,929)	-	-	(4,386)	(4,570)
REIT Manager's management fees	4(a)	(5,340)	(4,521)	(5,340)	(4,521)	-	-
Trustee-Manager's management fees	4(b)	(46)	(80)	-	-	(46)	(80)
Other management fees	4(c)	(3,295)	(3,668)	(3,295)	(3,668)	-	-
Trustees' fees	5	(474)	(493)	(474)	(493)	-	-
Other trust expenses	6	(5,299)	(2,799)	(5,216)	(2,726)	(83)	(73)
Finance income		450	210	441	210	96	86
Amortisation of debt upfront costs	7(a)	(1,156)	(952)	(1,156)	(952)	-	-
Finance costs	7(b)	(21,597)	(20,415)	(21,684)	(20,502)	(2,272)	(2,465)
Total return/(Loss) before foreign exchange differences, fair value changes and tax		28,602	20,979	32,219	24,092	(786)	(318)
Foreign exchange loss, net		(4,042)	(26)	(3,980)	(24)	(62)	(2)
Net change in fair value of investment properties	10	24,199	(4,574)	28,340	326	-	-
Revaluation of property, plant and equipment	11	1,347	8,444	-	-	-	-
Gain on divestment of investment property and related deemed disposal of foreign operations		17,585	-	17,585	-	-	-
Net change in fair value of derivative financial instruments		-	(77)	-	(77)	-	-
Realised gain/(loss) on derivative financial instruments, net		1,090	(16)	1,090	(16)	-	-
Total return/(Loss) for the year before tax		68,781	24,730	75,254	24,301	(848)	(320)
Taxation	8	(10,464)	(8,422)	(11,410)	(8,333)	94	56
Total return/(Loss) for the year after tax		58,317	16,308	63,844	15,968	(754)	(264)
Total return/(Loss) for the year after tax attributable to:							
- Stapled Securityholders		58,317	13,589	63,844	13,249	(754)	(264)
- Perpetual Securities holders		-	2,719	-	2,719	-	-
		58,317	16,308	63,844	15,968	(754)	(264)
Earnings per Stapled Security (cents)							
Basic	9	3.03	0.70				
Diluted	9	3.03	0.70				

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

STATEMENT OF COMPREHENSIVE INCOME OF THE FH-BT GROUP

For the year ended 30 September 2022

	FH-BT Group	
	2022	2021
	\$'000	\$'000
Loss for the year after tax	(754)	(264)
Other comprehensive income		
Items that may be reclassified to statement of profit or loss:		
Foreign currency translation differences	(100)	16
Total comprehensive income for the year, net of tax	<u>(854)</u>	<u>(248)</u>
Total comprehensive income for the year attributable to		
- Stapled Securityholders	<u>(854)</u>	<u>(248)</u>

DISTRIBUTION STATEMENTS

For the year ended 30 September 2022

	Note	FHT		FH-REIT Group		FH-BT Group	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Reconciliation of total return/(loss) to income available for distribution							
Total return/(Loss) for the year after tax, attributable to Stapled Securityholders and Perpetual Securities holders							
		58,317	16,308	63,844	15,968	(754)	(264)
(Non-taxable)/non-deductible items and other adjustments:							
Amortisation of debt upfront costs		1,156	952	1,156	952	-	-
Amortisation of other assets		-	4	-	4	-	-
Depreciation		4,224	3,929	-	-	4,386	4,570
Foreign exchange loss, net		4,042	26	3,980	24	62	2
Net change in fair value of investment properties		(24,199)	4,574	(28,340)	(326)	-	-
Revaluation of property, plant and equipment		(1,347)	(8,444)	-	-	-	-
Net change in fair value of derivative financial instruments		-	77	-	77	-	-
Realised gain on derivative financial instruments		(1,086)	-	(1,086)	-	-	-
Trustee's fee in relation to FH-REIT		274	285	274	285	-	-
Interest expense on lease liabilities		125	124	125	124	2,272	2,465
Lease payments		-	-	-	-	(5,723)	(5,902)
Deferred tax	8	(6,988)	5,683	(6,102)	5,644	(34)	(106)
Gain on divestment of investment property and related deemed disposal of foreign operations		(17,585)	-	(17,585)	-	-	-
Withholding tax on capital gain for divestment of investment property		15,011	-	15,011	-	-	-
Other adjustments		3,035	240	3,472	214	21	27
Net effect of (non-taxable)/non-tax deductible items and other adjustments		(23,338)	7,450	(29,095)	6,998	984	1,056
Income available for distribution		34,979	23,758	34,749	22,966	230	792
Income available for distribution attributable to:							
- Stapled Securityholders		34,979	21,039	34,749	20,247	230	792
- Perpetual Securities holders		-	2,719	-	2,719	-	-
		34,979	23,758	34,749	22,966	230	792

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

DISTRIBUTION STATEMENTS

For the year ended 30 September 2022

	FHT		FH-REIT Group		FH-BT Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Amount available for distribution to Stapled Securityholders at the beginning of the year	15,490	20,602	15,074	20,279	416	323
Income available for distribution attributable to Stapled Securityholders	34,979	21,039	34,749	20,247	230	792
Distribution to Stapled Securityholders during the year						
Distribution of 1.0695 cents per Stapled Security for the period from 1 April 2020 to 30 September 2020	-	(20,599)	-	(20,276)	-	(323)
Distribution of 0.1790 cents per Stapled Security for the period from 1 October 2020 to 31 March 2021	-	(3,448)	-	(3,151)	-	(297)
Distribution of 0.8041 cents per Stapled Security for the period from 1 April 2021 to 30 September 2021	(15,488)	-	(15,072)	-	(416)	-
Distribution of 0.7039 cents per Stapled Security for the period from 1 October 2021 to 31 March 2022	(13,557)	-	(13,328)	-	(229)	-
	(29,045)	(24,047)	(28,400)	(23,427)	(645)	(620)
Amount retained for working capital purposes	(3,475)	(2,104)	(3,475)	(2,025)	-	(79)
Amount available for distribution to Stapled Securityholders at the end of the year	17,949	15,490	17,948	15,074	1	416
Distribution per Stapled Security (cents)	1.6355	0.9831	1.6236	0.9461	0.0119	0.0370

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2022

	Note	FHT		FH-REIT Group		FH-BT Group	
		2022	2021	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets							
Investment properties	10	1,683,220	2,024,826	1,898,078	2,250,126	-	-
Property, plant and equipment	11	215,918	226,703	-	-	55,476	63,679
Derivative financial instruments	18	32,422	3,568	32,422	3,568	-	-
Rental deposits		-	-	-	-	1,980	2,027
Deferred expense	15(a)	-	-	-	-	1,450	1,659
Deferred tax assets	8	586	1,621	-	911	1,929	2,027
		<u>1,932,146</u>	<u>2,256,718</u>	<u>1,930,500</u>	<u>2,254,605</u>	<u>60,835</u>	<u>69,392</u>
Current assets							
Inventories		25	12	-	-	25	12
Prepayments		1,491	2,000	1,302	1,810	189	190
Trade and other receivables	12	9,284	12,266	11,471	13,769	420	2,175
Derivative financial instruments	18	18,816	-	18,816	-	-	-
Cash and cash equivalents	13	123,883	78,187	118,775	73,715	5,108	4,472
		<u>153,499</u>	<u>92,465</u>	<u>150,364</u>	<u>89,294</u>	<u>5,742</u>	<u>6,849</u>
Total assets		<u>2,085,645</u>	<u>2,349,183</u>	<u>2,080,864</u>	<u>2,343,899</u>	<u>66,577</u>	<u>76,241</u>
Current liabilities							
Trade and other payables	14	19,330	18,395	16,112	15,630	6,630	7,141
Lease liabilities	16	-	-	-	-	3,373	3,480
Derivative financial instruments	18	-	2,310	-	2,310	-	-
Borrowings	17	173,832	202,507	173,832	202,507	-	-
Income tax payables		980	1,408	953	1,379	27	29
		<u>194,142</u>	<u>224,620</u>	<u>190,897</u>	<u>221,826</u>	<u>10,030</u>	<u>10,650</u>
Net current liabilities		<u>(40,643)</u>	<u>(132,155)</u>	<u>(40,533)</u>	<u>(132,532)</u>	<u>(4,288)</u>	<u>(3,801)</u>
Non-current liabilities							
Rental deposits		20,451	23,698	22,431	25,725	-	-
Other payables	14	204	302	-	-	204	302
Lease liabilities	16	3,006	3,085	3,006	3,085	56,415	63,862
Deferred income	15(b)	4,383	6,959	5,833	8,618	-	-
Derivative financial instruments	18	-	9,519	-	9,519	-	-
Borrowings	17	582,900	786,000	582,900	786,000	-	-
Deferred tax liabilities	8	34,625	46,506	34,625	46,506	-	-
		<u>645,569</u>	<u>876,069</u>	<u>648,795</u>	<u>879,453</u>	<u>56,619</u>	<u>64,164</u>
Total liabilities		<u>839,711</u>	<u>1,100,689</u>	<u>839,692</u>	<u>1,101,279</u>	<u>66,649</u>	<u>74,814</u>
Net assets / (liabilities)		<u>1,245,934</u>	<u>1,248,494</u>	<u>1,241,172</u>	<u>1,242,620</u>	<u>(72)</u>	<u>1,427</u>
Represented by:							
Stapled Securityholders' funds							
Stapled Securities in issue	19	1,539,879	1,539,879	1,530,288	1,530,288	9,591	9,591
Issue costs		(25,764)	(25,764)	(25,759)	(25,759)	(5)	(5)
Revenue reserves		(94,978)	(124,250)	(84,751)	(120,195)	(9,026)	(7,627)
Hedging reserve	21(a)	18,404	(9,509)	18,404	(9,509)	-	-
Foreign currency translation reserve	21(b)	(197,091)	(131,862)	(197,010)	(132,205)	(632)	(532)
Revaluation reserve	21(c)	5,484	-	-	-	-	-
		<u>1,245,934</u>	<u>1,248,494</u>	<u>1,241,172</u>	<u>1,242,620</u>	<u>(72)</u>	<u>1,427</u>
Number of Stapled Securities in issue ('000)	19	<u>1,926,074</u>	<u>1,926,074</u>	<u>1,926,074</u>	<u>1,926,074</u>	<u>1,926,074</u>	<u>1,926,074</u>
Net asset value per Stapled Security (cents)	32	<u>64.69</u>	<u>64.82</u>	<u>64.44</u>	<u>64.52</u>	<u>-</u>	<u>0.07</u>

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

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

For the year ended 30 September 2022

FHT	Note	Attributable to Stapled Securityholders								
		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	Perpetual Securities holders' funds \$'000	Total \$'000
At 1 October 2021		1,539,879	(25,764)	(124,250)	(9,509)	(131,862)	-	1,248,494	-	1,248,494
<u>Operations</u>										
Total return for the year		-	-	58,317	-	-	-	58,317	-	58,317
<u>Other reserves</u>										
Effective portion of changes in fair value of cash flow hedges	21(a)	-	-	-	30,552	-	-	30,552	-	30,552
Net change in fair value of cash flow hedges reclassified to total return	21(a)	-	-	-	(2,639)	-	-	(2,639)	-	(2,639)
Exchange differences transferred to statement of total return upon divestment of investment property and related deemed disposal of foreign operations	21(b)	-	-	-	-	10,626	-	10,626	-	10,626
Foreign currency translation differences	21(b)	-	-	-	-	(75,855)	-	(75,855)	-	(75,855)
Revaluation of property, plant and equipment	21(c)	-	-	-	-	-	5,484	5,484	-	5,484
Movements in other reserves		-	-	-	27,913	(65,229)	5,484	(31,832)	-	(31,832)
<u>Transactions with Stapled Securityholders</u>										
Distributions to Stapled Securityholders		-	-	(29,045)	-	-	-	(29,045)	-	(29,045)
Total transactions with Stapled Securityholders		-	-	(29,045)	-	-	-	(29,045)	-	(29,045)
At 30 September 2022		1,539,879	(25,764)	(94,978)	18,404	(197,091)	5,484	1,245,934	-	1,245,934

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

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

For the year ended 30 September 2022

FHT	Note	Attributable to Stapled Securityholders								
		Stapled Securities in issue and to be issued	Issue costs	Revenue reserves	Hedging reserve	Foreign currency translation reserve	Revaluation reserve	Total	Perpetual Securities holders' funds	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October 2020		1,539,879	(25,764)	(112,340)	(21,334)	(127,562)	-	1,252,879	100,279	1,353,158
<u>Operations</u>										
Total return for the year		-	-	16,308	-	-	-	16,308	-	16,308
Total return for the year, attributable to Perpetual Securities holders		-	-	(2,719)	-	-	-	(2,719)	2,719	-
<u>Other reserves</u>										
Effective portion of changes in fair value of cash flow hedges	21(a)	-	-	-	17,497	-	-	17,497	-	17,497
Net change in fair value of cash flow hedges reclassified to total return	21(a)	-	-	-	(5,672)	-	-	(5,672)	-	(5,672)
Foreign currency translation differences	21(b)	-	-	-	-	(4,300)	-	(4,300)	-	(4,300)
Movements in other reserves		-	-	-	11,825	(4,300)	-	7,525	-	7,525
<u>Transactions with Stapled Securityholders</u>										
Distributions to Stapled Securityholders		-	-	(24,047)	-	-	-	(24,047)	-	(24,047)
Total transactions with Stapled Securityholders		-	-	(24,047)	-	-	-	(24,047)	-	(24,047)
<u>Transactions with Perpetual Securities holders</u>										
Distributions to Perpetual Securities holders		-	-	-	-	-	-	-	(4,450)	(4,450)
Redemption of Perpetual Securities		-	-	(1,452)	-	-	-	(1,452)	(98,548)	(100,000)
Total transactions with Perpetual Securities holders		-	-	(1,452)	-	-	-	(1,452)	(102,998)	(104,450)
At 30 September 2021		1,539,879	(25,764)	(124,250)	(9,509)	(131,862)	-	1,248,494	-	1,248,494

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

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

For the year ended 30 September 2022

FH-REIT Group	Note	Attributable to Stapled Securityholders							
		Stapled Securities in issue and to be issued	Issue costs	Revenue reserves	Hedging reserve	Foreign currency translation reserve	Total	Perpetual Securities holders' funds	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October 2021		1,530,288	(25,759)	(120,195)	(9,509)	(132,205)	1,242,620	-	1,242,620
<u>Operations</u>									
Total return for the year		-	-	63,844	-	-	63,844	-	63,844
<u>Other reserves</u>									
Effective portion of changes in fair value of cash flow hedges	21(a)	-	-	-	30,552	-	30,552	-	30,552
Net change in fair value of cash flow hedges reclassified to total return	21(a)	-	-	-	(2,639)	-	(2,639)	-	(2,639)
Exchange differences transferred to statement of total return upon divestment of investment property and related deemed disposal of foreign operations	21(b)	-	-	-	-	10,626	10,626	-	10,626
Foreign currency translation differences	21(b)	-	-	-	-	(75,431)	(75,431)	-	(75,431)
Movements in other reserves		-	-	-	27,913	(64,805)	(36,892)	-	(36,892)
<u>Transactions with Stapled Securityholders</u>									
Distributions to Stapled Securityholders		-	-	(28,400)	-	-	(28,400)	-	(28,400)
Total transactions with Stapled Securityholders		-	-	(28,400)	-	-	(28,400)	-	(28,400)
At 30 September 2022		1,530,288	(25,759)	(84,751)	18,404	(197,010)	1,241,172	-	1,241,172

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

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

For the year ended 30 September 2022

FH-REIT Group	Attributable to Stapled Securityholders								
	Note	Stapled Securities in issue and to be issued	Issue costs	Revenue reserves	Hedging reserve	Foreign currency translation reserve	Total	Perpetual Securities holders' funds	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October 2020		1,530,288	(25,759)	(108,565)	(21,334)	(127,889)	1,246,741	100,279	1,347,020
<u>Operations</u>									
Total return for the year		-	-	15,968	-	-	15,968	-	15,968
Total return for the year, attributable to Perpetual Securities holders		-	-	(2,719)	-	-	(2,719)	2,719	-
<u>Other reserves</u>									
Effective portion of changes in fair value of cash flow hedges	21(a)	-	-	-	17,497	-	17,497	-	17,497
Net change in fair value of cash flow hedges reclassified to total return	21(a)	-	-	-	(5,672)	-	(5,672)	-	(5,672)
Foreign currency translation differences	21(b)	-	-	-	-	(4,316)	(4,316)	-	(4,316)
Movements in other reserves		-	-	-	11,825	(4,316)	7,509	-	7,509
<u>Transactions with Stapled Securityholders</u>									
Distributions to Stapled Securityholders		-	-	(23,427)	-	-	(23,427)	-	(23,427)
Total transactions with Stapled Securityholders		-	-	(23,427)	-	-	(23,427)	-	(23,427)
<u>Transactions with Perpetual Securities holders</u>									
Distributions to Perpetual Securities holders		-	-	-	-	-	-	(4,450)	(4,450)
Redemption of Perpetual Securities		-	-	(1,452)	-	-	(1,452)	(98,548)	(100,000)
Total transactions with Perpetual Securities holders		-	-	(1,452)	-	-	(1,452)	(102,998)	(104,450)
At 30 September 2021		1,530,288	(25,759)	(120,195)	(9,509)	(132,205)	1,242,620	-	1,242,620

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

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

For the year ended 30 September 2022

FH-BT Group	Note	Attributable to Stapled Securityholders							Total \$'000
		Stapled Securities in issue and to be issued	Issue costs	Revenue reserves	Hedging reserve	Foreign currency translation reserve	Perpetual Securities holders' funds		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
At 1 October 2021		9,591	(5)	(7,627)	-	(532)	1,427	-	1,427
Loss for the year		-	-	(754)	-	-	(754)	-	(754)
<u>Other comprehensive income</u>									
Foreign currency translation differences	21(b)	-	-	-	-	(100)	(100)	-	(100)
Total other comprehensive income for the year, net of tax		-	-	-	-	(100)	(100)	-	(100)
Total comprehensive income for the year, net of tax		-	-	(754)	-	(100)	(854)	-	(854)
<u>Transactions with Stapled Securityholders</u>									
Distributions to Stapled Securityholders		-	-	(645)	-	-	(645)	-	(645)
Total transactions with Stapled Securityholders		-	-	(645)	-	-	(645)	-	(645)
At 30 September 2022		9,591	(5)	(9,026)	-	(632)	(72)	-	(72)

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

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

For the year ended 30 September 2022

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 2020		9,591	(5)	(6,743)	-	(548)	2,295	-	2,295
Loss for the year		-	-	(264)	-	-	(264)	-	(264)
<u>Other comprehensive income</u>									
Foreign currency translation differences	21(b)	-	-	-	-	16	16	-	16
Total other comprehensive income for the year, net of tax		-	-	-	-	16	16	-	16
Total comprehensive income for the year, net of tax		-	-	(264)	-	16	(248)	-	(248)
<u>Transactions with Stapled Securityholders</u>									
Distributions to Stapled Securityholders		-	-	(620)	-	-	(620)	-	(620)
Total transactions with Stapled Securityholders		-	-	(620)	-	-	(620)	-	(620)
At 30 September 2021		9,591	(5)	(7,627)	-	(532)	1,427	-	1,427

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

STATEMENTS OF CASH FLOWS

For the year ended 30 September 2022

	Note	FHT		FH-REIT Group		FH-BT Group	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Total return/(Loss) before tax		68,781	24,730	75,254	24,301	(848)	(320)
Adjustments for:							
Amortisation of debt upfront costs	7(a)	1,156	952	1,156	952	-	-
Amortisation of other assets		-	4	-	4	-	-
Depreciation	11	4,224	3,929	-	-	4,386	4,570
Effect of recognising rental income on a straight-line basis over the lease term	15(b)	(2,233)	(641)	(2,343)	(754)	-	-
Effect of recognising rental expense on a straight-line basis over the lease term	15(a)	-	-	-	-	110	113
Finance costs	7(b)	21,597	20,415	21,684	20,502	2,272	2,465
Finance income		(450)	(210)	(441)	(210)	(96)	(86)
(Reversal of impairment loss)/Impairment loss on trade receivables		(1,297)	4,137	(1,297)	4,137	-	-
Net change in fair value of derivative financial instruments		-	77	-	77	-	-
Net change in fair value of investment properties	10	(24,199)	4,574	(28,340)	(326)	-	-
Revaluation of property, plant and equipment		(1,347)	(8,444)	-	-	-	-
Gain on divestment of investment property		(17,585)	-	(17,585)	-	-	-
Unrealised loss on foreign exchange, net		3,606	288	3,544	286	62	2
Cash generated from operations before working capital changes		52,253	49,811	51,632	48,969	5,886	6,744
Changes in working capital:							
Inventories		(13)	7	-	-	(13)	7
Prepayments		509	46	508	23	1	23
Trade and other receivables		(2,849)	(5,790)	(3,666)	(5,667)	1,755	(1,919)
Trade and other payables		(763)	(3,712)	(1,116)	(4,624)	(423)	2,645
Rental deposits		(3,893)	-	(3,893)	-	-	-
Cash generated from operations		45,244	40,362	43,465	38,701	7,206	7,500
Tax paid		(17,402)	(1,353)	(17,475)	(1,333)	73	(20)
Interest income received		450	210	441	210	9	-
Net cash generated from operating activities		28,292	39,219	26,431	37,578	7,288	7,480
CASH FLOWS FROM INVESTING ACTIVITIES							
Additions to investment properties		(6,067)	(4,444)	(6,089)	(4,888)	-	-
Purchase of reversionary interest		(10,693)	-	(10,693)	-	-	-
Additions to property, plant and equipment	11	(318)	(507)	-	-	-	-
Settlement of hedging instruments		13,926	(3,900)	13,926	(3,900)	-	-
Proceeds from divestment of investment property, net of transaction costs	10	304,609	-	304,609	-	-	-
Net cash generated from/(used in) investing activities		301,457	(8,851)	301,753	(8,788)	-	-

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

STATEMENTS OF CASH FLOWS

For the year ended 30 September 2022

	Note	FHT		FH-REIT Group		FH-BT Group	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
CASH FLOWS FROM FINANCING ACTIVITIES							
Distributions paid to Stapled Securityholders		(29,045)	(24,047)	(28,400)	(23,427)	(645)	(620)
Distributions paid to Perpetual Securities holders		-	(4,450)	-	(4,450)	-	-
Finance costs paid		(20,411)	(18,465)	(20,411)	(18,465)	-	-
Payment of lease liabilities	29	-	-	-	-	(5,723)	(5,902)
Proceeds from borrowings, net of debt upfront costs		104,372	203,377	104,372	203,377	-	-
Redemption of perpetual securities		-	(100,000)	-	(100,000)	-	-
Repayment of borrowings		(331,128)	(100,000)	(331,128)	(100,000)	-	-
Net cash used in financing activities		(276,212)	(43,585)	(275,567)	(42,965)	(6,368)	(6,522)
Net increase/(decrease) in cash and cash equivalents		53,537	(13,217)	52,617	(14,175)	920	958
Cash and cash equivalents at the beginning of the financial year		78,187	92,473	73,715	88,969	4,472	3,504
Effect of exchange rate changes on cash and cash equivalents		(7,841)	(1,069)	(7,557)	(1,079)	(284)	10
Cash and cash equivalents at the end of the financial year	13	123,883	78,187	118,775	73,715	5,108	4,472

Significant non-cash transactions

There were no significant non-cash transactions for the year ended 30 September 2022.

There were the following significant non-cash transactions for the year ended 30 September 2021:

- (i) Approximately 1,144,000 Stapled Securities amounting to approximately SGD548,000 were issued to the MIT Manager as satisfaction of other management fees payable in Stapled Securities.
- (ii) Approximately 761,000 Stapled Securities amounting to approximately SGD365,000 were issued to property managers as satisfaction of the property management fees payable in Stapled Securities.
- (iii) Approximately 2,910,000 Stapled Securities amounting to approximately SGD1,379,000 were issued to the REIT Manager as satisfaction of the REIT Manager's management fees payable in Stapled Securities.
- (iv) Approximately 16,000 Stapled Securities amounting to approximately SGD8,000 were issued to the Trustee-Manager as satisfaction of the Trustee-Manager's management fees payable in Stapled Securities.

PORTFOLIO STATEMENTS

As at 30 September 2022

Property	Acquisition date	Tenure	Location	Existing use	FHT			
					30 September 2022		30 September 2021	
					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	509,000	40.85	506,000	40.53
Fraser Suites Singapore	14 July 2014	75 year leasehold expiring in 2089	491A River Valley Road, Singapore 248372	Serviced Residences	294,000	23.60	292,000	23.39
The Westin Kuala Lumpur	14 July 2014	Freehold	199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia	Hotel	117,686	9.45	118,827	9.52
ANA Crowne Plaza Kobe	14 July 2014	Freehold	1-Chome, Kitano-Cho Chuo-Ku, Kobe, 650-0002, Japan	Hotel	161,627	12.97	198,094	15.87
Sofitel Sydney Wentworth	7 July 2015	75 year leasehold expiring in 2090	61-101 Phillip Street, Sydney, NSW 2000, Australia	Hotel	-	-	264,978	21.22
Novotel Sydney Darling Square	14 July 2014	84 year leasehold expiring in 2098	17 Little Pier Street, Darling Harbour, NSW 2000, Australia	Hotel	103,155 ⁽¹⁾	8.28	110,057 ⁽¹⁾	8.82
Fraser Suites Sydney	14 July 2014	75 year leasehold expiring in 2089	488 Kent Street, Sydney, NSW 2000, Australia	Serviced Residences	122,200	9.81	125,129	10.02
Park International London	14 July 2014	75 year leasehold expiring in 2089	117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom	Hotel	65,912	5.29	70,619	5.65
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	31,753	2.55	35,126	2.81

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

PORTFOLIO STATEMENTS

As at 30 September 2022

Property	Acquisition date	Tenure	Location	Existing use	FHT			
					30 September 2022		30 September 2021	
					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	60,620	4.87	67,143	5.38
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	92,694	7.44	99,342	7.95
Fraser Suites Glasgow	14 July 2014	75 year leasehold expiring in 2089	1-19 Albion Street Glasgow G1 1LH, Scotland, United Kingdom	Serviced Residences	15,396	1.24	16,831	1.35
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	26,140	2.10	27,443	2.20
Maritim Hotel Dresden	15 June 2016	Freehold	Devrientstrasse 10-12, 01067 Dresden, Germany	Hotel	83,037	6.66	93,237	7.47
Investment properties					1,683,220	135.11	2,024,826	162.18
Property, plant and equipment								
Novotel Melbourne on Collins	19 October 2016	Freehold	270 Collins Street and 233-239 Collins Street, Melbourne Victoria, Australia	Hotel	215,918 ⁽²⁾	17.33	226,703 ⁽²⁾	18.16
Property, plant and equipment					215,918	17.33	226,703	18.16
Other net liabilities					(653,204)	(52.44)	(1,003,035)	(80.34)
Net assets of FHT					1,245,934	100.00	1,248,494	100.00

⁽¹⁾ Includes the right-of-use ("ROU") asset recognised on adoption of FRS 116.

⁽²⁾ Includes the net book value of capitalised furniture, fittings and equipment.

PORTFOLIO STATEMENTS

As at 30 September 2022

Property	Acquisition date	Tenure	Location	Existing use	FH-REIT Group			
					30 September 2022		30 September 2021	
					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	509,000	41.01	506,000	40.72
Fraser Suites Singapore	14 July 2014	75 year leasehold expiring in 2089	491A River Valley Road, Singapore 248372	Serviced Residences	294,000	23.69	292,000	23.50
The Westin Kuala Lumpur	14 July 2014	Freehold	199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia	Hotel	117,686	9.48	118,827	9.56
ANA Crowne Plaza Kobe	14 July 2014	Freehold	1-Chome, Kitano-Cho Chuo-Ku, Kobe, 650-0002, Japan	Hotel	161,627	13.02	198,094	15.94
Sofitel Sydney Wentworth	7 July 2015	75 year leasehold expiring in 2090	61-101 Phillip Street, Sydney, NSW 2000, Australia	Hotel	-	-	264,978	21.32
Novotel Sydney Darling Square	14 July 2014	84 year leasehold expiring in 2098	17 Little Pier Street, Darling Harbour, NSW 2000, Australia	Hotel	103,155 ⁽¹⁾	8.31	110,057 ⁽¹⁾	8.86
Fraser Suites Sydney	14 July 2014	75 year leasehold expiring in 2089	488 Kent Street, Sydney, NSW 2000, Australia	Serviced Residences	122,200	9.85	125,129	10.07
Park International London	14 July 2014	75 year leasehold expiring in 2089	117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom	Hotel	65,912	5.31	70,619	5.68
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	31,753	2.56	35,126	2.83

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

PORTFOLIO STATEMENTS

As at 30 September 2022

Property	Acquisition date	Tenure	Location	Existing use	FH-REIT Group			
					30 September 2022		30 September 2021	
					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	60,620	4.88	67,143	5.40
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	92,694	7.47	99,342	8.00
Fraser Suites Glasgow	14 July 2014	75 year leasehold expiring in 2089	1-19 Albion Street Glasgow G1 1LH, Scotland, United Kingdom	Serviced Residences	15,396	1.24	16,831	1.36
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	26,140	2.11	27,443	2.21
Maritim Hotel Dresden	15 June 2016	Freehold	Devrientstrasse 10-12, 01067 Dresden, Germany	Hotel	83,037	6.69	93,237	7.50
Novotel Melbourne on Collins	19 October 2016	Freehold	270 Collins Street and 233-239 Collins Street, Melbourne Victoria, Australia	Hotel	214,858	17.31	225,300	18.13
Investment properties					1,898,078	152.93	2,250,126	181.08
Other net liabilities					(656,906)	(52.93)	(1,007,506)	(81.08)
Net assets of FH-REIT Group					1,241,172	100.00	1,242,620	100.00

⁽¹⁾ Includes the ROU asset recognised on adoption of FRS 116.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 September 2022

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 18 November 2022.

1. GENERAL

Frasers Hospitality Trust (“FHT”) is a stapled trust comprising Frasers Hospitality Real Estate Investment Trust (“FH-REIT”) and its subsidiaries (collectively, “FH-REIT Group”) and Frasers Hospitality Business Trust (“FH-BT”) and its subsidiaries (collectively, “FH-BT Group”).

FH-REIT is a Singapore-domiciled real estate investment trust constituted in Singapore pursuant to the Trust Deed dated 12 June 2014 (as amended, restated and supplemented) (the “FH-REIT Trust Deed”). The FH-REIT Trust Deed was entered between Frasers Hospitality Asset Management Pte. Ltd. (the “REIT Manager”) and Perpetual (Asia) Limited as trustee of FH-REIT (the “REIT Trustee”). The REIT Trustee is under a duty to take into custody and hold the assets of FH-REIT in trust for the Stapled Securityholders of FH-REIT.

FH-BT is a Singapore-domiciled business trust constituted in Singapore by a Trust Deed dated 20 June 2014 (as supplemented) (the “FH-BT Trust Deed”) and is managed by Frasers Hospitality Trust Management Pte. Ltd. (the “Trustee-Manager”).

The units in each of FH-REIT and FH-BT are stapled together under the terms of a stapling deed dated 20 June 2014 (as supplemented) entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the “Stapling Deed”) and cannot be traded separately. Each stapled security in FHT (the “Stapled Security”) comprises a unit of FH-REIT (the “FH-REIT unit”) and a unit of FH-BT (the “FH-BT unit”).

FHT was formally admitted to the Official List of the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 14 July 2014 (the “Listing Date”).

The registered office of the REIT Manager and the Trustee-Manager (collectively, the “Managers”) is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 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.

For financial reporting purposes, the intermediate and ultimate holding entities of FHT are Frasers Property Limited and TCC Assets Limited. The intermediate holding entity is incorporated in the Republic of Singapore whereas the ultimate holding entity is incorporated in the British Virgin Islands.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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);
 - (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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

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

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

- (iii) the acquisition price of any investment purchased by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):
 - (i) the sale price of any real estate sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);
 - (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-REIT's interest); or
 - (iii) the sale price of any investment sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

The REIT Manager may elect to receive the acquisition fee and divestment fee in the form of cash and/or Stapled Securities provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee should be in the form of Stapled Securities.

(iii) Development management fee

The REIT Manager is entitled to receive development management fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of FH-REIT.

Total Project Costs means the sum of the following (where applicable):

- (i) construction cost based on the project final account prepared by the project quantity surveyor;
- (ii) principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iii) the cost of obtaining all approvals for the project;
- (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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

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

(iii) Development management fee (cont'd)

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.

(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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

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

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

- (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
 - (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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

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

(ii) Trademark License Fees

Pursuant to the Serviced Residences Licence Agreement, trademark license fee is 1.0% per annum of the gross operating revenue of the Serviced Residences.

The Serviced Residences operators may receive the management services and trademark license fees in cash or Stapled Securities or a combination of both (as the REIT Manager or Trustee-Manager may elect).

(iii) Technical Services Fees

Pursuant to the Master Technical Services Agreement and the Individual Technical Services Agreement, the technical services fees will be an amount mutually agreed upon subject to a cap of United States Dollar ("USD") 1,500 per Serviced Residence unit which is exclusive of reimbursable expenses. The technical services fees shall be payable when technical services relating to conceptualising, planning, designing, decorating, furnishing and equipping Serviced Residences are provided in connection with any development, re-development, refurbishment, retrofitting, addition and alteration and renovation works.

(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 2022

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 FHT consistently to all periods presented in these financial statements, unless otherwise indicated in Note 2.2.

2.1 Basis of preparation

The consolidated financial statements of the FH-REIT Group and FHT have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code of Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the FH-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards ("FRSs").

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.1 Basis of preparation (cont'd)

The consolidated financial statements of the FH-BT Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), the applicable requirements of the Business Trusts Act 2004 of Singapore and the provisions of FH-BT Trust Deed.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

Going concern

The consolidated financial statements of FHT, the FH-REIT Group and the FH-BT Group have been prepared on a going concern basis. The Trustee-Manager has assessed that FH-BT Group will be able to discharge its obligations as and when they fall due having regard to its cash liquidity and the unutilised committed revolving credit facility from FH-REIT to FH-BT (Note 17).

Significant accounting judgements and estimates

The preparation of financial statements requires the Managers to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of properties

FHT's properties are stated at their fair values, which are determined annually. The fair values are based on independent professional valuations conducted annually. The fair value of properties is determined using discounted cash flow, capitalisation, direct comparison and core and top-slice methods. Certain valuers have recommended that the value of the properties are to be kept under regular review given the current market conditions including inflationary pressures, rising interest rates and ongoing war in Ukraine and the impact of COVID-19.

These fair values may differ from the prices at which FHT's properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the Managers' control, such as overall market conditions. As a result, actual results of operations and realisation of these properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amounts of properties is disclosed in the Statements of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.1 Basis of preparation (cont'd)

(b) Judgements made in applying accounting policies

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

Income taxes

FHT has exposure to income taxes in numerous jurisdictions. Assumptions are required in determining the group-wide provision for income taxes. The ultimate determination of taxability of income and deductibility of expenses from certain transactions are uncertain during the ordinary course of business. The tax computations arising from business combinations would also be subjected to uncertainty and formal assessment by tax authorities. FHT recognises the liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of provision for taxation, deferred tax assets and liabilities are as disclosed in the Statements of Financial Position.

2.2 Changes in accounting policies

New standards and amendments

FHT has applied Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to FRS 116 / SFRS(I) 16) in the financial statements for the first time for the annual period beginning on 1 October 2021. The application of the new amendments does not have a material impact on the financial statements.

2.3 Basis of consolidation and business combinations

(a) Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

(b) Subsidiaries

Subsidiaries are entities controlled by the FH-REIT Group or the FH-BT Group. The FH-REIT Group or the FH-BT Group control an entity when they are exposed to or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through its power over the entity.

(c) Consolidation

The financial year of the FH-REIT Group, the FH-BT Group and FHT ends on 30 September unless otherwise stated. The consolidated financial statements incorporate the financial statements of the FH-REIT Group, the FH-BT Group and FHT made up to 30 September. The financial statements of subsidiaries are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to conform to the FH-REIT Group, the FH-BT Group and FHT's significant accounting policies. A list of significant subsidiaries is shown in Note 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 FHT obtain control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.3 Basis of consolidation and business combinations (cont'd)

(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 FHT 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 or Statement of Profit or Loss (as the case may be).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

The FH-REIT Group, the FH-BT Group and FHT 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).

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 FHT'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 or Statement of Profit or Loss (as the case may be).

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of FHT and are presented separately in the Statement of Total Return or Statement of Profit or Loss (as the case may be), and within the Stapled Securityholders' Funds in the Statement of Financial Position, separately from the Stapled Securityholders' Funds attributable to Stapled Securityholders. Changes in FHT's ownership interest in a subsidiary that does not result in a loss of control are accounted for as transactions within Stapled Securityholders' Funds. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.3 Basis of consolidation and business combinations (cont'd)

(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 FHT account for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. In determining whether a particular set of activities and assets is a business, the FH-REIT Group, the FH-BT Group and FHT assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The FH-REIT Group, the FH-BT Group and FHT has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Acquisition of an asset or a group of assets will not be accounted for a business combination when it does not constitute a business. 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 FHT are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "functional currency"). The financial statements of the FH-REIT Group, the FH-BT Group and FHT are presented in Singapore dollars ("SGD"), which is the functional currency of FH-REIT and FH-BT and rounded to the nearest thousand (\$'000), unless otherwise stated.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of each entity at rates of exchange approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are revalued to the functional currency at the rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items measured at historical cost in a foreign currency are recorded using the exchange rates ruling at the date of the initial transaction dates. Non-monetary assets and liabilities measured at fair value in a foreign currency are revalued using the exchange rates at the date that the fair value was measured. Foreign currency differences arising on the settlement of monetary items or revaluing monetary items are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be), except for differences arising on the translation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income ("OCI") or Stapled Securityholders' Funds (as the case may be) directly.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.4 Foreign currencies (cont'd)

(c) Foreign operations

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 OCI or Stapled Securityholders' Funds (as the case may be) and accumulated in the foreign currency translation reserve in Stapled Securityholders' Funds.

On the disposal of a foreign operation, the cumulative amount in the foreign currency translation reserve relating to the foreign operation is recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be) as a component of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in OCI or Stapled Securityholders' Funds (as the case may be).

2.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Subsequent to initial recognition, investment properties are measured at fair value. Any gains or losses arising from changes in fair values of the investment properties are recognised in the Statement of Total Return in the period in which they arise.

Fair value is determined at each reporting date in accordance with the FH-REIT Trust Deed. In addition, the investment properties are to be valued by independent professional valuers at least once a year, in accordance with the CIS Code issued by MAS.

Investment properties are de-recognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Total Return in the year of retirement or disposal.

Subsequent expenditure relating to the investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the FH-REIT Group and FHT. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.6 Property, plant and equipment

All items of property, plant and equipment are measured at cost on initial recognition. Subsequent to the initial recognition, freehold land and buildings are measured at revalued amount (based on fair value) less accumulated depreciation and accumulated impairment losses while right-of-use building, furniture, fittings and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Fair value of the land and buildings is determined at each reporting date. Any increase on revaluation shall be credited directly to the Stapled Securityholders' Funds. However, the increase shall be recognised in the Statement of Total Return to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Total Return. A revaluation deficit is recognised in the Statement of Total Return, except to the extent that it offsets an existing surplus on the same asset carried in the Stapled Securityholders' Funds.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use and estimate of the costs of dismantling and removing the items and restoring the site on which they are located when the FH-BT Group and FHT has an obligation to remove the asset or restore the site. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repair are charged to the Statement of Total Return or Statement of Profit or Loss (as the case may be). When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the Statement of Total Return or Statement of Profit or Loss (as the case may be) and any related revaluation surplus included in the Stapled Securityholders' Funds is transferred to revenue reserves in the Stapled Securityholders' Funds.

Property, plant and equipment except freehold land, are depreciated on the straight-line method so as to write-off the cost of the assets over their estimated useful lives. No depreciation is provided on freehold land. The estimated useful lives for the current year is as follows:

- Building 17 to 50 years
- Furniture, fittings and equipment 3 to 10 years

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, depreciation method and residual values are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.7 Leases

At inception of a contract, FHT assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As a lessee*

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

FHT recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to FHT by the end of the lease term or the cost of the ROU asset reflects that FHT will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

FHT determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if FHT is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in Statement of Total Return or Statement of Profit or Loss (as the case may be) if the carrying amount of the ROU asset has been reduced to zero.

FHT presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' and 'lease liabilities' separately in the statement of financial position.

Short-term leases and leases of low-value assets

FHT has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. FHT recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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, FHT allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When FHT acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, FHT makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, FHT considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then FHT applies FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

FHT recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

2.8 Financial assets

(a) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when FHT becomes a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

On initial recognition, a financial asset is classified at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless FHT changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.8 Financial assets (cont'd)

(b) *Classification and subsequent measurement (cont'd)*

Business model assessment

FHT makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with FHT's continuing recognition of the assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, FHT considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, FHT considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit FHT's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.8 Financial assets (cont'd)

(b) Classification and subsequent measurement (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 and impairment are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be). Any gain or loss on derecognition is recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

(c) Derecognition

Financial assets are derecognised when FHT's contractual rights to receive the cash flows from the financial assets expire or if FHT transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. Transferred assets are not derecognised when FHT enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

(d) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, FHT has a legal right to offset and there is intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Other assets

Other assets comprise operating supplies and equipment. These are stated at cost less accumulated amortisation.

2.10 Inventories

Inventories comprise mainly beverage stocks for the hotel operations.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in and first-out principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks and fixed deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value.

2.12 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are recognised when, and only when, FHT becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

(b) Classification and subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method. Interest expense is recognised in Statement of Total Return or Statement of Profit or Loss (as the case may be).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.12 Financial liabilities (cont'd)

(c) *Derecognition*

FHT derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. FHT also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial liability measured at amortised cost changed as a result of interest rate benchmark reform, FHT updated the effective interest rate of the financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, FHT first updated the effective interest rate of the financial liability to reflect the change that is required by interest rate benchmark reform. After that, FHT applied the policies on accounting for modifications to the additional changes.

(d) *Offsetting*

Financial liabilities and assets are offset and the net amount reported in the Statement of Financial Position when, and only when, FHT has a legal right to offset and there is intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Rental deposits and deferred income and expense

Rental deposits are received from lessees or paid to the lessors of the properties (as the case may be). Deferred income (expense) relates to the difference between the consideration received (paid) for rental deposits and its fair value on initial recognition and it is credited (charged) to the Statement of Total Return or Statement of Profit or Loss (as the case may be) as rental income (expense) on a straight-line basis over the individual lease term.

2.14 Derivative financial instruments and hedge accounting

FHT uses derivative financial instruments to hedge against risks associated with foreign currency and interest rate fluctuations. It is FHT's policy not to trade in derivative financial instruments. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially recognised at fair value; any attributable transaction costs are recognised in the Statement of Total Return on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instruments that is not designated in a hedge relationship are recognised immediately in the Statement of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.14 Derivative financial instruments and hedge accounting (cont'd)

FHT designates certain derivative financial instruments as hedging instruments in qualifying hedging relationships. At the inception of a hedge relationship, FHT formally designates and documents the hedge relationship to which FHT wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. FHT also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(a) Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve within the Stapled Securityholders' Funds. The effective portion of changes in fair value of the derivative that is recognised in the Stapled Securityholders' Funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Total Return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Stapled Securityholders' Funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the Statement of Total Return in the same period or periods as the hedged item's expected future cash flows affect the Statement of Total Return.

(b) Net investment hedges

FHT designates certain derivatives as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognised in the foreign currency translation reserve within the Stapled Securityholders' Funds. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in the Statement of Total Return. The amount recognised in foreign currency translation reserve is reclassified to the Statement of Total Return as a reclassification adjustment on disposal of the foreign operation. When the hedged net investment is disposed of, the cumulative amount in foreign currency translation reserve within the Stapled Securityholders' Funds is transferred to the Statement of Total Return.

Hedges directly affected by interest rate benchmark reform

Phase I amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform.

For the purpose of evaluating whether there is an economic relationship between the hedged item and the hedging instrument, FHT 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, FHT 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 statement. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, FHT assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.14 Derivative financial instruments and hedge accounting (cont'd)

Hedges directly affected by interest rate benchmark reform (cont'd)

Phase I amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform. (cont'd)

FHT 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 contractual 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, FHT 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.

Phase II amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, FHT amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

FHT amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised

FHT also amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then FHT first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then FHT amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, FHT deems that the hedging reserve recognised in Stapled Securityholders' Funds for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.15 Impairment

(a) **Non-financial assets**

The carrying amounts of FHT's non-financial assets, other than investment properties and property, plant and equipment – freehold land and building, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be). Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed in the Statement of Total Return or Statement of Profit or Loss (as the case may be) only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(b) **Non-derivative financial assets**

FHT recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

Loss allowances of FHT are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Simplified approach

FHT applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

FHT applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, FHT assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.15 Impairment (cont'd)

(b) *Non-derivative financial assets (cont'd)*

General approach (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, FHT considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on FHT's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

FHT considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to FHT in full, without recourse by FHT to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which FHT is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that FHT expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, FHT assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by FHT on terms that FHT would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when FHT determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with FHT's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.16 Stapled Securityholders' Funds

Stapled Securityholders' Funds represent the Stapled Securityholders' residual interest in the net assets of the FH-REIT Group and the FH-BT Group upon termination.

Expenses incurred in connection with the issuance and placement of Stapled Securities are deducted directly against Stapled Securityholders' Funds.

2.17 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. Gain or loss on redemption is recognised in equity.

2.18 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.

2.19 Revenue

(a) Master lease rental income from operating leases

Fixed rental income receivable under operating leases is recognised in the Statement of Total Return on a straight-line basis. The aggregate costs of incentives provided to leases are recognised as a reduction of rental income over the lease term on a straight-line basis. Variable rent, which is based on gross turnover or gross operating profit is recognised as income in the accounting period on an accrual basis in the period in which it is earned and the amount can be measured reliably.

(b) Room revenue and food and beverage revenue

Revenue from hotel operations comprising mainly room revenue and food and beverage revenue, is recognised, at a point in time, when performance obligations are satisfied by rendering the relevant rooms and services to the customers.

(c) Dividend and distribution income

Dividend and distribution income is recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be) on the date when the right to receive the payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.20 Expenses

(a) Property operating expenses

Property operating expenses are recognised on an accrual basis in the period that expenses are incurred.

(b) REIT Manager's fees

Fees paid or payable to the REIT Manager are recognised on an accrual basis based on the applicable formula as set out in Note 1(a).

(c) Trustees' fees

Fees paid or payable to the Trustees are recognised on an accrual basis. Included in trust expenses are the REIT Trustee's fees, MIT's and MIT Sub-Trustee's fees, TMK Trustee's fees, Malaysian Bond Trustee's fees and Trustee-Manager's trustee fees which are based on the applicable formulae as set out in Notes 1(e), (f), (g), (h) and (j)(ii).

(d) Trustee-Manager's fees

Fees paid or payable to the Trustee-Manager are recognised on an accrual basis based on the applicable formula as set out in Note 1(j)(i).

(e) Employee benefits

Defined contribution plans

As required by law, the FH-BT Group and FHT make contributions to state pensions schemes in accordance with local regulatory requirements. The pension contributions are recognised as compensation expense in the same period as the employment that give rises to the contribution.

Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

2.21 Finance income and finance costs

Finance income comprises interest income on funds invested and unwinding of the discount on non-current rental deposit receivable that are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

Finance costs comprises interest expense on borrowings and lease liabilities, amortisation of debt-related transaction costs, and unwinding of the discount on non-current rental deposits payable that are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be).

Interest income and all borrowing costs are recognised as it accrues, in the Statement of Total Return or Statement of Profit or Loss (as the case may be), using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.22 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and FHT will comply with the conditions associated with the grants.

Grants that compensate FHT for expenses incurred are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be), net of its related expense, on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

2.23 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Total Return or Statement of Profit or Loss (as the case may be) except to the extent that it relates to items recognised directly in OCI or Stapled Securityholders' Funds (as the case may be).

FHT has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37/SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that FHT is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which FHT expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.23 Taxes (cont'd)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in FHT. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

2.24 Earnings per Stapled Security

FHT presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Securityholders of FHT by the weighted-average number of Stapled Securities outstanding, during the financial period adjusted for own Stapled Securities held. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Securityholders and the weighted-average number of Stapled Securities outstanding adjusted for own Stapled Securities held, for the effects of all dilutive potential Stapled Securities.

2.25 Segment reporting

An operating segment is a component of FHT, the FH-REIT Group and the FH-BT Group that engage in business activities from which they may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of FHT's, the FH-REIT Group's and the FH-BT Group's other components.

Management determines the operating segments based on the reports reviewed by Chief Operating Decision Makers ("CODMs") that are used to make strategic decisions.

CODMs include the Chief Executive Officer, the Chief Financial Officer, the Asset Managers and the Investment Managers. CODMs review FHT's, the FH-REIT Group's and the FH-BT Group's internal reporting in order to assess performance and operations of respective group. Management has determined the operating segments based on these assessments. The CODMs consider the segments from a geographic and business perspective as it is based on the management and internal reporting structure.

Segment results and assets include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Unallocated items comprise mainly finance income, finance costs, trust expenses, non-capitalisable expenses in relation to asset acquisition, and net change in fair value of derivative financial instruments.

Segment capital expenditure is the total costs incurred on investment properties and property, plant and equipment during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

2.26 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of FHT; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the Statement of Financial Position of FHT, except for contingent liabilities assumed in a business combination (as the case may be) that are present obligations and which the fair values can be reliably determined.

2.27 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.

2.28 New standards and interpretations not yet adopted

The following new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 October 2021 and earlier application is permitted; however, FHT has not early adopted the new or amended standards and interpretations in preparing these financial statements.

- FRS 117 / SFRS(I) 17 Insurance Contracts and amendments to FRS 117/SFRS(I) 17 Insurance Contracts
- *Reference to the Conceptual Framework* (Amendments to FRS 103/SFRS(I) 3)
- *Property, Plant and Equipment - Proceeds before Intended Use* (Amendments to FRS 116/SFRS(I) 1-16)
- *Onerous Contracts - Costs of Fulfilling a Contract* (Amendments to FRS 37/SFRS(I) 37)
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1/SFRS(I) 1-1)
- *Annual Improvements to FRSs/SFRS(I)s 2018 - 2020*
- *Disclosure of Accounting Policies* (Amendments to FRS 1/SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to FRS 8/SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to FRS 12/SFRS (I) 1-12)

FHT is in the process of assessing the impact of the new FRSs/SFRS(I)s, interpretations and amendments to new FRSs/SFRS(I)s on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

3. STAFF COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Salaries, bonuses and other costs	4,204	3,194	-	-	4,204	3,194
Contributions to defined contribution plans	380	338	-	-	380	338
	<u>4,584</u>	<u>3,532</u>	<u>-</u>	<u>-</u>	<u>4,584</u>	<u>3,532</u>

4. MANAGEMENT FEES

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) REIT Manager's management fees						
- Base fee	4,453	4,521	4,453	4,521	-	-
- Performance fee	887	-	887	-	-	-
	<u>5,340</u>	<u>4,521</u>	<u>5,340</u>	<u>4,521</u>	<u>-</u>	<u>-</u>
(b) Trustee-Manager's management fees						
- Base fee	33	36	-	-	33	36
- Performance fee	13	44	-	-	13	44
	<u>46</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>46</u>	<u>80</u>
(c) Other management fees						
- MIT Manager's base fee	1,991	2,251	1,991	2,251	-	-
- MIT Manager's performance fee	1,024	1,114	1,024	1,114	-	-
- Kobe Asset Manager's management fee	166	186	166	186	-	-
- ABS Servicer fee	114	117	114	117	-	-
	<u>3,295</u>	<u>3,668</u>	<u>3,295</u>	<u>3,668</u>	<u>-</u>	<u>-</u>

5. TRUSTEES' FEES

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trustees' fees						
- FH-REIT Trustee's fees	274	285	274	285	-	-
- Other trustee fees	200	208	200	208	-	-
	<u>474</u>	<u>493</u>	<u>474</u>	<u>493</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

6. OTHER TRUST EXPENSES

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Audit fees paid and payable to auditor of the Trusts	504	465	436	398	68	67
Non-audit fees paid and payable to:						
- Auditor of the Trusts	225	229	213	216	12	13
- Other auditors	82	100	74	98	8	2
Valuation fee	283	164	283	164	-	-
Other expenses	4,205	1,841	4,210	1,850	(5)	(9)
	5,299	2,799	5,216	2,726	83	73

7. FINANCE COSTS AND AMORTISATION OF DEBT UPFRONT COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities measured at amortised cost:						
(a) Amortisation of debt upfront costs	1,156	952	1,156	952	-	-
(b) Finance costs						
- Interest expense on borrowings and derivatives	19,004	19,713	19,004	19,713	-	-
- Interest expense on lease liabilities	125	124	125	124	2,272	2,465
- Others	2,468	578	2,555	665	-	-
	21,597	20,415	21,684	20,502	2,272	2,465

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 Trusts Act will be treated like a company under the one-tier corporate tax system for Singapore income tax purposes. Consequently, FH-BT will be assessed to Singapore income tax on its taxable income, if any, at the prevailing corporate tax rate in accordance with the Singapore Income Tax Act.

The income tax expense is in respect of taxes paid by FHT's operations in Singapore, Australia, UK, Japan, Malaysia and Germany.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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% (2021: 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 distributed at least 90% of the Specified Taxable Income derived in the financial year ended 30 September 2021 before 31 December 2021.

(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 2022

8. TAXATION (CONT'D)

Tax expense/(credit)

The major components of tax expense/(credit) are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current tax expense/(credit)						
- Current year income tax	1,635	1,466	1,716	1,436	(81)	30
- (Over)/under provision in respect of prior year	(110)	15	(110)	15	-	-
	1,525	1,481	1,606	1,451	(81)	30
Deferred tax expense/(credit)						
- Origination and reversal of deductible temporary differences	988	1,072	906	1,033	(34)	(106)
- Origination and reversal of taxable temporary differences	(7,976)	4,611	(7,008)	4,611	-	-
	(6,988)	5,683	(6,102)	5,644	(34)	(106)
Withholding tax expense	15,927	1,258	15,906	1,238	21	20
	10,464	8,422	11,410	8,333	(94)	(56)

A reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the prevailing corporate tax rate are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total return/(Loss) for the year before tax	68,781	24,730	75,254	24,301	(848)	(320)
Tax at the domestic rates applicable to profits in the countries where FHT operates	17,262	7,349	18,895	6,507	(218)	(90)
Adjustments:						
Expenses not deductible for tax purposes	7,755	4,800	7,623	7,497	126	36
Income not subject to tax	(16,477)	(5,873)	(17,011)	(7,797)	(23)	(22)
Tax transparency	(1,173)	(130)	(1,173)	(130)	-	-
Deferred tax assets not recognised	123	175	123	175	-	-
Utilisation of unrecognised tax losses	(2,445)	(76)	(2,445)	(76)	-	-
Effect of change in tax rate on temporary differences previously recognised	692	1,392	692	1,392	-	-
(Over)/under provision of prior year tax	(110)	15	(110)	15	-	-
Withholding tax	15,927	1,258	15,906	1,238	21	20
Others	(11,090)	(488)	(11,090)	(488)	-	-
	10,464	8,422	11,410	8,333	(94)	(56)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

8. TAXATION (CONT'D)

Deferred tax assets (liabilities)

Deferred tax assets

Deferred tax assets as at 30 September 2022 shown on the Statements of Financial Position are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets:						
Provision and accruals	(30)	22	-	-	(30)	22
Lease liabilities	-	-	-	-	1,343	1,317
Unabsorbed capital allowances	616	(512)	-	(1,200)	616	688
Fair value loss on investment properties	-	-	-	2,111	-	-
Revaluation loss on property, plant and equipment	-	2,111	-	-	-	-
	<u>586</u>	<u>1,621</u>	<u>-</u>	<u>911</u>	<u>1,929</u>	<u>2,027</u>

The movements in the deferred tax assets are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	(1,621)	(2,661)	(911)	(1,915)	(2,027)	(1,918)
Recognised in Statement of Total Return/ Profit or Loss	988	1,072	906	1,033	(34)	(106)
Translation differences	47	(32)	5	(29)	132	(3)
At 30 September	<u>(586)</u>	<u>(1,621)</u>	<u>-</u>	<u>(911)</u>	<u>(1,929)</u>	<u>(2,027)</u>

Deferred tax liabilities

Deferred tax liabilities as at 30 September 2022 shown on the Statements of Financial Position are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities:						
Arising from acquisition of subsidiaries	3,685	4,516	3,685	4,516	-	-
Fair value adjustments on properties	24,097	32,444	24,097	32,444	-	-
Others	6,843	9,546	6,843	9,546	-	-
	<u>34,625</u>	<u>46,506</u>	<u>34,625</u>	<u>46,506</u>	<u>-</u>	<u>-</u>

The movements in the deferred tax liabilities are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	46,506	42,635	46,506	42,635	-	-
Recognised in Statement of Total Return/ Profit or Loss	(7,976)	4,611	(7,008)	4,611	-	-
Recognised in Stapled Securityholders' Funds	968	-	-	-	-	-
Translation differences	(4,873)	(740)	(4,873)	(740)	-	-
At 30 September	<u>34,625</u>	<u>46,506</u>	<u>34,625</u>	<u>46,506</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

8. TAXATION (CONT'D)

Deferred tax assets (liabilities) (cont'd)

Uncertain tax

Since 2018, FHT has relied on a private ruling granted by the Inland Revenue Board of Malaysia ("IRBM") which allows FHT Malaysia Pte Ltd ("FHTM"), a subsidiary of FH-REIT, to receive interest from its investment in medium term notes issued by Notable Vision Sdn. Bhd. ("NVSB") to be exempted from Malaysia withholding tax. In an IRBM letter dated 29 June 2021, the IRBM revoked the private ruling. Consequently, the IRBM may require withholding tax on these interest payments from NVSB to FHTM. If the private ruling applied in the past is retrospectively revoked, the potential additional withholding tax liability from 1 October 2017 to 12 January 2021 approximates SGD 1.4 million, which is not provided for.

In addition, the IRBM completed its tax audit of NVSB for the year 2014 to 2019 and had issued a notice of assessment for income tax and penalties amounting to an aggregate of MYR 2.6 million (approximately SGD 0.8 million) which comprise (i) disallowed income tax deductions previously claimed on the interest payments made by NVSB to FHTM and (ii) penalties for claiming such income tax deductions when NVSB had not originally withheld tax on such payments.

On 8 September 2021, NVSB filed an appeal to Special Commissioner of Income Tax in Malaysia, and further applied for judicial review with Courts of Malaysia on 23 September 2021. The High Court of Malaysia had on 24 May 2022 delivered its decision to allow NVSB's application for leave to commence judicial review proceedings, with the date of the hearing of the judicial review yet to be set.

No provision for the above stated amounts has been made because the Managers believes that the private ruling granted in the past was in compliance with the applicable tax laws, and if revoked, the management believes that NVSB has strong and valid legal grounds to appeal against the decision and defend its position in Court.

9. EARNINGS PER STAPLED SECURITY

The calculation of basic earnings per Stapled Security is based on:

	FHT	
	2022	2021
Total return for the year attributable to Stapled Securityholders (\$'000)	58,317	13,589
Weighted average number of Stapled Securities used in arriving at basic earnings per Stapled Security ('000):		
Issued Stapled Securities at beginning of the year ('000)	1,926,074	1,921,243
Effect of management fees paid/payable in Stapled Securities ('000)	-	4,831
	1,926,074	1,926,074
Basic Earnings per Stapled Security (cents)	3.03	0.70

The calculation of diluted earnings per Stapled Security is based on:

	FHT	
	2022	2021
Total return for the year attributable to Stapled Securityholders (\$'000)	58,317	13,589
Weighted average number of Stapled Securities used in arriving at diluted earnings per Stapled Security ('000):		
Weighted average number of Stapled Securities (basic) ('000)	1,926,074	1,926,074
Diluted Earnings per Stapled Security (cents)	3.03	0.70

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

10. INVESTMENT PROPERTIES

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statement of Financial Position:						
At 1 October	2,024,826	2,029,567	2,250,126	2,248,858	-	-
Capital expenditure	6,067	4,449	6,089	4,893	-	-
Purchase of reversionary interest	10,693	-	10,693	-	-	-
Net change in fair value	24,199	(4,574)	28,340	326	-	-
Divestment of investment property	(276,398)	-	(276,398)	-	-	-
Translation differences	(106,167)	(4,616)	(120,772)	(3,951)	-	-
At 30 September	<u>1,683,220</u>	<u>2,024,826</u>	<u>1,898,078</u>	<u>2,250,126</u>	-	-
Statement of Total Return:						
Rental revenue from investment properties:						
- Minimum lease payments	53,303	58,129	59,026	64,031	-	-
- Variable rent based on lessees' gross operating revenue and/or gross operating profit	19,783	5,878	21,668	10,322	-	-
- Effect of recognising rental income on a straight-line basis over lease term (Note 15(b))	2,233	641	2,343	754	-	-
	<u>75,319</u>	<u>64,648</u>	<u>83,037</u>	<u>75,107</u>	-	-

The carrying value of the investment properties as at the reporting date are as follows:

	FHT		FH-REIT Group	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
InterContinental Singapore	509,000	506,000	509,000	506,000
Fraser Suites Singapore	294,000	292,000	294,000	292,000
The Westin Kuala Lumpur	117,686	118,827	117,686	118,827
ANA Crowne Plaza Kobe	161,627	198,094	161,627	198,094
Sofitel Sydney Wentworth	-	264,978	-	264,978
Novotel Sydney Darling Square ⁽¹⁾	103,155	110,057	103,155	110,057
Fraser Suites Sydney	122,200	125,129	122,200	125,129
Park International London	65,912	70,619	65,912	70,619
ibis Styles London Gloucester Road	31,753	35,126	31,753	35,126
Fraser Place Canary Wharf London	60,620	67,143	60,620	67,143
Fraser Suites Queens Gate London	92,694	99,342	92,694	99,342
Fraser Suites Glasgow	15,396	16,831	15,396	16,831
Fraser Suites Edinburgh	26,140	27,443	26,140	27,443
Maritim Hotel Dresden	83,037	93,237	83,037	93,237
Novotel Melbourne on Collins	-	-	214,858	225,300
	<u>1,683,220</u>	<u>2,024,826</u>	<u>1,898,078</u>	<u>2,250,126</u>

⁽¹⁾ The carrying value includes the ROU asset of approximately SGD 3.0 million (2021: SGD 3.1 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

	FHT		FH-REIT Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Fair value of investment properties (based on independent valuation)	1,680,214	2,021,741	1,895,072	2,247,041
Add: Carrying amount of lease liabilities	3,006	3,085	3,006	3,085
Carrying value of investment properties	1,683,220	2,024,826	1,898,078	2,250,126

The fair values of the investment properties were based on independent valuations undertaken by the following independent valuers:

Country	2022	2021
Singapore	Savills Valuation and Professional Services (S) Pte Ltd	Savills Valuation and Professional Services (S) Pte Ltd
Malaysia	Savills (Malaysia) Sdn Bhd	Savills (Malaysia) Sdn Bhd
Japan	Savills Japan Co., Ltd.	Savills Japan Co., Ltd.
Australia	Savills Valuations Pty Ltd	Savills Valuations Pty Ltd
UK	Savills (UK) Limited	Savills (UK) Limited
Germany	Savills (UK) Limited	Savills (UK) Limited

In relying on the valuation reports, the REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the financial year. Details of valuation techniques and inputs used are disclosed in Note 26(c).

Purchase of reversionary interest and divestment of investment property

On 28 October 2021, FH-REIT through The Trust Company (PTAL) Limited, acting as trustee of FHT Sydney Trust 3 (the "FHT Vendor"), a wholly-owned sub-trust of the REIT Trustee entered into the following:

(a) a put and call option agreement with Frasers Sydney Wentworth Pty Ltd, an indirect wholly-owned subsidiary of Frasers Property Limited, for the acquisition of the freehold reversionary interest (the "Reversionary Interest") of Sofitel Sydney Wentworth ("SSW"); and

(b) a sale and purchase agreement with The Trust Company (Australia) Limited as trustee of FHT Australia Trust and a third-party acquirer for the sale of the amalgamated freehold interest of Sofitel Sydney Wentworth.

On 28 March 2022, FH-REIT completed the acquisition of the Reversionary Interest for a purchase consideration of AUD 10.55 million (SGD 10.7 million) and subsequently amalgamated the leasehold interest and the Reversionary Interest of SSW.

On 29 April 2022, FH-REIT completed the divestment of the amalgamated freehold interest of SSW for cash consideration of SGD 310.3 million, resulting in a net gain on divestment of SGD 17.6 million recognised in the statement of total return for the year ended 30 September 2022.

Amounts recognised in Statement of Cash Flows

	FHT		FH-REIT Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Consideration received in cash	310,338	-	310,338	-
Less: Divestment-related costs	(5,729)	-	(5,729)	-
Proceeds from divestment of investment property, net of transaction costs	304,609	-	304,609	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

10. INVESTMENT PROPERTIES (CONT'D)

Investment property pledged as security

As at 30 September 2022 and 30 September 2021, The Westin Kuala Lumpur is mortgaged to secure the Medium Term Notes (Note 17).

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building \$'000	Furniture, fittings and equipment \$'000	Total \$'000
FHT			
Cost			
At 1 October 2020	217,305	8,559	225,864
Additions	446	61	507
Net change in revaluation recognised in Statement of Total Return	8,444	-	8,444
Elimination of accumulated depreciation on revaluation	(3,246)	-	(3,246)
Translation differences	649	29	678
At 30 September 2021	223,598	8,649	232,247
At 1 October 2021	223,598	8,649	232,247
Additions	22	296	318
Written off	-	(15)	(15)
Net change in revaluation recognised in Stapled Securityholders' funds	6,452	-	6,452
Net change in revaluation recognised in Statement of Total Return	1,347	-	1,347
Elimination of accumulated depreciation on revaluation	(3,626)	-	(3,626)
Translation differences	(14,498)	(564)	(15,062)
At 30 September 2022	213,295	8,366	221,661
Accumulated depreciation			
At 1 October 2020	-	(4,859)	(4,859)
Depreciation	(3,246)	(683)	(3,929)
Elimination of accumulated depreciation on revaluation	3,246	-	3,246
Translation differences	-	(2)	(2)
At 30 September 2021	-	(5,544)	(5,544)
At 1 October 2021	-	(5,544)	(5,544)
Depreciation	(3,626)	(598)	(4,224)
Written off	-	15	15
Elimination of accumulated depreciation on revaluation	3,626	-	3,626
Translation differences	-	384	384
At 30 September 2022	-	(5,743)	(5,743)
Carrying amounts			
At 1 October 2020	217,305	3,700	221,005
At 30 September 2021	223,598	3,105	226,703
At 30 September 2022	213,295	2,623	215,918

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building \$'000	Furniture, fittings and equipment \$'000	Total \$'000
FH-BT Group			
Cost			
At 1 October 2020	73,683	5,939	79,622
Translation differences	265	21	286
At 30 September 2021	73,948	5,960	79,908
At 1 October 2021	73,948	5,960	79,908
Written off	-	(15)	(15)
Translation differences	(4,716)	(381)	(5,097)
At 30 September 2022	69,232	5,564	74,796
Accumulated depreciation			
At 1 October 2020	(7,494)	(4,224)	(11,718)
Depreciation	(4,246)	(324)	(4,570)
Translation differences	67	(8)	59
At 30 September 2021	(11,673)	(4,556)	(16,229)
At 1 October 2021	(11,673)	(4,556)	(16,229)
Depreciation	(4,117)	(269)	(4,386)
Written off	-	15	15
Translation differences	974	306	1,280
At 30 September 2022	(14,816)	(4,504)	(19,320)
Carrying amounts			
At 1 October 2020	66,189	1,715	67,904
At 30 September 2021	62,275	1,404	63,679
At 30 September 2022	54,416	1,060	55,476

Independent valuation of the freehold land and building was undertaken by Savills Valuations Pty Ltd (2021: Savills Valuations Pty Ltd). 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 26(c).

The carrying amount of FHT's freehold land and buildings as at 30 September 2022 would be SGD 198.1 million (2021: SGD 215.1 million) if the property had been measured using the cost model.

The carrying amount of the FH-BT Group's building as at 30 September 2022 and 30 September 2021 pertains to right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

12. TRADE AND OTHER RECEIVABLES

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables:						
- Related companies of the REIT Manager	4,131	633	4,131	633	-	-
- FH-BT Group	-	-	268	2,092	-	-
- Third parties	2,380	7,949	1,960	5,774	420	2,175
	6,511	8,582	6,359	8,499	420	2,175
Allowance for impairment loss	(1,403)	(5,774)	(1,403)	(5,774)	-	-
Net trade receivables	5,108	2,808	4,956	2,725	420	2,175
Other receivables:						
- Related companies of the REIT Manager	144	183	144	183	-	-
- FH-BT Group	-	-	2,339	1,586	-	-
- Net VAT*/ GST receivable	576	383	576	383	-	-
- Third parties	3,437	8,874	3,437	8,874	-	-
	4,157	9,440	6,496	11,026	-	-
Accrued interest income	8	7	8	7	-	-
Deposits	11	11	11	11	-	-
	9,284	12,266	11,471	13,769	420	2,175

* VAT: value added tax

Trade receivables from related companies of the REIT Manager and FH-BT Group are mainly relating to the master lessees of FH-REIT Group's properties. The exposure of FHT, the FH-REIT Group and the FH-BT Group to credit risk and impairment losses for trade receivables is disclosed in Note 25(b).

Other receivables from related companies of the REIT Manager and from the FH-BT Group are unsecured, interest-free and repayable on demand. There is no impairment loss arising from these outstanding balances as the ECL is negligible.

As at 30 September 2021, included in other receivables from third parties of FHT and FH-REIT Group is an amount receivable from a bank of approximately SGD 7.5 million following early termination of a cross currency swap due in October 2021.

13. CASH AND CASH EQUIVALENTS

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash in hand and at bank	120,487	74,604	115,379	70,132	5,108	4,472
Fixed deposits	3,396	3,583	3,396	3,583	-	-
	123,883	78,187	118,775	73,715	5,108	4,472

Fixed deposits earn interest at 1.45% to 2.30% (2021: 0.02% to 2.00%) per annum with tenures of 1 to 3 months (2021: 1 to 3 months).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

14. TRADE AND OTHER PAYABLES

	FHT		FH-REIT Group		FH-BT Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables						
- Related companies of the REIT Manager	279	1,009	279	1,009	-	-
- FH-REIT Group	-	-	-	-	268	2,092
- Third parties	821	565	196	136	625	428
	<u>1,100</u>	<u>1,574</u>	<u>475</u>	<u>1,145</u>	<u>893</u>	<u>2,520</u>
Other payables						
- Related companies of the REIT Manager	4,443	2,605	4,427	2,558	16	49
- FH-REIT Group	-	-	-	-	2,339	1,586
- Advanced deposits	809	387	-	-	809	387
- Net VAT/GST payable	1,966	2,410	1,821	2,276	145	134
- Third parties	361	1,131	361	1,131	-	-
	<u>7,579</u>	<u>6,533</u>	<u>6,609</u>	<u>5,965</u>	<u>3,309</u>	<u>2,156</u>
Accruals						
- Interest	3,334	4,751	3,334	4,751	-	-
- Others	7,317	5,537	5,694	3,769	2,428	2,465
	<u>10,651</u>	<u>10,288</u>	<u>9,028</u>	<u>8,520</u>	<u>2,428</u>	<u>2,465</u>
Provision for employee benefits	204	302	-	-	204	302
	<u>19,534</u>	<u>18,697</u>	<u>16,112</u>	<u>15,630</u>	<u>6,834</u>	<u>7,443</u>
Represented by:						
- Current	19,330	18,395	16,112	15,630	6,630	7,141
- Non-current	204	302	-	-	204	302
	<u>19,534</u>	<u>18,697</u>	<u>16,112</u>	<u>15,630</u>	<u>6,834</u>	<u>7,443</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	
	2022 \$'000	2021 \$'000
Revenue recognised that was included in advanced deposits at the beginning of the year	(387)	(829)
Increase due to cash received, excluding amounts recognised as revenue during the year	<u>809</u>	<u>387</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

15. DEFERRED EXPENSE AND INCOME

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Deferred expense						
Cost						
At 1 October	-	-	-	-	2,205	2,198
Translation differences	-	-	-	-	(141)	7
At 30 September	-	-	-	-	2,064	2,205
Accumulated amortisation						
At 1 October	-	-	-	-	(546)	(435)
Charge for the financial year	-	-	-	-	(110)	(113)
Translation differences	-	-	-	-	42	2
At 30 September	-	-	-	-	(614)	(546)
Net deferred expense	-	-	-	-	1,450	1,659

Deferred expense (non-current) relates to the difference between the consideration paid for a rental deposit arising from FH-BT Group's master lease with FH-REIT Group and its fair value on initial recognition. Deferred expense is charged to the Statement of Profit or Loss as rental expense on a straight-line basis over the individual lease term.

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(b) Deferred income						
Cost						
At 1 October	11,323	11,235	13,528	13,433	-	-
Translation differences	(815)	88	(955)	95	-	-
At 30 September	10,508	11,323	12,573	13,528	-	-
Accumulated amortisation						
At 1 October	(4,364)	(3,706)	(4,910)	(4,141)	-	-
Charge for the financial year	(2,233)	(641)	(2,343)	(754)	-	-
Translation differences	472	(17)	513	(15)	-	-
At 30 September	(6,125)	(4,364)	(6,740)	(4,910)	-	-
Net deferred income	4,383	6,959	5,833	8,618	-	-

Deferred income (non-current) relates to the difference between the consideration received from related companies of the REIT Manager for rental deposits arising from FH-REIT Group's master leases and its fair value on initial recognition. Deferred income is credited to the Statement of Total Return as rental income on a straight-line basis over the individual lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

16. LEASE LIABILITIES

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current	-	-	-	-	3,373	3,480
Non-current	3,006	3,085	3,006	3,085	56,415	63,862
	<u>3,006</u>	<u>3,085</u>	<u>3,006</u>	<u>3,085</u>	<u>59,788</u>	<u>67,342</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 29(a)).

The incremental borrowing rates of FHT's, the FH-REIT Group's and the FH-BT Group's lease liabilities are 4.01%, 4.01% and 3.48% (2021: 4.01%, 4.01% and 3.48%) per annum respectively.

The lease liability of FH-BT Group is fully repayable by September 2036 whereas the lease liability of FHT and FH-REIT Group is fully repayable by September 2098.

17. BORROWINGS

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current						
Medium term notes (secured)	29,422	30,676	29,422	30,676	-	-
Fixed rate notes (unsecured)	120,000	120,000	120,000	120,000	-	-
Bonds (unsecured)	23,445	-	23,445	-	-	-
Bank loans (unsecured)	411,500	637,768	411,500	637,768	-	-
	584,367	788,444	584,367	788,444	-	-
Less: unamortised debt upfront costs	(1,467)	(2,444)	(1,467)	(2,444)	-	-
	<u>582,900</u>	<u>786,000</u>	<u>582,900</u>	<u>786,000</u>	-	-
Current						
Fixed rate notes (non-secured)	-	120,000	-	120,000	-	-
Bonds (unsecured)	-	28,734	-	28,734	-	-
Bank loans (unsecured)	174,000	54,000	174,000	54,000	-	-
	174,000	202,734	174,000	202,734	-	-
Less: unamortised debt upfront costs	(168)	(227)	(168)	(227)	-	-
	<u>173,832</u>	<u>202,507</u>	<u>173,832</u>	<u>202,507</u>	-	-
	<u>756,732</u>	<u>988,507</u>	<u>756,732</u>	<u>988,507</u>	-	-

Medium Term Notes (secured)

A Medium Term Note – Senior Bond of MYR 95.0 million (equivalent to SGD 29.4 million) (2021: MYR 95.0 million (equivalent to SGD 30.7 million)) is secured on The Westin Kuala Lumpur with a carrying amount of SGD 117.7 million (2021: SGD 118.8 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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).

During the financial year, the 5-year fixed rate notes in aggregate principal amount of SGD 120.0 million have been redeemed by FH-REIT Treasury Pte. Ltd.. At 30 September 2022, an aggregate principal amount of SGD 120.0 million (2021: SGD 120.0 million) of 7-year fixed rate notes has been issued by FH-REIT Treasury Pte. Ltd..

SGD 880.0 million (2021: SGD 760.0 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 23.4 million) (2021: JPY 2.35 billion (equivalent to SGD 28.7 million)). The bonds carry a variable interest rate.

Bank loans (unsecured)

As at the end of the financial year, the FH-REIT Group has the following facilities:

Facilities fully drawn down

- Term Loan Facility of SGD 70.0 million (2021: SGD 70.0 million) which is unsecured.
- Term Loan Facility of SGD 350.0 million (2021: SGD 350.0 million) which is unsecured and comprises Tranche A - up to SGD 100.0 million; Tranche B - up to SGD 150.0 million and Tranche C - up to SGD 100.0 million.

At 30 September 2021, FH-REIT's indirect subsidiary, FHT Sydney Trust 3, had a term loan facility of AUD 120.0 million (equivalent to SGD 117.8 million). FH-REIT had provided a corporate guarantee to the lending bank in respect of the AUD 120.0 million term loan. This term loan facility was fully repaid in 2022.

Facilities partially drawn down or available for utilisation

- Committed Revolving Credit Facilities of SGD 290.0 million (2021: SGD 260.0 million) of which SGD 165.5 million (2021: SGD 154.0 million) are drawn. At the end of the financial year, SGD 124.5 million (2021: SGD 106.0 million) remained unutilised.
- There were no uncommitted facilities at the end of the financial year ended 30 September 2022 (2021: Nil).

Intragroup loan (unsecured)

As at the end of the financial year, the FH-BT Group has a facility available for utilisation:

FH-REIT and FH-BT have entered into a facility agreement dated 24 November 2020 pursuant to which the FH-REIT, as lender (the "Lender") has agreed to provide a revolving credit facility of up to SGD 5.0 million (the "Facility") to FH-BT, as borrower (the "Borrower"). The termination date for the Facility is 31 March 2023. At the end of the financial year, the Facility remained unutilised. On 11 November 2022, the Lender and the Borrower agreed to extend the Facility to 31 March 2026 and to increase the Facility amount from SGD 5.0 million to SGD 10.0 million.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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					
2022					
Medium term notes (secured)	MYR	4.85%	2024	29,422	29,369
Fixed rate notes (unsecured)	SGD	3.08%	2024	120,000	119,843
Bonds (unsecured)	JPY	JPY TIBOR ⁽¹⁾ + 0.95%	2024	23,445	23,423
Bank loans (unsecured)	SGD	SOR ⁽²⁾ + 1.0% to 1.05%	2023 - 2026	420,000	418,920
Bank loans (unsecured)	SGD	SORA ⁽⁴⁾ + 1.15% to 1.22%	2023 - 2024	151,500	151,238
Bank loans (unsecured)	SGD	2.23% to 2.40%	2022	14,000	13,939
Total loan and borrowings				758,367	756,732
2021					
Medium term notes (secured)	MYR	4.85%	2024	30,676	30,589
Fixed rate notes (unsecured)	SGD	2.63% to 3.08%	2022 - 2024	240,000	239,703
Bonds (unsecured)	JPY	JPY TIBOR ⁽¹⁾ + 0.95%	2022	28,734	28,691
Bank loans (unsecured)	SGD	SOR ⁽²⁾ + 1.0% to 1.05%	2023 - 2026	420,000	418,461
Bank loans (unsecured)	AUD	BBSY ⁽³⁾ + 1.35%	2023	117,768	117,562
Bank loans (unsecured)	SGD	SORA ⁽⁴⁾ + 1.15% to 1.22%	2023 - 2024	100,000	99,619
Bank loans (unsecured)	SGD	1.17% to 1.30%	2022	54,000	53,882
Total loan and borrowings				991,178	988,507

⁽¹⁾ Tokyo interbank offered rate ("TIBOR")

⁽²⁾ Swap-offer rate ("SOR")

⁽³⁾ Australian dollar bank bill swap bid rate ("BBSY")

⁽⁴⁾ Singapore overnight rate average ("SORA")

Included in the borrowings as at 30 September 2022 were borrowings of SGD 470.0 million (2021: SGD 495.0 million) which together with interest rate swaps have been designated as a cash flow hedges (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

17. BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	FHT		FH-REIT Group		FH-BT Group	
	Loans and borrowings \$'000	Accrued interest* \$'000	Loans and borrowings \$'000	Accrued interest* \$'000	Lease liabilities \$'000	Total liabilities \$'000
At 1 October 2021	988,507	4,751	988,507	4,751	3,085	996,343
Changes from financing cash flows						
Finance costs paid	-	(20,411)	-	(20,411)	-	(20,411)
Payment of lease liabilities	-	-	-	-	(5,723)	(5,723)
Proceeds from borrowings, net of debt upfront costs	104,372	-	104,372	-	-	104,372
Repayment of borrowings	(331,128)	-	(331,128)	-	-	(331,128)
Total changes from financing cash flows	(226,756)	(20,411)	(226,756)	(20,411)	(5,723)	(247,167)
Effect of changes in foreign exchange rates	(6,175)	(10)	(6,175)	(10)	(204)	(6,389)
Liability - related other changes						
Amortisation of debt-upfront costs	1,156	-	1,156	-	-	1,156
Interest expense	-	19,004	-	19,004	125	19,129
Total liability - related other changes	1,156	19,004	1,156	19,004	125	20,285
At 30 September 2022	756,732	3,334	756,732	3,334	3,006	763,072
						59,788
						67,342

* Included as part of trade and other payables

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For the year ended 30 September 2022

17. BORROWINGS (CONT'D)

	FHT			FH-REIT Group			FH-BT Group					
	Loans and borrowings \$'000	Accrued interest* \$'000	Lease liabilities \$'000	Total \$'000	Loans and borrowings \$'000	Accrued interest* \$'000	Lease liabilities \$'000	Total \$'000	Loans and borrowings \$'000	Accrued interest* \$'000	Lease liabilities \$'000	Total \$'000
At 1 October 2020	886,388	3,761	2,953	893,102	886,388	3,761	2,953	893,102	70,450	-	-	70,450
Changes from financing cash flows												
Finance costs paid	-	(18,465)	-	(18,465)	-	(18,465)	-	(18,465)	-	-	-	-
Payment of lease liabilities	-	-	-	-	-	-	-	-	(5,902)	-	(5,902)	(5,902)
Proceeds from borrowings, net of debt upfront costs	203,377	-	-	203,377	203,377	-	-	203,377	-	-	-	-
Repayment of borrowings	(100,000)	-	-	(100,000)	(100,000)	-	-	(100,000)	-	-	-	-
Total changes from financing cash flows	103,377	(18,465)	-	84,912	103,377	(18,465)	-	84,912	(5,902)	-	(5,902)	(5,902)
Effect of changes in foreign exchange rates	(2,210)	(258)	8	(2,460)	(2,210)	(258)	8	(2,460)	329	-	329	329
Liability - related other changes												
Amortisation of debt-upfront costs	952	-	-	952	952	-	-	952	-	-	-	-
Interest expense	-	19,713	124	19,837	-	19,713	124	19,837	2,465	-	2,465	2,465
Total liability - related other changes	952	19,713	124	20,789	952	19,713	124	20,789	2,465	-	2,465	2,465
At 30 September 2021	988,507	4,751	3,085	996,343	988,507	4,751	3,085	996,343	67,342	-	67,342	67,342

* Included as part of trade and other payables

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Year of maturity	Nominal amount '000	Assets \$'000	Liabilities \$'000
FHT and FH-REIT Group				
2022				
<i>Cash flow hedge</i>				
Interest rate swap	2023	SGD 170,000	2,598	-
Interest rate swap	2024	SGD 50,000	1,670	-
Interest rate swap	2025	SGD 150,000	7,605	-
Interest rate swap	2026	SGD 100,000	6,531	-
			18,404	-
<i>Net investment hedge</i>				
Cross-currency swap	2022	AUD 96,000	5,186	-
Cross-currency swap	2023	GBP 56,000	5,132	-
Cross-currency swap	2023	EUR 31,075	5,900	-
Cross-currency swap	2024	JPY 10,036,600	16,616	-
			32,834	-
Total			51,238	-
Represented by:				
- Current			18,816	-
- Non-current			32,422	-
			51,238	-
2021				
<i>Cash flow hedge</i>				
Interest rate swap	2022	SGD 25,000	-	(66)
Interest rate swap	2023	SGD 170,000	77	(1,305)
Interest rate swap	2024	SGD 50,000	-	(1,226)
Interest rate swap	2025	SGD 150,000	-	(4,119)
Interest rate swap	2026	SGD 100,000	-	(2,869)
			77	(9,585)
<i>Net investment hedge</i>				
Cross-currency swap	2022	AUD 50,000	225	-
Cross-currency swap	2022	GBP 67,099	-	(2,244)
Cross-currency swap	2023	EUR 31,075	948	-
Cross-currency swap	2024	JPY 10,036,600	2,318	-
			3,491	(2,244)
Total			3,568	(11,829)
Represented by:				
- Current			-	(2,310)
- Non-current			3,568	(9,519)
			3,568	(11,829)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

	FHT		FH-REIT Group	
	2022	2021	2022	2021
Derivative financial instruments as a percentage of net assets	4.11%	0.66%	4.13%	0.66%

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 (2021: 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 (2021: Australia, Japan, Netherlands and Jersey Channel Islands).

As at 30 September 2022, the fixed interest rates of the outstanding interest rate swaps and cross-currency swaps range between 0.29% to 3.00% (2021: 0.29% to 4.00%) while the floating interest rates are linked to the Singapore dollar SOR or SORA (2021: Singapore dollar SOR or SORA) as applicable to FH-REIT Group's borrowings.

19. STAPLED SECURITIES IN ISSUE

	FHT		FH-REIT Group		FH-BT Group	
	Number of Stapled Securities '000	2022 \$'000	Number of Stapled Securities '000	2022 \$'000	Number of Stapled Securities '000	2022 \$'000

At 1 October 2021 and 30 September 2022	1,926,074	1,539,879	1,926,074	1,530,288	1,926,074	9,591
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	FHT		FH-REIT Group		FH-BT Group	
	Number of Stapled Securities '000	2021 \$'000	Number of Stapled Securities '000	2021 \$'000	Number of Stapled Securities '000	2021 \$'000

At 1 October 2020	1,921,243	1,537,579	1,921,243	1,527,996	1,921,243	9,583
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REIT Manager's management fees paid in Stapled Securities	2,910	1,379	2,910	1,379	2,910	-
Trustee-Manager's management fees paid in Stapled Securities	16	8	16	-	16	8
Other management fees paid in Stapled Securities	1,144	548	1,144	548	1,144	-
Property management fees paid in Stapled Securities	761	365	761	365	761	-
At 30 September 2021	1,926,074	1,539,879	1,926,074	1,530,288	1,926,074	9,591

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

19. STAPLED SECURITIES IN ISSUE (CONT'D)

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.

20. PERPETUAL SECURITIES

For the financial year ended 30 September 2021

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 had no fixed redemption date and redemption was at the option of FH-REIT in accordance with the terms of issue of the securities. The distributions were payable semi-annually at the discretion of FH-REIT and were non-cumulative.

In the event of winding-up of FH-REIT, these perpetual securities ranked pari passu with the most junior class of preferred units (if any) and ranked ahead of the Stapled Securityholders of FHT, but junior to the claims of all other present and future creditors of FH-REIT.

FHT should 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 paid all scheduled distributions to the holders of the perpetual securities.

These perpetual securities were classified as equity instruments and movements were presented in equity in the Statement of Changes in Stapled Securityholders' Funds.

On 12 May 2021, FH-REIT fully redeemed the SGD 100.0 million fixed rate subordinated perpetual securities at a redemption price (inclusive of accrued distributions) of SGD 102.2 million. Consequently, a net amount of SGD 1.5 million was recognised in Stapled Securityholders' Funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

21. RESERVE

(a) Hedging reserve

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	(9,509)	(21,334)	(9,509)	(21,334)	-	-
Effective portion of changes in fair value of cash flow hedges	30,552	17,497	30,552	17,497	-	-
Net change in fair value of cash flow hedges reclassified to total return	(2,639)	(5,672)	(2,639)	(5,672)	-	-
At 30 September	18,404	(9,509)	18,404	(9,509)	-	-

Hedging reserve represents the effective portion of the cumulative fair value changes of derivative hedging financial instruments. The fair value changes are not subjected to tax.

(b) Foreign currency translation reserve

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	(131,862)	(127,562)	(132,205)	(127,889)	(532)	(548)
Net translation differences arising from translation of foreign operations	(113,908)	(9,790)	(113,484)	(9,806)	(100)	16
Net exchange differences on hedge of net investments in foreign operations	38,053	5,490	38,053	5,490	-	-
Exchange differences transferred to statement of total return upon divestment of investment property and related deemed disposal of foreign operations	10,626	-	10,626	-	-	-
At 30 September	(197,091)	(131,862)	(197,010)	(132,205)	(632)	(532)

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	
	2022	2021
	\$'000	\$'000
At 1 October	-	-
Net change in revaluation on property, plant and equipment	6,452	-
Related deferred tax	(968)	-
At 30 September	5,484	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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	
			2022 %	2021 %
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
FHT London 2 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

22. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of constitution	Principal activities/ place of business	Effective interest held by FHT	
			2022 %	2021 %
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% (2021: 50%) and 50.0% (2021: 50.0%) respectively.

⁽⁴⁾ Notable Vision Sdn. Bhd. ("NVSB") is a SPV under an asset-back securitisation programme. NVSB and FH-REIT group of entities are not entities within the same group under the Malaysia Company Act 2016 and Malaysia Income Tax Act 1967. However, for financial reporting purpose, this structured entity is consolidated in the financial statements in accordance with FRS 110 *Consolidated Financial Statements*.

⁽⁵⁾ Not required to be audited under laws of the country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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 FHT, FH-REIT Group, FH-BT Group and related parties took place during the financial year at terms agreed between parties:

	FHT		FH-REIT Group		FH-BT Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
With related companies of the Managers						
- Rental income received and receivable	67,155	57,605	67,155	57,605	-	-
- Reimbursement of expenses paid on behalf	(2,047)	(2,278)	(2,047)	(2,278)	-	-
- Servicer fee paid and payable	(52)	(49)	(52)	(49)	-	-
- Refund of rental deposit	(3,893)	-	(3,893)	-	-	-
With the REIT Manager						
- Base management fee paid and payable	(4,453)	(4,521)	(4,453)	(4,521)	-	-
- Performance management fee paid and payable	(887)	-	(887)	-	-	-
- Reimbursement of expenses paid on behalf	(23)	(1)	(22)	-*	-*	-*
- Servicer fee paid and payable	(114)	(117)	(114)	(117)	-	-
With the MIT Manager						
- Base management fee paid and payable	(1,991)	(2,251)	(1,991)	(2,251)	-	-
- Performance management fee paid and payable	(1,024)	(1,114)	(1,024)	(1,114)	-	-
- Divestment fee paid and payable	(1,533)	-	(1,533)	-	-	-
- Reimbursement of expenses paid on behalf	(656)	-	(656)	-	-	-
With the Trustee-Manager						
- Base management fee paid and payable	(33)	(36)	-	-	(33)	(36)
- Performance management fee paid and payable	(13)	(44)	-	-	(13)	(44)
With the Property Managers						
- Property management fees paid and payable	(4,448)	(2,208)	(4,448)	(2,208)	-	-
With the Trustee						
- FH-REIT Trustee fees paid and payable	(274)	(285)	(274)	(285)	-	-
- Other trustee fees paid and payable	(200)	(208)	(200)	(208)	-	-
Between FH-REIT Group and FH-BT Group						
- Master lease rental received and receivable/(paid and payable)	-	-	7,718	10,459	(7,718)	(10,459)
- Reimbursement of expenses (paid on behalf)/received	-	-	(276)	(116)	276	116

* Denotes amount less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

24. COMMITMENTS AND CONTINGENCIES

(a) Financial guarantee contract

At 30 September 2021, FH-REIT's indirect subsidiary, FHT Sydney Trust 3, had a term loan facility of AUD 120.0 million (equivalent to SGD 117.8 million). FH-REIT had provided a corporate guarantee to the lending bank in respect of the AUD 120.0 million term loan. This term loan facility was fully repaid in 2022.

(b) Capital commitments

Capital expenditure 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	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Commitments in respect of:

- Contracted capital expenditure for properties	2,241	4,449	1,858	4,247	383	202
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- (c) Pursuant to the retail master lease agreement between FH-REIT Group and Y.K. Toranomom Properties ("YKTP"), the master lessee of the retail component of ANA Crowne Plaza Kobe ("Kobe Retail Mall") and a related company of the Managers, YKTP committed up to JPY 4.25 billion towards various asset enhancement initiatives to uplift the Kobe Retail Mall. Upon termination of the retail master lease agreement, during the period when the net operating income of Kobe Retail Mall turns positive and in any case, no later than 31 December 2023, FH-REIT Group shall pay YKTP a termination sum, which is calculated based on the fair value of the retail master lease on termination date as determined by a qualified independent valuer, taking into consideration of other terms as stipulated in the retail master lease agreement, up to JPY 4.25 billion (SGD 42.4 million) (2021: JPY 4.25 billion (SGD 51.9 million)).

25. FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of FHT. FHT has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors FHT's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Managers are responsible for setting the objectives and underlying principles of financial risk management for FHT. This is supported by comprehensive internal processes and procedures which are formalised in the Managers' organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Audit, Risk and Compliance Committee of the Managers oversee how management monitors compliance with FHT's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by FHT. The Audit, Risk and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Compliance Committee of the Managers. The Audit, Risk and Compliance Committee then reports to the Board of Directors of the Managers on any inadequacies, deficiencies or matters of concern of which the Audit, Risk and Compliance Committee becomes aware or that it suspects, arising from its review of FHT's risk management policies and procedures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. 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 FHT's and the FH-REIT Group's total return and Stapled Securityholders' funds and the FH-BT Group's profit or loss. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) **Foreign currency risk**

The entities within FHT normally conduct their business in their respective functional currencies.

FHT's foreign currency risk mainly relates to its AUD, Sterling Pound ("GBP"), MYR, JPY and Euro ("EUR") denominated investments, distribution income and interest income from its foreign subsidiaries. The Managers monitor FHT's foreign currency exposures on an ongoing basis and limit its exposure to fluctuations in foreign currency exchange rates by using derivative financial instruments or other suitable financial products. It is the Managers' policy to hedge FHT's anticipated foreign currency exposure in respect of distribution income and interest income, net of anticipated payments required in the same currency from its foreign subsidiaries.

FHT's investments in its Australia, Japan and Malaysia subsidiaries are naturally hedged by taking offshore foreign currency denominated borrowings. In addition, FHT's investments in Australia, Japan, Netherlands and Jersey Channel Islands subsidiaries are hedged partially using AUD, JPY, EUR and GBP denominated cross-currency swaps (Note 18), which mitigate the currency risks relating to the subsidiaries' net assets. The cross-currency swaps are designated as net investment hedges and no ineffectiveness was recognised from these hedges.

To assess hedge effectiveness, FHT determine the economic relationship between the hedge instrument and the hedge item by comparing changes in the carrying amount of debts that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movement in the spot rate (the offset method). FHT's policy is to hedge the net investment only to the extent of debt principal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

FHT's exposures to foreign currencies are as follows:

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FHT						
2022						
Financial assets						
Cash and cash equivalents	59	47,808	4,196	9,829	-	-
Trade and other receivables	1	-	-	660	3,784	-
Derivative financial instruments	-	5,186	5,900	5,132	-	16,616
	60	52,994	10,096	15,621	3,784	16,616
Financial liabilities						
Trade and other payables	(278)	-	-	-	-	-
	(278)	-	-	-	-	-
Net currency exposure	(218)	52,994	10,096	15,621	3,784	16,616
2021						
Financial assets						
Cash and cash equivalents	65	886	2,701	3,863	-	-
Trade and other receivables	1	9,171	78	5,891	1,500	-
Derivative financial instruments	-	225	948	-	-	2,318
	66	10,282	3,727	9,754	1,500	2,318
Financial liabilities						
Trade and other payables	(25)	-	-	-	-	-
Derivative financial instruments	-	-	-	(2,244)	-	-
	(25)	-	-	(2,244)	-	-
Net currency exposure	41	10,282	3,727	7,510	1,500	2,318

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. 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						
2022						
Financial assets						
Cash and cash equivalents	59	46,888	4,196	9,829	-	-
Trade and other receivables	1	-	-	660	3,784	-
Derivative financial instruments	-	5,186	5,900	5,132	-	16,616
	60	52,074	10,096	15,621	3,784	16,616
Financial liabilities						
Trade and other payables	(278)	-	-	-	-	-
	(278)	-	-	-	-	-
Net currency exposure	(218)	52,074	10,096	15,621	3,784	16,616
2021						
Financial assets						
Cash and cash equivalents	65	9	2,701	3,863	-	-
Trade and other receivables	1	9,171	78	5,891	1,500	-
Derivative financial instruments	-	225	948	-	-	2,318
	66	9,405	3,727	9,754	1,500	2,318
Financial liabilities						
Trade and other payables	(25)	-	-	-	-	-
Derivative financial instruments	-	-	-	(2,244)	-	-
	(25)	-	-	(2,244)	-	-
Net currency exposure	41	9,405	3,727	7,510	1,500	2,318
FH-BT Group						
2022						
Financial assets						
Cash and cash equivalents	-	920	-	-	-	-
Net currency exposure	-	920	-	-	-	-
2021						
Financial assets						
Cash and cash equivalents	-	877	-	-	-	-
Net currency exposure	-	877	-	-	-	-

Sensitivity analysis

A 1% strengthening/weakening of the Singapore dollar against the following currencies during the financial year would (decrease)/increase the total return (before any tax effects) and Stapled Securityholders' funds of FHT and FH-REIT Group and profit or loss (before any tax effects) of FH-BT Group by the amounts as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. 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						
2022						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	(2)	478	42	105	38	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(891)	(437)	(905)	-	(1,031)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	2	(478)	(42)	(105)	(38)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	873	428	887	-	1,031
2021						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	-*	101	28	98	15	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(507)	(508)	(1,257)	-	(1,267)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	-*	(101)	(28)	(98)	(15)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	497	498	1,232	-	1,267

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. 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						
2022						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	(2)	469	42	105	38	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(891)	(437)	(905)	-	(1,031)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	2	(469)	(42)	(105)	(38)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	873	428	887	-	1,031

* Denotes amount less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. 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						
2021						
Increase in total return for the financial year						
- 1% weakening of the Singapore dollar	-*	92	28	98	15	-
Decrease in Stapled Securityholders' funds						
- 1% weakening of the Singapore dollar	-	(507)	(508)	(1,257)	-	(1,267)
Decrease in total return for the financial year						
- 1% strengthening of the Singapore dollar	-*	(92)	(28)	(98)	(15)	-
Increase in Stapled Securityholders' funds						
- 1% strengthening of the Singapore dollar	-	497	498	1,232	-	1,267
FH-BT Group						
2022						
Increase in profit or loss for the financial year						
- 1% weakening of the Singapore dollar	-	9	-	-	-	-
Decrease in profit or loss for the financial year						
- 1% strengthening of the Singapore dollar	-	(9)	-	-	-	-
2021						
Increase in profit or loss for the financial year						
- 1% weakening of the Singapore dollar	-	9	-	-	-	-
Decrease in profit or loss for the financial year						
- 1% strengthening of the Singapore dollar	-	(9)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of FHT's financial instruments will fluctuate because of changes in market interest rates.

FHT's exposure to changes in interest rates relate primarily to its interest-bearing borrowings. Interest rate risk is managed by the Managers on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Managers adopt a policy of fixing the interest rates for a portion of its outstanding borrowings via the use of derivative financial instruments or other suitable financial products.

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	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments						
Borrowings	(149,422)	(270,676)	(149,422)	(270,676)	-	-
Variable rate instruments						
Borrowings	(608,945)	(720,502)	(608,945)	(720,502)	-	-
Interest rate swaps	470,000	495,000	470,000	495,000	-	-
	(138,945)	(225,502)	(138,945)	(225,502)	-	-

Fair value sensitivity analysis for fixed rate instruments

FHT does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect total return.

Sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rate at the end of the financial year would increase/ (decrease) total return (before any tax effects) and Stapled Securityholders' funds by the amounts below. This analysis assumes that all other variables remain constant.

	Total return		Stapled Securityholders' funds	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$'000	\$'000	\$'000	\$'000
FHT and FH-REIT Group				
2022	(1,389)	1,389	8,750	(9,004)
2021	(2,255)	2,255	14,170	(14,686)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) **Market risk** (cont'd)

(ii) **Interest rate risk** (cont'd)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBOR") with alternative nearly risk-free rates (referred to as "IBOR reform"). FHT's main IBOR exposure at the reporting date is Singapore swap offer rate ("SOR"). The alternative reference rate is the Singapore Overnight Rate Average ("SORA").

FHT anticipates that IBOR reform will impact its risk management processes and hedge accounting. The main risks to which FHT is exposed as a result of IBOR reform are operational. For example, renegotiating borrowing contracts through bilateral negotiation with counterparties, implementing new fallback clauses with its derivative counterparties, updating contractual terms and revising operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

FHT monitors and manages the transition to alternative rates. FHT evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

FHT monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of non-derivative financial liability contracts and derivatives contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. FHT considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

Borrowings

FHT has floating-rate liabilities indexed to SOR (Note 17). There have been no modifications to FHT's borrowings as at 30 September 2022 and 30 September 2021 as a result of IBOR reform. FHT is in discussions with the counterparties of respective borrowings to amend the contractual terms in response to IBOR reform.

The following table shows the total amounts of the unreformed borrowings and amounts that include appropriate fallback language as at 30 September 2022 and 30 September 2021. The amounts shown in the table are the notional amounts.

	Total amount of unreformed contracts \$'000	SOR Amount with appropriate fallback clause \$'000
FHT and FH-REIT Group		
30 September 2022		
Bank loans (unsecured)	434,000	434,000
30 September 2021		
Bank loans (unsecured)	434,000	434,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) **Market risk** (cont'd)

(ii) **Interest rate risk** (cont'd)

Derivatives

Interest rate derivative financial instruments in respect of FHT's borrowings have been entered into to achieve an appropriate mix of fixed and floating rate exposures within FHT's policy. Generally, the maturities of these interest rate derivative financial instruments follow the maturities of the related borrowings.

FHT holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. As at the reporting date, the interest rate swaps (Note 18), have been assessed to be highly effective and no material ineffectiveness have been recognised in the Statement of Total Return.

The interest rate swaps have floating legs that are indexed to SOR or SORA. FHT's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association's ("ISDA") master agreements. There have been no modifications to FHT's derivative financial instruments as at 30 September 2022 and 30 September 2021 as a result of IBOR reform. FHT is in discussions with the counterparties of respective derivative financial instruments to amend the contractual terms in response to IBOR reform.

The following table shows the amounts of unreformed derivative instruments and amounts that include appropriate fallback language as at 30 September 2022 and 30 September 2021.

	Total amount of unreformed contracts \$'000	SOR Amount with appropriate fallback clause \$'000
FHT and FH-REIT Group		
30 September 2022		
Interest rate swaps	370,000	370,000
30 September 2021		
Interest rate swaps	395,000	395,000

Hedge accounting

FHT's hedged items and hedging instruments as at the reporting date are indexed to SORA and SOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with counterparties as usual.

However, FHT continues to have other hedged items and hedging instruments used in cash flow hedging relationships indexed to SOR. The SOR cash flow hedging relationships extend beyond the anticipated cessation dates of SOR. FHT is still in the process of communication with the counterparties for its SOR indexed exposures and the relevant hedging instruments and hedged items have not been amended to transition from SOR. FHT has evaluated that there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments and such uncertainty may impact the hedging relationships. FHT continues to apply the amendments to FRS 109/SFRS(I) 9 issued in December 2019 (Phase 1) to those hedging relationships directly affected by interest rate benchmark reform.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Hedge accounting (cont'd)

Hedging relationships impacted by interest rate benchmark reform may experience ineffectiveness attributable to market participants' expectations of when and how the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur for the relevant hedged items and hedging instruments. This transition may also occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. FHT has measured its hedging instruments indexed to SOR using available quoted market rates for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations with FHT, as and when they fall due.

Trade and other receivables

FHT's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The REIT Manager has established credit limits for lessees and monitor their balances on an ongoing basis. Credit evaluations are performed by the REIT Manager before lease agreements are entered into with the lessees. Credit risk is also mitigated by the rental deposits held for each lessee. The security deposits, equivalent to 8 months of the monthly fixed rent, were received in cash (except for The Westin Kuala Lumpur which was provided in the form of banker's guarantee and Maritim Dresden) under the Master Lease Agreements.

In addition, 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.

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 41.8% of FHT's trade and other receivables were due from two third parties. In 2021, approximately 78.6% of FHT's trade and other receivables were due from two third parties. Other than as disclosed herein, FHT has no significant concentration of credit risk at the reporting date.

Expected credit loss assessment for individual lessees and customers

FHT uses an allowance matrix to measure the ECLs of trade receivables.

For the allowance matrix, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated based on actual credit loss experiences, adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and FHT's view of economic conditions over the expected lives of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Expected credit loss assessment for individual lessees and customers (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	Not past due \$'000	Past due 1 - 30 days \$'000	Past due 31 - 60 days \$'000	Past due 61 - 90 days \$'000	Past due over 90 days \$'000	Total \$'000
2022						
FHT						
Gross carrying amount	4,510	39	2	–*	1,960	6,511
Allowance for impairment loss	–	–	–	–	(1,403)	(1,403)
Credit impaired	No	No	No	No	Yes	
FH-REIT Group						
Gross carrying amount	4,399	–	–	–	1,960	6,359
Allowance for impairment loss	–	–	–	–	(1,403)	(1,403)
Credit impaired	No	N/A	N/A	N/A	Yes	
FH-BT Group						
Gross carrying amount	379	39	2	–*	–*	420
Allowance for impairment loss	–	–	–	–	–	–
Credit impaired	No	No	No	No	No	

N/A - not applicable

* Denotes amount less than \$1,000

	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
2021						
FHT						
Gross carrying amount	2,804	4	–	79	5,695	8,582
Allowance for impairment loss	–	–	–	(79)	(5,695)	(5,774)
Credit impaired	No	No	N/A	Yes	Yes	
FH-REIT Group						
Gross carrying amount	2,725	–	–	79	5,695	8,499
Allowance for impairment loss	–	–	–	(79)	(5,695)	(5,774)
Credit impaired	No	N/A	N/A	Yes	Yes	
FH-BT Group						
Gross carrying amount	2,171	4	–	–	–	2,175
Allowance for impairment loss	–	–	–	–	–	–
Credit impaired	No	No	N/A	N/A	N/A	

N/A - not applicable

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 October	(5,774)	(1,740)	(5,774)	(1,740)	-	-
Impairment loss reversed/ (recognised)	1,297	(4,137)	1,297	(4,137)	-	-
Allowance utilised	2,667	-	2,667	-	-	-
Translation differences	407	103	407	103	-	-
At 30 September	(1,403)	(5,774)	(1,403)	(5,774)	-	-

FHT establishes allowances for impairment that represents its estimate of the expected credit loss and specific loss component in respect of trade receivables, after taking into account any collateral held. The Managers believe that no additional exposure beyond what was provided for is inherent in the trade receivables.

Impairment losses are recognised in Statement of Total Return.

Derivatives

Derivatives are only entered into with banks and financial institution counterparties with sound credit ratings. Details of the derivatives are set out in Note 18.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. FHT considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

Liquidity risk is the risk that FHT will encounter difficulty in meeting its financial obligations due to shortage of funds. The Managers monitor and maintain a level of cash and cash equivalents deemed adequate to finance FHT's operations for a reasonable period, including the servicing of financing obligations, and to mitigate the effects of fluctuations in cash flows. In addition, the REIT Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings. As at end of the financial year, FHT maintains several lines of credit (Note 17).

FHT has contractual commitments to incur capital expenditure at the reporting date (Note 24(b)).

The table below summarises the maturity profile of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		Within one year \$'000	Between one and five years \$'000	More than five years \$'000	
FHT					
2022					
Non-derivative financial liabilities					
Trade and other payables*	(13,425)	(13,221)	(33)	(171)	(13,425)
Borrowings	(756,732)	(174,000)	(584,367)	-	(758,367)
Interest payable on borrowings	(3,334)	(15,528)	(17,385)	-	(32,913)
Lease liabilities	(3,006)	-	-	(19,669)	(19,669)
Rental deposits	(20,451)	-	(6,445)	(18,954)	(25,399)
	<u>(796,948)</u>	<u>(202,749)</u>	<u>(608,230)</u>	<u>(38,794)</u>	<u>(849,773)</u>
	(796,948)	(202,749)	(608,230)	(38,794)	(849,773)
2021					
Non-derivative financial liabilities					
Trade and other payables*	(11,149)	(10,847)	(30)	(272)	(11,149)
Borrowings	(988,507)	(202,734)	(788,444)	-	(991,178)
Interest payable on borrowings	(4,751)	(15,587)	(28,186)	-	(43,773)
Lease liabilities	(3,085)	-	-	(21,009)	(21,009)
Rental deposits	(23,698)	-	(7,209)	(24,295)	(31,504)
	<u>(1,031,190)</u>	<u>(229,168)</u>	<u>(823,869)</u>	<u>(45,576)</u>	<u>(1,098,613)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)	(9,585)	(4,385)	(5,249)	-	(9,634)
Cross-currency swaps (gross-settled)	(2,244)	-	-	-	-
- Outflow	-	(126,225)	(224,127)	-	(350,352)
- Inflow	-	126,010	230,086	-	356,096
	<u>(11,829)</u>	<u>(4,600)</u>	<u>710</u>	<u>-</u>	<u>(3,890)</u>
	(1,043,019)	(233,768)	(823,159)	(45,576)	(1,102,503)

* 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 2022

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		Within one year \$'000	Between one and five years \$'000	More than five years \$'000	
FH-REIT Group					
2022					
Non-derivative financial liabilities					
Trade and other payables*	(10,957)	(10,957)	-	-	(10,957)
Borrowings	(756,732)	(174,000)	(584,367)	-	(758,367)
Interest payable on borrowings	(3,334)	(15,528)	(17,385)	-	(32,913)
Lease liabilities	(3,006)	-	-	(19,669)	(19,669)
Rental deposits	(22,431)	-	(6,445)	(22,556)	(29,001)
	<u>(796,460)</u>	<u>(200,485)</u>	<u>(608,197)</u>	<u>(42,225)</u>	<u>(850,907)</u>
	(796,460)	(200,485)	(608,197)	(42,225)	(850,907)
2021					
Non-derivative financial liabilities					
Trade and other payables*	(8,603)	(8,603)	-	-	(8,603)
Borrowings	(988,507)	(202,734)	(788,444)	-	(991,178)
Interest payable on borrowings	(4,751)	(15,587)	(28,186)	-	(43,773)
Lease liabilities	(3,085)	-	-	(21,009)	(21,009)
Rental deposits	(25,725)	-	(7,209)	(28,142)	(35,351)
	<u>(1,030,671)</u>	<u>(226,924)</u>	<u>(823,839)</u>	<u>(49,151)</u>	<u>(1,099,914)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)	(9,585)	(4,385)	(5,249)	-	(9,634)
Cross-currency swaps (gross-settled)	(2,244)	-	-	-	-
- Outflow	-	(126,225)	(224,127)	-	(350,352)
- Inflow	-	126,010	230,086	-	356,096
	<u>(11,829)</u>	<u>(4,600)</u>	<u>710</u>	<u>-</u>	<u>(3,890)</u>
	(1,042,500)	(231,524)	(823,129)	(49,151)	(1,103,804)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Liquidity risk (cont'd)*

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		Within one year \$'000	Between one and five years \$'000	More than five years \$'000	
FH-BT Group					
2022					
Non-derivative financial liabilities					
Trade and other payables*	(5,880)	(5,676)	(33)	(171)	(5,880)
Lease liabilities	(59,788)	(5,403)	(21,610)	(48,623)	(75,636)
	(65,668)	(11,079)	(21,643)	(48,794)	(81,516)
2021					
Non-derivative financial liabilities					
Trade and other payables*	(6,922)	(6,620)	(30)	(272)	(6,922)
Lease liabilities	(67,342)	(5,771)	(23,083)	(57,706)	(86,560)
	(74,264)	(12,391)	(23,113)	(57,978)	(93,482)

* 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 FHT's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

26. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

FHT classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices); and

Level 3 - Inputs from the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between levels during the financial years ended 30 September 2022 and 30 September 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels of hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value when the carrying amount is a reasonable approximation of fair value. The fair value disclosure of lease liabilities is not required.

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
FHT						
2022						
Financial assets measured at fair value:						
Derivative financial instruments	18					
- interest rate swaps		18,404	-	-	18,404	-
- cross-currency swaps		32,834	-	-	32,834	-
		<u>51,238</u>	-	-		
Financial assets not measured at fair value:						
Trade and other receivables*		-	-	8,708		
Cash and cash equivalents	13	-	-	123,883		
		-	-	<u>132,591</u>		
Financial liabilities not measured at fair value:						
Trade and other payables**		-	-	(16,759)		
Borrowings		-	-	(756,732)	(755,396)	-
Lease liabilities		-	-	(3,006)		
Rental deposits		-	-	(20,451)		(18,389)
		-	-	<u>(796,948)</u>		

* excluding net VAT/GST receivables

** excluding net VAT/GST payable and advanced deposits

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) **Classifications and fair values** (cont'd)

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
FHT						
2021						
Financial assets measured at fair value:						
Derivative financial instruments	18					
- interest rate swaps		77	-	-	77	-
- cross-currency swaps		3,491	-	-	3,491	-
		<u>3,568</u>	-	-		
Financial assets not measured at fair value:						
Trade and other receivables*		-	-	11,883		
Cash and cash equivalents	13	-	-	78,187		
		-	-	<u>90,070</u>		
Financial liabilities measured at fair value:						
Derivative financial instruments	18					
- interest rate swaps		(9,585)	-	-	(9,585)	-
- cross-currency swaps		(2,244)	-	-	(2,244)	-
		<u>(11,829)</u>	-	-		
Financial liabilities not measured at fair value:						
Trade and other payables**		-	-	(15,900)		
Borrowings		-	-	(988,507)	(991,953)	-
Lease liabilities		-	-	(3,085)		
Rental deposits		-	-	(23,698)		(25,774)
		-	-	<u>(1,031,190)</u>		

* excluding net VAT/GST receivables

** excluding net VAT/GST payable and advanced deposits

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) **Classifications and fair values** (cont'd)

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
FH-REIT GROUP						
2022						
Financial assets measured at fair value:						
Derivative financial instruments	18					
- interest rate swaps		18,404	-	-	18,404	-
- cross-currency swaps		32,834	-	-	32,834	-
		<u>51,238</u>	-	-		
Financial assets not measured at fair value:						
Trade and other receivables*		-	-	10,895		
Cash and cash equivalents	13	-	-	<u>118,775</u>		
		-	-	<u>129,670</u>		
Financial liabilities not measured at fair value:						
Trade and other payables**		-	-	(14,291)		
Borrowings		-	-	(756,732)	(755,396)	-
Lease liabilities		-	-	(3,006)		
Rental deposits		-	-	<u>(22,431)</u>	-	(20,025)
		-	-	<u>(796,460)</u>		

* excluding net VAT/GST receivables

** excluding net VAT/GST payable and advanced deposits

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) **Classifications and fair values** (cont'd)

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
FH-REIT GROUP						
2021						
Financial assets measured at fair value:						
Derivative financial instruments	18					
- interest rate swaps		77	-	-	77	-
- cross-currency swaps		3,491	-	-	3,491	-
		<u>3,568</u>	-	-		
Financial assets not measured at fair value:						
Trade and other receivables*		-	-	13,386		
Cash and cash equivalents	13	-	-	73,715		
		-	-	<u>87,101</u>		
Financial liabilities measured at fair value:						
Derivative financial instruments	18					
- interest rate swaps		(9,585)	-	-	(9,585)	-
- cross-currency swaps		(2,244)	-	-	(2,244)	-
		<u>(11,829)</u>	-	-		
Financial liabilities not measured at fair value:						
Trade and other payables**		-	-	(13,354)		
Borrowings		-	-	(988,507)	(991,953)	-
Lease liabilities		-	-	(3,085)		
Rental deposits		-	-	(25,725)		(28,878)
		-	-	<u>(1,030,671)</u>		

* excluding net VAT/GST receivables

** excluding net VAT/GST payable and advanced deposits

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) **Classifications and fair values** (cont'd)

	Note	Carrying amount			Fair value	
		Derivatives used for hedging \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Level 2 \$'000	Level 3 \$'000
FH-BT GROUP						
2022						
Financial assets not measured at fair value:						
Trade and other receivables*		-	-	420		
Cash and cash equivalents	13	-	-	5,108		
Rental deposits		-	-	1,980	-	1,636
		-	-	7,508		
Financial liabilities not measured at fair value:						
Trade and other payables**		-	-	(5,880)		
Lease liabilities		-	-	(59,788)		
		-	-	(65,668)		
2021						
Financial assets not measured at fair value:						
Trade and other receivables*		-	-	2,175		
Cash and cash equivalents	13	-	-	4,472		
Rental deposits		-	-	2,027	-	3,104
		-	-	8,674		
Financial liabilities not measured at fair value:						
Trade and other payables**		-	-	(6,922)		
Lease liabilities		-	-	(67,342)		
		-	-	(74,264)		

* excluding net VAT/GST receivables

** excluding net VAT/GST payable and advanced deposits

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) *Determination of fair value*

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

(i) *Derivative financial instruments*

The fair value measurement for derivative financial instruments has been categorised as a Level 2 fair value.

Interest rate swaps and cross currency swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include swap models, using present valuation calculations. The models incorporate various inputs including the foreign exchange spot and forward rates and interest rate curves.

(ii) *Other financial assets and liabilities not measured at fair value*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, 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 2022

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) **Determination of fair value** (cont'd)

(iii) **Properties**

The fair values measurement for properties – investment properties (Note 10) and property, plant and equipment (Note 11) have been categorised as a Level 3 fair value.

Information about valuation techniques and significant unobservable inputs

The following table presents the valuation techniques and key inputs that were used to determine the fair value of the properties categorised under Level 3 of the fair value hierarchy.

Countries	Valuation techniques	Significant unobservable inputs	2022 Range	2021 Range
Asia	Discounted cash flow method	Discount rate	4.30% – 8.00%	4.30% – 8.00%
		Terminal capitalisation rate	3.75% – 6.25%	3.75% – 6.25%
	Capitalisation method	Capitalisation rate	3.50% – 4.60%	3.50% – 4.60%
	Direct comparison method	Transacted price of comparable properties	\$17,059 psm – \$23,774 psm \$932,754 per room – \$1,791,045 per room	\$18,840 psm – \$28,160 psm \$932,754 per room – \$1,388,889 per room
Australia	Discounted cash flow method	Discount rate	7.00% – 7.25%	6.00% – 7.00%
		Terminal capitalisation rate	5.25% – 5.50%	4.75% – 5.50%
	Capitalisation method	Capitalisation rate	5.00% – 5.25%	4.50% – 5.25%
Europe	Discounted cash flow method	Discount rate	7.75% – 10.75%	7.25% – 10.25%
		Terminal capitalisation rate	5.25% – 8.25%	5.25% – 8.25%
	Core and top-slice method	Market rent yield	4.75%	4.75%
Froth rent yield		7.75%	7.75%	

Interrelationship between key unobservable inputs and fair value measurement

The estimated fair values vary inversely against the discount rate, terminal capitalisation rate, capitalisation rate, and market and froth rent yield rates. The estimated fair values would increase with higher transacted price of comparable properties.

Level 3 assets measured at fair value

Level 3 assets, which comprise investment properties and property, plant and equipment. Reconciliations from the beginning balances to the ending balances for fair value measurements of Level 3 assets have been disclosed in Note 10 and Note 11.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) **Determination of fair value** (cont'd)

(iii) **Properties** (cont'd)

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 FHT) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, the independent professional valuers are required to recalibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by FHT with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

In accordance with FHT's reporting policies, the valuation process and the results of the independent valuations are reviewed at least once a year by the Audit, Risk and Compliance Committee before the results are presented to the Board of Directors for approval.

27. CAPITAL MANAGEMENT

The primary objective of FHT's capital management is to ensure that it maintains an optimal capital structure to support the business and maximise Stapled Securityholders' value.

FHT is in compliance with all externally imposed capital requirements for the financial years ended 30 September 2022 and 30 September 2021. There are no substantial changes in FHT's approach to capital management during the year.

As at 30 September 2022, the FH-REIT Group's aggregate leverage ratio¹ was 36.4% (2021: 42.2%) with an interest coverage ratio² of 2.6 times (2021: 2.3 times) and adjusted interest coverage ratio² of 2.6 times (2021: 1.9 times), which were within the guidelines prescribed under the Property Fund Guidelines of the CIS Code issued by MAS.

¹ The impact of FRS 116 Leases (adopted with effect from 1 October 2020) has been excluded for the purpose of computing the aggregate leverage ratio.

² For purpose of computing interest coverage ratio and adjusted 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 2022

28. OPERATING SEGMENTS

Segment information is presented in respect of FHT's operating segments from two dimensions: (a) geographical; and (b) line of business.

The operations of each of FHT's geographical segments are separately managed because of the different economic environments in which they operate in. This forms the basis of identifying the geographical segments of FHT. There are six (2021: six) reportable geographical segments, as described below:

- Singapore - Two investment properties are leased and one operated as a hotel, the other as a serviced residence
- Australia - Two (2021: three) Sydney investment properties are leased, one (2021: two) operated as hotel(s), and one as a serviced residence
Novotel Melbourne on Collins is operated under a management contract
- Malaysia - One investment property is leased and operated as a hotel
- Japan - One investment property is leased and operated as a hotel
- United Kingdom - Six investment properties are leased, four operated as serviced residences and the other two as hotels
- Germany - One investment property is leased and operated as a hotel

The operations of FHT under master leases and hotel under management contract have different risks and returns. This forms the basis of identifying the business segments of FHT. There are two (2021: two) reportable business segments, as described below:

- Master leases - The properties are leased to tenants/master lessees in the hospitality industry to operate as hotels or serviced residences for which FHT earns master lease rental income
- Hotel under management contract - The property is managed by a hotel operator who is paid a management fee to run the hotel operations for FHT

For the purpose of monitoring segment performance, CODMs monitor the non-financial assets as well as financial assets attributable to each segment.

Information regarding FHT's reportable segments is presented in the following tables.

Major Customers

Revenue from related companies of the Managers accounted for approximately SGD 67.2 million (2021: SGD 57.6 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. 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 2021 to 30 September 2022							
Revenue from external parties (outside FHT)	21,375	38,876	4,702	6,647	18,330	5,926	95,856
Property operating expenses	(2,544)	(17,419)	(526)	(2,608)	(4,352)	1,176	(26,273)
Segment net property income	18,831	21,457	4,176	4,039	13,978	7,102	69,583
Depreciation	-	(4,224)	-	-	-	-	(4,224)
Net change in fair value of investment properties	4,841	1,676	3,221	(119)	15,093	(513)	24,199
Revaluation of property, plant and equipment	-	1,347	-	-	-	-	1,347
Gain on divestment of investment property and related deemed disposal of business of foreign operations	-	17,585	-	-	-	-	17,585
Total reportable segment return							108,490
Unallocated items:							
- Finance income							450
- Trust expenses							(14,454)
- Amortisation of debt upfront costs							(1,156)
- Finance costs							(21,597)
- Foreign exchange loss, net							(4,042)
- Net change in fair value of derivative financial instruments							-
- Realised gain on derivative financial instruments, net							1,090
Total return for the year, before tax							68,781
Taxation							(10,464)
Total return for the year							58,317
Reportable segmental non-current assets	835,422	441,859	117,686	161,627	292,515	83,037	1,932,146
Reportable segmental current assets	72,095	31,298	7,041	14,264	19,915	8,886	153,499
Total assets for reportable segments	907,517	473,157	124,727	175,891	312,430	91,923	2,085,645
Capital expenditure	159	4,133	580	123	1,324	66	6,385

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. 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 2020 to 30 September 2021							
Revenue from external parties (outside FHT)	16,329	39,275	4,806	7,522	11,198	6,402	85,532
Property operating expenses	(3,967)	(14,685)	(565)	(2,966)	(1,519)	(4,204)	(27,906)
Segment net property income	12,362	24,590	4,241	4,556	9,679	2,198	57,626
Depreciation	-	(3,929)	-	-	-	-	(3,929)
Net change in fair value of investment properties	(1,087)	5,770	(5,586)	2,096	(1,926)	(3,841)	(4,574)
Revaluation of property, plant and equipment	-	8,444	-	-	-	-	8,444
Total reportable segment return							57,567
Unallocated items:							
- Finance income							210
- Trust expenses							(11,561)
- Amortisation of debt upfront costs							(952)
- Finance costs							(20,415)
- Foreign exchange loss, net							(26)
- Net change in fair value of derivative financial instruments							(77)
- Realised loss on derivative financial instruments, net							(16)
Total return for the year, before tax							24,730
Taxation							(8,422)
Total return for the year							16,308
Reportable segmental non-current assets	801,568	728,488	118,827	198,094	316,504	93,237	2,256,718
Reportable segmental current assets	11,945	35,096	5,350	18,902	15,582	5,590	92,465
Total assets for reportable segments	813,513	763,584	124,177	216,996	332,086	98,827	2,349,183
Capital expenditure	1,087	1,375	66	1,601	827	-	4,956

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. OPERATING SEGMENTS (CONT'D)

(b) Reconciliation of reportable total return

	FHT	
	2022	2021
	\$'000	\$'000
Total return		
Total reportable segment return	108,490	57,567
Unallocated items	(50,173)	(41,259)
Consolidated total return	<u>58,317</u>	<u>16,308</u>

(c) By business segments

	Master leases	Hotel under management contract	Consolidation adjustments	Total
	\$'000	\$'000	\$'000	\$'000
FHT				
1 October 2021 to 30 September 2022				
Revenue	83,037	20,537	(7,718)	95,856
Property operating expenses	(14,094)	(14,632)	2,453	(26,273)
Segment net property income	68,943	5,905	(5,265)	69,583
Depreciation	-	(4,386)	162	(4,224)
Net change in fair value of investment properties	28,340	-	(4,141)	24,199
Revaluation of property, plant and equipment	-	-	1,347	1,347
Finance income	441	96	(87)	450
Trust expenses	(14,325)	(129)	-	(14,454)
Amortisation of debt upfront costs	(1,156)	-	-	(1,156)
Finance costs	(21,684)	(2,272)	2,359	(21,597)
Foreign exchange loss, net	(3,980)	(62)	-	(4,042)
Net change in fair value of derivative financial instruments	-	-	-	-
Realised gain on derivative financial instruments, net	1,090	-	-	1,090
Gain on divestment of investment property and related deemed disposal of business of foreign operations	17,585	-	-	17,585
Total return for the year, before tax				68,781
Taxation				(10,464)
Total return for the year				58,317
Inter-segment revenue	7,718	-	(7,718)	-
Revenue from external parties	75,319	20,537	-	95,856
Total segment revenue	83,037	20,537	(7,718)	95,856
Reportable segmental non-current assets	1,930,500	60,835	(59,189)	1,932,146
Reportable segmental current assets	150,364	5,742	(2,607)	153,499
Total assets for reportable segments	2,080,864	66,577	(61,796)	2,085,645
Capital expenditure	6,067	318	-	6,385

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. 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 2020 to 30 September 2021				
Revenue	75,586	20,405	(10,459)	85,532
Property operating expenses	(18,842)	(13,621)	4,557	(27,906)
Segment net property income	56,744	6,784	(5,902)	57,626
Depreciation	-	(4,570)	641	(3,929)
Net change in fair value of investment properties	326	-	(4,900)	(4,574)
Revaluation of property, plant and equipment	-	-	8,444	8,444
Finance income	210	86	(86)	210
Trust expenses	(11,408)	(153)	-	(11,561)
Amortisation of debt upfront costs	(952)	-	-	(952)
Finance costs	(20,502)	(2,465)	2,552	(20,415)
Foreign exchange (loss)/gain, net	(24)	(2)	-	(26)
Net change in fair value of derivative financial instruments	(77)	-	-	(77)
Realised loss on derivative financial instruments, net	(16)	-	-	(16)
Total return for the year, before tax				24,730
Taxation				(8,422)
Total return for the year				16,308
Inter-segment revenue	10,459	-	(10,459)	-
Revenue from external parties	65,127	20,405	-	85,532
Total segment revenue	75,586	20,405	(10,459)	85,532
Reportable segmental non-current assets	2,254,605	69,392	(67,279)	2,256,718
Reportable segmental current assets	89,294	6,849	(3,678)	92,465
Total assets for reportable segments	2,343,899	76,241	(70,957)	2,349,183
Capital expenditure	4,449	507	-	4,956

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

29. LEASES

(a) Leases as lessee (FRS 116/SFRS(I) 16)

FH-REIT Group has a ground lease with initial lease term of 84 years. The lease rent is subject to periodical increases throughout the lease term under the ground lease agreement. At the end of the financial year, FH-REIT Group has lease rents to be paid in the future, commencing from September 2048 for 50 years.

FH-BT Group has a master lease agreement with FH-REIT Group for the lease of building – Novotel Melbourne on Collins, with an initial lease term of 20 years and an option to renew the lease for an additional lease term of 20 years.

Information about leases for which FHT, the FH-REIT Group and the FH-BT Group are lessees is presented below.

Right-of-use assets

ROU assets related to leased properties that do not meet the definition of investment property is presented as property, plant and equipment.

	Building \$'000
FH-BT Group	
At 1 October 2020	66,189
Depreciation charge for the year	(4,246)
Translation differences	332
At 30 September 2021	<u>62,275</u>
At 1 October 2021	62,275
Depreciation charge for the year	(4,117)
Translation differences	(3,742)
At 30 September 2022	<u>54,416</u>

Amounts recognised in the Statement of Total Return/Profit or Loss

	FHT \$'000	FH-REIT Group \$'000	FH-BT Group \$'000
2022			
Interest on lease liabilities	125	125	2,272
Expenses relating to leases with variable rent	-	-	<u>1,996</u>
2021			
Interest on lease liabilities	124	124	2,465
Expenses relating to leases with variable rent	-	-	<u>4,557</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 5.7 million (2021: SGD 5.9 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

29. 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 SGD 108.1 million (2021: SGD 115.4 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's perspective.

Operating lease

FH-REIT Group leases out its investment properties to related companies and FH-BT Group, with the exception of Maritim Hotel Dresden which is leased to a third party lessee. The leases are for an initial lease term between 10 to 20 years with an option by each of the lessee to renew the lease for an additional lease term between 5 to 20 years.

The FH-REIT Group have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The portfolio statement sets out information about the operating leases of investment properties.

Rental revenue from investment properties recognised by the FH-REIT Group is disclosed in Note 10.

The following table sets out a maturity analysis of minimum lease payments, showing the undiscounted lease payments to be received after the reporting date.

	FHT Group \$'000	FH-REIT Group \$'000
2022		
Less than 1 year	47,678	53,080
1 to 2 years	45,735	51,137
2 to 3 years	38,644	44,047
3 to 4 years	38,644	44,047
4 to 5 years	38,644	44,047
More than 5 years	273,307	322,177
Total	<u>482,652</u>	<u>558,535</u>
2021		
Less than 1 year	57,546	63,316
1 to 2 years	57,546	63,316
2 to 3 years	55,220	60,991
3 to 4 years	46,733	52,503
4 to 5 years	46,733	52,503
More than 5 years	381,366	439,336
Total	<u>645,144</u>	<u>731,965</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

30. GOVERNMENT GRANTS

For the financial year ended 30 September 2021

Singapore

FH-REIT received government grants on its qualifying properties amounting to a total of approximately SGD 1.2 million (i.e. grant income) out of which approximately SGD 0.7 million of the amount received was passed on to the master lessees (i.e. grant expense). The grant income and grant expense were presented net and recognised as "Other income" in the Statement of Total Return of FHT 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. A subsidiary of FH-BT received AUD 1.0 million (approximately SGD 1.0 million) of JKP (i.e. grant income), out of which AUD 0.3 million (approximately SGD 0.3 million) of the JKP received was also passed on to eligible employees (i.e. grant expense). Accordingly, the grant income and grant expense were presented net and recognised as "Staff costs" in Statement of Total Return of FHT and in the Statement of Profit or Loss of the FH-BT Group.

31. FINANCIAL RATIOS

	FHT		FH-REIT Group	
	2022	2021	2022	2021
	%	%	%	%
Expense to weighted average net assets ⁽¹⁾				
- With performance fee of the Managers	1.15	0.88	1.14	0.87
- Without performance fee of the Managers	1.00	0.79	0.99	0.78
Total operating expenses to net asset value ⁽²⁾	3.61	3.55	2.29	2.43
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 FHT 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 44,951,000 and SGD 28,419,000 (2021: SGD 44,362,000 and SGD 30,250,000) of FHT and the FH-REIT Group respectively, as a percentage of its respective net asset value as at the end of September (including all fees and charges paid/payable to the Managers and the interested parties).

⁽³⁾ The portfolio turnover ratios are computed based on the lesser of purchases or sales of underlying properties of FHT and the FH-REIT Group expressed as a percentage of daily average net asset value.

32. NET ASSET VALUE PER STAPLED SECURITY

	FHT		FH-REIT Group		FH-BT Group	
	2022	2021	2022	2021	2022	2021
Net asset value per Stapled Security is computed based on:						
Net assets (\$'000)	1,245,934	1,248,494	1,241,172	1,242,620	(72)	1,427
Total issued Stapled Securities at 30 September ('000) (Note 19)	1,926,074	1,926,074	1,926,074	1,926,074	1,926,074	1,926,074

33. SUBSEQUENT EVENT

On 4 November 2022, the REIT Manager and Trustee-Manager declared a distribution of 0.9316 cents per Stapled Security to Stapled Securityholders in respect of the period from 1 April 2022 to 30 September 2022.

FINANCIAL STATEMENTS OF TRUSTEE-MANAGER

FRASERS HOSPITALITY TRUST MANAGEMENT PTE. LTD.

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DIRECTORS' STATEMENT

For the year ended 30 September 2022

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 2022.

In our opinion:

- (i) the financial statements set out on pages 284 to 299 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2022 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of the statement, authorised these financial statements for issue.

DIRECTORS

The directors of the Company in office at the date of this statement are:-

Mr Law Song Keng
 Mr Chua Phuay Hee
 Mr Liew Choon Wei
 Dr David Wong See Hong
 Mr Panote Sirivadhanabhakdi

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, save as disclosed in this statement.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or debentures of, the Company or its related corporations are as follows:

Name of Director and corporation in which interests are held	Direct Interest		Deemed Interest	
	As at 1 October 2021	As at 30 September 2022	As at 1 October 2021	As at 30 September 2022
Panote Sirivadhanabhakdi				
- Frasers Property Limited				
• Ordinary Shares	Nil	Nil	70,000,000 ⁽¹⁾	70,000,000 ⁽¹⁾

⁽¹⁾ TCC Group Investments Limited ("TCCGI") (which is equally held by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi) held 70,000,000 shares in the Frasers Property Limited ("FPL") through a nominee account. Accordingly, TCCGI's interest in FPL is a deemed interest. Panote Sirivadhanabhakdi, through his 20.0% shareholding in TCCGI, is deemed to be interested in all the shares in FPL in which TCCGI has an interest.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the date of appointment, if later, or at the end of the financial year.

DIRECTORS' STATEMENT

For the year ended 30 September 2022

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

Law Song Keng
Director

Panote Sirivadhanabhakdi
Director

Singapore
18 November 2022

INDEPENDENT AUDITORS' REPORT

Members of the Company
Fraser's Hospitality Trust Management Pte. Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Fraser's Hospitality Trust Management Pte. Ltd. ("the Company"), which comprise the statement of financial position as at 30 September 2022, 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 284 to 299.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Company as at 30 September 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Fraser's Hospitality Trust Management Pte. Ltd.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
18 November 2022

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2022

	Note	2022 \$'000	2021 \$'000
REVENUE	4	46	80
COSTS AND EXPENSES	5		
Administrative costs		(6)	(5)
Other operating costs		(2)	(2)
		<u>(8)</u>	<u>(7)</u>
PROFIT BEFORE TAXATION		38	73
Taxation	6	<u>(3)</u>	<u>(6)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER TAXATION		<u>35</u>	<u>67</u>

STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Note	2022 \$'000	2021 \$'000
NON-CURRENT ASSETS			
Investment in a subsidiary	7	3	3
Intangible asset	8	8	10
		<u>11</u>	<u>13</u>
CURRENT ASSETS			
Other receivables	9	15	47
Cash at bank		290	224
		<u>305</u>	<u>271</u>
TOTAL ASSETS		<u>316</u>	<u>284</u>
CURRENT LIABILITIES			
Other payables	10	7	7
Income tax payable		3	6
		<u>10</u>	<u>13</u>
NET CURRENT ASSETS		295	258
NET ASSETS		<u>306</u>	<u>271</u>
Financed by: -			
Share capital	11	10	10
Retained earnings		296	261
TOTAL EQUITY		<u>306</u>	<u>271</u>

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2022

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
2021			
At 1 October 2020	10	194	204
Profit for the year	-	67	67
Total comprehensive income for the year	-	67	67
At 30 September 2021	10	261	271
2022			
At 1 October 2021	10	261	271
Profit for the year	-	35	35
Total comprehensive income for the year	-	35	35
At 30 September 2022	10	296	306

STATEMENT OF CASH FLOWS

For the year ended 30 September 2022

	2022 \$'000	2021 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	38	73
Adjustment for:		
Amortisation of intangible asset	2	2
Operating cash flow before working capital changes	40	75
Changes in working capital:		
Other receivables	32	(12)
Other payables	-*	1
Cash generated from operations	72	64
Income tax paid	(6)	(4)
Net cash generated from operating activities	66	60
Net increase in cash at bank	66	60
Cash at bank at beginning of the year	224	164
Cash at bank at end of the year	290	224

* Denotes amount less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

The following notes form an integral part of the financial statements.

The financial statements for the financial year ended 30 September 2022 were authorised for issue in accordance with a resolution of the directors on 18 November 2022.

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 ("S\$"), the functional currency of the Company. All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Management is of the opinion that there are no critical judgements made in applying accounting policies and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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 2021. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

3.4 Non-derivative financial assets

Initial recognition and measurement

Financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

3.4 Non-derivative financial assets (cont'd)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

3.5 Non-derivative financial liabilities

Initial recognition and measurement

The Company classifies non-derivative financial liabilities as other financial liabilities.

All other financial liabilities are recognised initially on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument.

All other financial liabilities are initially measured at fair value plus directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged 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 of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. 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 2022

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

3.6 Impairment (cont'd)

(b) *Non-derivative financial assets (cont'd)*

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.7 Share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.8 Revenue

Management fee

Management fee income is derived from the management of a business trust and it is recognised when the service is rendered.

Acquisition fee

Acquisition fee income relates to fees earned in relation to the acquisition or investment by the business trust managed by the Company. The fee is recognised when the service has been rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

3.9 Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to 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.

3.10 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning on and after 1 October 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The Company is in the process of assessing the impact of the new SFRS(I) and amendments to new SFRS(I)s on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

4. REVENUE

	2022 \$'000	2021 \$'000
Management fee	46	80

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

	2022 \$'000	2021 \$'000
Included in costs and expenses:		
Administrative expenses		
- Professional fees	(5)	(5)
- Other administrative costs	(1)	-*
	(6)	(5)
Other operating costs		
- Amortisation of intangible asset	(2)	(2)
	(8)	(7)

* Denotes amount less than \$1,000

6. TAXATION

	2022 \$'000	2021 \$'000
Current tax expense		
- Current year income tax	3	6
- Overprovision in prior year	-*	-
	3	6

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:

	2022 \$'000	2021 \$'000
Profit before tax for the year	38	73
Tax at Singapore income tax rate of 17% (2021: 17%)	6	12
Adjustments:		
Non-deductible expenses	-*	-*
Effect of partial tax exemption	(3)	(6)
Overprovision in prior year	-*	-
	3	6

* Denotes amount less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

7. INVESTMENT IN A SUBSIDIARY

	2022 \$'000	2021 \$'000
Unquoted shares, at cost	3	3

Name of subsidiary	Country of incorporation	Principal activities	Effective equity Held 2022 %	2021 %
Frasers Hospitality Japan Trust Management GK	Japan	Portfolio, asset and investment management	100	100

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of Frasers Property, which prepares and publishes consolidated financial statements for public use. Frasers Property is a company incorporated in Singapore and its registered office is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

8. INTANGIBLE ASSET

	Total \$'000
<u>Cost</u>	
At 1 October 2020, 30 September 2021 and 30 September 2022	18
<u>Accumulated Amortisation</u>	
At 1 October 2020	(6)
Charge for the year	(2)
At 30 September 2021 and 1 October 2021	(8)
Charge for the year	(2)
At 30 September 2022	(10)
<u>Net Book Value</u>	
At 1 October 2020	12
At 30 September 2021	10
At 30 September 2022	8

9. OTHER RECEIVABLES

	2022 \$'000	2021 \$'000
Accrued management fee	15	47

10. OTHER PAYABLES

	2022 \$'000	2021 \$'000
Accruals	7	7

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

11. SHARE CAPITAL

	2022 \$'000	2021 \$'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.

12. SIGNIFICANT RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in these financial statements, there were no other significant related party transactions during the financial year.

Transactions with key management personnel

None of the directors earned any directors' fees or other remuneration in respect of their appointments as directors of the Company during the current year and prior year. The directors are not paid directly by the Company but receive remuneration from the Company's immediate holding company or related corporation, in respect of their services to the larger group which includes the Company. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group.

13. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. There is no exposure to market risk.

The Company has risk management policies and guidelines governing all investments, which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control hedging transactions in a timely and accurate manner. All investment opportunities are reviewed regularly by the Board of Directors to ensure that the Company's policies and guidelines are adhered to.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Company's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

As at 30 September 2022 and 30 September 2021, the Company's exposure to credit risk arises primarily from other receivables and cash at bank. There is no impairment loss arising from these balances as the ECL is insignificant. Except as disclosed, the Company does not have significant exposure to credit risk.

Cash is placed with a bank, which is regulated and with sound credit rating.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

13. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations due to a shortage of funds.

Consequently, the Company is dependent on the immediate holding company to provide funds to meet its obligations as and when they fall due.

The Company's financial liabilities at the reporting date as presented in the Company's statement of financial position represent the contractual undiscounted cash flow due within one year.

14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Estimation of fair value

Non-derivative financial assets and liabilities

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

15. CAPITAL MANAGEMENT

The Company defines capital as total shareholders' equity attributable to owners of the Company. The Company's capital management objective is to ensure that it maintains a healthy capital ratio. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital or issue new shares.

No changes were made in the objectives, policies or processes during the year.

The Company is not subject to externally imposed capital requirement.

STATISTICS OF STAPLED SECURITYHOLDERS

ISSUED AND FULLY PAID-UP STAPLED SECURITIES

As at 23 November 2022

1,926,073,869 Stapled Securities (voting rights: 1 vote per Stapled Security)

Market capitalisation of approximately S\$818.6 million (based on closing price of S\$0.425 per Stapled Security on 23 November 2022).

20 LARGEST STAPLED SECURITYHOLDERS

As at 23 November 2022

No.	Name	No. of Stapled Securities	%
1	DB Nominees (Singapore) Pte Ltd	708,301,187	36.77
2	Frasers Property Hospitality Trust Holdings Pte Ltd	466,618,417	24.23
3	DBS Nominees (Private) Limited	168,124,678	8.73
4	Citibank Nominees Singapore Pte Ltd	90,899,596	4.72
5	Raffles Nominees (Pte.) Limited	74,412,342	3.86
6	Morgan Stanley Asia (Singapore) Securities Pte Ltd	21,503,782	1.12
7	OCBC Securities Private Limited	19,881,886	1.03
8	Frasers Hospitality Asset Management Pte Ltd	18,677,135	0.97
9	Meren Pte Ltd	14,004,800	0.73
10	UOB Kay Hian Private Limited	12,373,543	0.64
11	Frasers Hospitality Pte Ltd	11,668,847	0.61
12	HSBC (Singapore) Nominees Pte Ltd	10,963,819	0.57
13	United Overseas Bank Nominees (Private) Limited	9,985,696	0.52
14	BNP Paribas Nominees Singapore Pte Ltd	7,661,660	0.40
15	DBSN Services Pte. Ltd.	6,975,445	0.36
16	Phillip Securities Pte Ltd	6,718,837	0.35
17	Maybank Securities Pte. Ltd.	6,577,570	0.34
18	iFAST Financial Pte Ltd	6,087,636	0.32
19	Jack Investment Pte Ltd	4,064,500	0.21
20	CGS-CIMB Securities (Singapore) Pte. Ltd.	3,993,692	0.21
TOTAL		1,669,495,068	86.69

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

As at 23 November 2022

Size of Holdings	No. of Stapled Securityholders	%	No. of Stapled Securities	%
1 - 99	88	0.71	4,178	0.00
100 - 1,000	1,275	10.32	1,154,923	0.06
1,001 - 10,000	6,184	50.05	32,912,915	1.71
10,001 - 1,000,000	4,774	38.64	193,047,345	10.02
1,000,001 and above	34	0.28	1,698,954,508	88.21
Total	12,355	100.00	1,926,073,869	100.00

Country	No. of Stapled Securityholders	%	No. of Stapled Securities	%
Singapore	12,103	97.96	1,918,498,155	99.61
Malaysia	177	1.43	4,944,256	0.26
Others	75	0.61	2,631,458	0.13
Total	12,355	100.00	1,926,073,869	100.00

STATISTICS OF STAPLED SECURITYHOLDERS

SUBSTANTIAL STAPLED SECURITYHOLDERS

As at 23 November 2022

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⁾	-	-	496,964,399	25.80	496,964,399	25.80
Thai Beverage Public Company Limited ⁽²⁾	-	-	496,964,399	25.80	496,964,399	25.80
International Beverage Holdings Limited ⁽³⁾	-	-	496,964,399	25.80	496,964,399	25.80
InterBev Investment Limited ⁽⁴⁾	-	-	496,964,399	25.80	496,964,399	25.80
Siriwana Co., Ltd. ⁽⁵⁾	-	-	496,964,399	25.80	496,964,399	25.80
Shiny Treasure Holdings Limited ⁽⁶⁾	-	-	496,964,399	25.80	496,964,399	25.80
TCC Assets Limited ⁽⁷⁾	-	-	496,964,399	25.80	496,964,399	25.80
Charoen Sirivadhanabhakdi ⁽⁸⁾	-	-	496,964,399	25.80	496,964,399	25.80
Khunying Wanna Sirivadhanabhakdi ⁽⁹⁾	-	-	496,964,399	25.80	496,964,399	25.80
TCC Group Investments Limited	707,310,200	36.72	-	-	707,310,200	36.72
Atinant Bijananda ⁽¹⁰⁾	-	-	707,310,200	36.72	707,310,200	36.72
Thapana Sirivadhanabhakdi ⁽¹⁰⁾	-	-	707,310,200	36.72	707,310,200	36.72
Wallapa Traisorat ⁽¹⁰⁾	-	-	707,310,200	36.72	707,310,200	36.72
Thapanee Techajareonvikul ⁽¹⁰⁾	-	-	707,310,200	36.72	707,310,200	36.72
Panote Sirivadhanabhakdi ⁽¹⁰⁾	-	-	707,310,200	36.72	707,310,200	36.72
Chotiphat Bijanada ⁽¹¹⁾	-	-	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, directly and indirectly, a majority interest in ThaiBev;
 - ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
 - FHAM, FHPL and FPHTH hold Stapled Securities in FHT.
 SCL therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.

⁽⁶⁾ Shiny Treasure Holdings Limited ("**STHL**") holds a greater than 20% interest in Siriwana;
 - Siriwana holds, directly and indirectly, a majority interest in ThaiBev;
 - ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
 - FHAM, FHPL and FPHTH hold Stapled Securities in FHT.
 SCL therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.

STATISTICS OF STAPLED SECURITYHOLDERS

- ⁽⁷⁾ 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.
- ⁽⁸⁾ 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.
- ⁽⁹⁾ 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.
- ⁽¹⁰⁾ Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi holds 20% of the issued share capital of TCC Group Investments Limited ("**TCCGI**");
 - TCCGI holds Stapled Securities in FHT.
 Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi therefore has a deemed interest in the Stapled Securities in FHT in which TCCGI has an interest, by virtue of Section 4 of the SFA.
- ⁽¹¹⁾ Chotiphat Bijanada is the spouse of Alinant Bijanada, who holds 20% of the issued share capital of TCCGI
 - TCCGI holds Stapled Securities in FHT.
 Chotiphat Bijanada therefore has a deemed interest in the Stapled Securities in FHT in which TCCGI has an interest, by virtue of Section 4 of the SFA.

STAPLED SECURITYHOLDINGS OF DIRECTORS OF THE MANAGERS

As at 21 October 2022

Name of Director	No. of Stapled Securities Held	
	Direct Interest	Deemed Interest
Mr Law Song Keng	549,900	-
Mr Panote Sirivadhanabhakdi	-	707,310,200

FREE FLOAT

Based on information made available to the Managers as at 23 November 2022, 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 FY2022 which fall within the Listing Manual of SGX-ST and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions of less than \$100,000 each) are as follows:

Names of Interested Persons	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial period under review (excluding transactions of less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'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.	REIT Manager of FH-REIT		
- Management fees paid and payable		(5,340)	-
- Reimbursement of expenses paid on behalf of FH-REIT		(23)	-
- Servicer fees paid and payable		(114)	-
Frasers Hospitality Trust Management Pte. Ltd.	Trustee-Manager of FH-BT		
- Management fees paid and payable		(46)	-
FHT Australia Management Pty Ltd	MIT Manager of FHT Australia Trust		
- Management fees paid and payable		(3,015)	-
- Divestment fee paid and payable		(1,533)	-
- Reimbursement of expenses paid on behalf		(656)	-
Frasers Hospitality Pte. Ltd.	Operator of Fraser Suites Singapore and Fraser Suites Sydney		
- Management, marketing and trademark licence fees paid and payable		(2,501)	-
Frasers Hospitality UK Ltd.	Operator of Fraser Place Canary Wharf London, Fraser Suites Queens Gate London, Fraser Suites Edinburgh and Fraser Suites Glasgow		
- Management, marketing and trademark licence fees paid and payable		(1,947)	-
BCH Hotel Investment Pte. Ltd.	Master Lessee of InterContinental Singapore ¹		
- Rental income from InterContinental Singapore ¹		9,369	-
River Valley Apartments Pte. Ltd.	Master Lessee of Fraser Suites Singapore		
- Rental income from Fraser Suites Singapore ¹		11,886	-

INTERESTED PERSON TRANSACTIONS

Names of Interested Persons	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial period under review (excluding transactions of less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'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 ¹ - Rental income from Fraser Suites Glasgow ¹	Master Lessee of Fraser Place Canary Wharf London and Fraser Suites Glasgow	4,591 1,779	- -
39QGG Management Limited - Rental income from Fraser Suites Queens Gate ¹	Master Lessee of Fraser Suites Queens Gate London	5,352	-
P I Hotel Management Limited - Rental income from ibis Styles London Gloucester Road ¹ - Rental income from Park International London ¹	Master Lessee of Park International London and ibis Styles London Gloucester Road	1,533 2,660	- -
Frasers (St. Giles Street) Management Limited - Rental income from Fraser Suites Edinburgh ¹	Master Lessee of Fraser Suites Edinburgh	2,244	-
Frasers Town Hall Residences Operations Pty Ltd - Rental income from Fraser Suites Sydney ¹ - Reimbursement of expenses paid on behalf of FH-REIT	Master Lessee of Fraser Suites Sydney	5,591 (615)	- -
Frasers Town Hall Land Pty Ltd - Reimbursement of expenses paid on behalf of FH-REIT	Wholly-owned subsidiary of Frasers Property Limited ("Frasers Property")	(843)	-
Frasers Sydney ML Hotel Pty Ltd - Rental income from Novotel Sydney Darling Square ¹ - Reimbursement of expenses paid on behalf of FH-REIT	Master Lessee of Novotel Sydney Darling Square	2,509 (6)	- -
JBB Hotels Sdn Bhd - Rental income from The Westin Kuala Lumpur ¹ - Reimbursement of expenses paid on behalf of FH-REIT	Master Lessee of The Westin Kuala Lumpur	4,702 -	- -
K.K. Shinkobe Holding - Rental income from ANA Crowne Plaza Kobe ¹	Master Lessee of ANA Crowne Plaza Kobe (Hotel)	6,585	-

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
Y.K. Toranomom Properties - Rental income from ANA Crowne Plaza Kobe ¹ - Reimbursement of expenses paid on behalf of FH-REIT	Master Lessee of ANA Crowne Plaza Kobe (Retail)	1,710 (906)	- -
Ananke Holdings Pty Ltd - Rental income from Sofitel Sydney Wentworth ¹ - Reimbursement of expenses paid on behalf of FH-REIT - Refund of security deposit	Master Lessee of Sofitel Sydney Wentworth	8,354 (282) (3,893)	- - -
Frasers Hospitality Australia Pty Ltd - Reimbursement of expenses paid on behalf of FH-REIT	Wholly-owned subsidiary of Frasers Property	(1,087)	-
Frasers Property Corporate Services Pte. Ltd. - Reimbursement of expenses paid on behalf of FH-REIT	Wholly-owned subsidiary of Frasers Property	(18)	-
Frasers Property Advisory (Europe) B.V. - Corporate services fees paid and payable	Wholly-owned subsidiary of Frasers Property	(52)	-
Frasers Sydney Wentworth Pty Ltd - Purchase of freehold reversionary interest of Sofitel Sydney Wentworth	Wholly-owned subsidiary of Frasers Property	(10,693)	-
Perpetual (Asia) Limited - Trustee's fees	Trustee of FH-REIT	(274)	-
The Trust Company (Australia) Limited - Trustee's fees	MIT Trustee of FHT Australia Trust and its sub-trusts	(120)	-

INTERESTED PERSON TRANSACTIONS

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, restated and supplemented), the FH-BT Trust Deed dated 20 June 2014 (as supplemented), the FHT Australia Trust Deed dated 20 June 2014 (as restated and supplemented) and/or FHT's Prospectus dated 30 June 2014 are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Except as disclosed above, there were no other interested person transactions (excluding transactions of less than \$100,000 each) entered into during the financial year under review nor any material contracts entered into by FHT that involved the interests of the Chief Executive Officer, any Director or any controlling Stapled Securityholder of FHT.

Note:

- 1 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).

GLOSSARY

Abbreviation/Short Form	Term
2022 AGM	AGM in respect of the financial year ended 30 September 2021
2023 AGM	AGM in respect of the financial year ended 30 September 2022
ABS	Australian Bureau of Statistics
ADR	Average Daily Rate
AGM	Annual General Meeting
AR2022	Annual Report 2022
ARCC	Audit, Risk and Compliance Committee
BCA	Building and Construction Authority, Singapore
BCM	Business Continuity Management
BCP	Business Continuity Plan
Board	FHT Board of Directors
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 2022
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
COP26	UN Climate Change Conference 2021
COVID-19 Temporary Measures Order	COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020
Dealing Policy	Dealing Policy on securities trading
DEI	Diversity, Equity and Inclusion
DI	Income Available for Distribution attributable to Stapled Securityholders
Directors	All directors of the REIT Manager and the Trustee-Manager
DPS	Distribution per Stapled Security
EGM	Extraordinary General Meeting
ERM	Enterprise-wide Risk Management
ESG	Environmental, Social and Governance
FF&E	Furniture, Fixtures and Equipment
FH-BT	Frasers Hospitality Business Trust
FH-BT Trust Deed	Trust Deed dated 20 June 2014
FH-REIT	Frasers Hospitality Real Estate Investment Trust
FH-REIT Deposited Property	Deposited property of FH-REIT
FH-REIT Trust Deed	Trust Deed dated 12 June 2014
FHT	Frasers Hospitality Trust
FHT EGM	Extraordinary General Meeting held on 12 September 2022
Final Awards	Final number of Stapled Securities released
FIT	Free independent traveller
FPL Group IA	Frasers Property Group's internal audit department
Frasers Property, FPL or the Sponsor	Frasers Property Limited
Frasers Property Group or the Group	Frasers Property and its subsidiaries

GLOSSARY

Abbreviation/Short Form	Term
FY	Financial Year Ended 30 September
FY2022	Financial Year Ended 30 September 2022
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GOP	Gross Operating Profit
GOR	Gross Operating Revenue
GR	Gross Revenue
GRI	Global Reporting Initiative
IATA	International Air Transport Association
Immediate Family	Person's spouse, child, adopted child, step-child, siblings and parent
IR	Investor Relations
IR Contact	Contact details of the IR Manager
IT	Information Technology
Key Management Personnel	Senior Management comprising the CEO and the CFO of the Managers
KL	Kuala Lumpur
KPIs	Key Performance Indicators
KRIs	Key Risk Indicators
LGBTIQA+	Lesbian, Gay, Bisexual, Transgender, Intersex, Queer/Questioning, Asexual and others
Management	Management of the Managers
MAS	Monetary Authority of Singapore
Master Plan	Kuala Lumpur Tourism Master Plan 2015 - 2025
MBS	Marina Bay Sands
MCO	Movement Control Order
Melbourne Master Lease Agreement	Master lease agreement where FH-BT act as master lessee of NMOC
MICE	Meetings, Incentives, Conferences and Exhibitions
MMA	Major Metropolitan Area
MOA	Manual of Authority
Moody's	Moody's Investor Service
NABERS	National Australian Built Environment Rating System
NGOs	Non-Governmental Organisations
NMOC	Novotel Melbourne on Collins
NPI	Net Property Income
NRC	Nominating and Remuneration Committee
NSW	New South Wales
PACT	WWF - Singapore's Plastic ACTion
PP	Percentage Points
Prohibition Period	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
Property Funds Appendix	Appendix 6 of the CIS Code
ONS	Office for National Statistics, United Kingdom
QoQ	Quarter-on-Quarter
Questionnaires	Board evaluation questionnaire, Board Committee evaluation questionnaire and individual Director self-evaluation questionnaire

GLOSSARY

Abbreviation/Short Form	Term
RAP	Recommended Accounting Practice
RCF	Revolving Credit Facility
REIT Trustee	Trustee of FH-REIT or Perpetual (Asia) Limited
REIT Manager ARCC	ARCC of the REIT Manager
REIT Manager Board	Board of the REIT Manager
REIT Manager Directors	Directors of the REIT Manager
REIT Manager NRC	NRC of the REIT Manager
REITAS	REIT Association of Singapore
Related Parties	Same Interested Parties or Interested Parties
Relevant Regulations	MAS Guidelines No. SFA04-G07 and Regulations 13D to 13H of the SFLCB Regulations
RevPAR	Revenue per available room
REITAS	REIT Association of Singapore
ROU	Right-of-Use
RSSP	Restricted Stapled Securities Plan
RWS	Resort World Sentosa
Scheme	Trust Scheme of Arrangement
Scheme Meeting	Scheme Meeting to seek Stapled Securityholders' approval to privatise FHT
Scheme Resolution	Resolution to obtain Stapled Securityholders' approval for the proposed privatisation of FHT
SEC	Scottish Events Campus
SFA	Securities and Futures Act
SFLCB Regulations	Securities and Futures (Licensing and Conduct of Business) Regulations
SGTI	Singapore Governance and Transparency Index
SGX-ST	Singapore Exchange Securities Trading Limited
SIAS	Securities Investors Association (Singapore)
SID	Singapore Institute of Directors
SPVs	Special Purpose Vehicles
SREITs	Singapore Real Estate Investment Trusts
SSC	Sustainability Steering Committee
SSW	Sofitel Sydney Wentworth
Stapled Securities	Stapled Securities of FHT
Stapled Securityholders	Holders of FHT's Stapled Securities
Stapling Deed	Stapling Deed dated 20 June 2014
Substantial Shareholder	Shareholder holding not less than 5% of the total votes or units attached to all voting shares
Substantial Stapled Securityholder	Stapled Securityholder holding not less than 5% of Stapled Securities
STB	Singapore Tourism Board
STI Plans	Short-term Incentive Plans
TAFEP	Tripartite Alliance for Fair and Progressive Employment Practices
TCFD	Task Force on Climate-Related Financial Disclosures
tCO₂e	Tonnes of CO ₂ equivalent
The Boards	Board of Directors of FH-REIT and FH-BT
The Board Committees	Committees of REIT Manager Board and Trustee-Manager Board
The Management	The Management of the Managers
The Managers	The REIT Manager and the Trustee-Manager

GLOSSARY

Abbreviation/Short Form	Term
The REIT Manager	REIT Manager of FH-REIT or Frasers Hospitality Asset Management Pte. Ltd.
The Trust Deeds	FH-BT Trust Deed, FH-REIT and the Stapling Deed
The Trustee-Manager	Trustee-Manager of FH-BT, or Frasers Hospitality Trust Management Pte. Ltd.
Trustee-Manager Directors	Directors of the Trustee-Manager
Trustee-Manager ARCC	ARCC of the Trustee-Manager
Trustee-Manager Board	Board of Trustee-Manager
Trustee-Manager NRC	NRC of the Trustee-Manager
TRA	Tourism Research Australia
UK	United Kingdom
UKCAMS	UK Conference and Meetings Survey
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGC	United Nations Global Compact
UN SDGs	United Nations Sustainable Development Goals
UNWEP	United Nations Women Empowerment Principles
UNWTO	World Tourism Organization
USA	United States of America
VFR	Visiting friends and relatives
VTL	Vaccinated Travel Lane
WALE	Weighted Average Lease Expiry
Whistle-Blowing Policy	Whistle-blowing policy
WWF	World Wildlife Fund
YE	Year Ended
YoY	Year-on-Year
YTD	Year-to-Date

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 8th 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 at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Monday, 16 January 2023 at 10.00 a.m. (Singapore time) for the purpose of considering and, if thought fit, passing, with or without modifications, for the following purposes:

ROUTINE BUSINESS

Ordinary Resolution 1

- To receive and adopt the Report of the Trustee-Manager and the Statement by the Trustee-Manager issued by 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 2022 and the Auditors’ Report thereon.

Ordinary Resolution 2

- To re-appoint KPMG LLP as Auditors of FHT (a stapled group comprising FH-REIT and FH-BT) to hold office until the conclusion of the next annual general meeting of FHT and to authorise the REIT Manager and the Trustee-Manager to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following Ordinary Resolution:

Ordinary Resolution 3

- That authority be and is hereby given to the REIT Manager and the Trustee-Manager, to:
 - issue new units in FH-REIT (“**FH-REIT Units**”) and new units in FH-BT (“**FH-BT Units**”, together with FH-REIT Units, the “**Stapled Securities**”) whether by way of rights, bonus or otherwise; and/or
 - make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities,

at any time and upon such terms and conditions and for such purposes and to such persons as the REIT Manager and the Trustee-Manager may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) issue Stapled Securities in pursuance of any Instrument made or granted by the REIT Manager and the Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

provided that:

- (1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of Stapled Securities to be issued other than on a *pro rata* basis to holders of the Stapled Securities ("**Stapled Securityholders**") does not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) as calculated in accordance with sub-paragraph (2) below;
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (1) above, the total number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) at the time this Resolution is passed, after adjusting for:
- (a) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
- (b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
- (3) in exercising the authority conferred by this Resolution, the REIT Manager and Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Business Trusts Act 2004 for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore (the "**MAS**")), trust deed constituting FH-REIT (as amended) (the "**FH-REIT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the MAS), the trust deed constituting FH-BT (as amended) (the "**FH-BT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the MAS) and the stapling deed (the "**Stapling Deed**") entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager for the time being in force (unless otherwise exempted or waived by the MAS);
- (4) unless revoked or varied by Stapled Securityholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next annual general meeting of FHT or (ii) the date by which the next annual general meeting of FHT is required by the applicable law or regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the REIT Manager and the Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Stapled Securities are issued; and

NOTICE OF ANNUAL GENERAL MEETING

- (6) the REIT Manager, the Trustee-Manager, any director of the REIT Manager or the Trustee-Manager (each a “**Director**” and collectively, the “**Directors**”) and the REIT Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, the Trustee-Manager, such Director, or, as the case may be, the REIT Trustee may consider expedient or necessary or in the interest of FHT, FH-BT and FH-REIT to give effect to the authority conferred by this Resolution.

BY ORDER OF THE BOARD

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
22 December 2022

NOTES:

- Printed copies of this Notice will be sent to Stapled Securityholders. This Notice will also be made available via publication on FHT’s website at the URL www.frasersproperty.com/reits/fht and the SGX-ST website at the URL www.sgx.com/securities/company-announcements.
- A Stapled Securityholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in the Stapled Securityholder’s stead. Where a Stapled Securityholder appoints more than one proxy, the appointments shall be invalid unless the Stapled Securityholder specifies in the proxy form the proportion of the Stapled Securityholder’s holdings (expressed as a percentage of the whole) to be represented by each proxy.
- A Stapled Securityholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Stapled Securityholder, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder. Where such Stapled Securityholder appoints more than two proxies, the appointments shall be invalid unless the Stapled Securityholder specifies in the proxy form the number of Stapled Securities in relation to which each proxy has been appointed. “**Relevant Intermediary**” means: (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity; or (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Stapled Securities in that capacity.
- The accompanying proxy form for the AGM (“**Proxy Form**”) may be downloaded from FHT’s website at the URL www.frasersproperty.com/reits/fht and on the SGX-ST website at the URL www.sgx.com/securities/company-announcements. For convenience, printed copies of the Proxy Form will also be sent by post to Stapled Securityholders. Additional printed copies of the Proxy Form, if required, can be requested from Boardroom Corporate & Advisory Services Pte. Ltd. by calling +65 6536 5355 or via email at FHTAGM2023@boardroomlimited.com. Requests for printed copies of the Proxy Form should be made by Thursday, 5 January 2023.

NOTICE OF ANNUAL GENERAL MEETING

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 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to the Stapled Security Registrar at FHTAGM2023@boardroomlimited.com;

in either case, by 10.00 a.m. on Saturday, 14 January 2023, being 48 hours before the time fixed for the AGM.

A Stapled Securityholder who wishes to submit a Proxy Form by post or via email can either use the printed copy of the Proxy Form which is sent to him/her/it by post or download a copy of the Proxy Form from FHT's website or the SGX-ST website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

6. Completion and return of this Proxy Form shall not preclude a Stapled Securityholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Stapled Securityholder attends the AGM in person, and in such event, the Managers reserve the right to refuse to admit any person or persons appointed under this Proxy Form, to the AGM.
7. A Stapled Securityholder should insert the total number of Stapled Securities held. If the Stapled Securityholder has Stapled Securities entered against the Stapled Securityholder's name in the Depository Register maintained by the Central Depository (Pte) Limited ("**CDP**"), the Stapled Securityholder should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities registered in the Stapled Securityholder's name in the Register of Stapled Securityholders of FHT, the Stapled Securityholder should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities entered against the Stapled Securityholder's name in the said Depository Register and registered in the Stapled Securityholder's name in the Register of Stapled Securityholders, the Stapled Securityholder should insert the aggregate number of Stapled Securities. If no number is inserted, this Proxy Form will be deemed to relate to all the Stapled Securities held by the Stapled Securityholder.
8. This Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Stapled Securityholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Managers) be lodged with the Proxy Form, failing which the instrument may be treated as invalid.
10. The Managers shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/ or attached to the Proxy Form. In addition, in the case of Stapled Securities entered in the Depository Register, the Managers may reject a Proxy Form if the Stapled Securityholder, being the appointor, is not shown to have Stapled Securities entered against the Stapled Securityholder's name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Managers.

NOTICE OF ANNUAL GENERAL MEETING

11. Stapled Securityholders may submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM. In order for Stapled Securityholders to submit questions in advance of the AGM, the questions must be submitted by 10.00 a.m. on Friday, 6 January 2023 in the following manner:
- deposited at the registered office of the Managers at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958; or
 - via email to the Managers, at ir@frasershospitality.com.

Stapled Securityholders who submit questions via email must provide the following information for authentication: (a) the Stapled Securityholder's full name; and (b) the Stapled Securityholder's address; and (c) the manner in which the Stapled Securityholder holds the Stapled Securities in FHT (e.g., via CDP or SRS).

12. A proxy need not be a Stapled Securityholder. SRS investors who wish to vote at the AGM, should approach their respective SRS Operators to submit their votes by 5.00 p.m. on Wednesday, 4 January 2023, being seven business days before the date of the AGM.
13. The Annual Report for the financial year ended 30 September 2022 may be accessed at FHT's website at the URL www.frasersproperty.com/reits/fht. Printed copies of the Notification & Request Form will be sent to Stapled Securityholders for Stapled Securityholders to request for a printed copy of the Annual Report (the "**Request Form**"). Requests for a physical copy of the Annual Report should be made by submitting the Request Form to the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
- if submitted by post, be lodged at the office of the Stapled Security Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
 - if submitted electronically, be submitted via email to the Stapled Security Registrar at FHTAGM2023@boardroomlimited.com;

in either case, by no later than 5.00 p.m. on Thursday, 5 January 2023.

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 www.frasersproperty.com/reits/fht 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 annual general meeting of FHT, or (ii) the date by which the next annual general meeting of FHT is required by the FH-REIT Trust Deed, the FH-BT Trust Deed and the Stapling Deed or any applicable laws and regulations to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Stapled Securityholders in a general meeting, to issue Stapled Securities and to make or grant instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury Stapled Securities, if any), with a sub-limit of 20% for issues other than on a *pro rata* basis to Stapled Securityholders.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the issued Stapled Securities at the time this Ordinary Resolution 3 is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Ordinary Resolution 3 is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Securityholders is required under the Listing Manual of the SGX-ST, the FH-REIT Trust Deed, the FH-BT Trust Deed and the Stapling Deed or any applicable laws and regulations in such instances, the REIT Manager and the Trustee-Manager will then obtain the approval of Stapled Securityholders accordingly.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Stapled Securityholder (i) consents to the collection, use and disclosure of the Stapled Securityholder's personal data by the Managers and the REIT Trustee (or their agents or service providers) for the purpose of the processing and administration by the Managers and the REIT Trustee (or their agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Managers and the REIT Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Stapled Securityholder discloses the personal data of the Stapled Securityholder's proxy(ies) and/or representative(s) to the Managers and the REIT Trustee (or their agents or service providers), the Stapled Securityholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Managers and the REIT Trustee (or their agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Stapled Securityholder will indemnify the Managers and the REIT Trustee (or their agents or service providers) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder's breach of warranty.

IMPORTANT NOTICE

The value of the Stapled Securities and the income derived from them, if any, may fall or rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers, the REIT Trustee or any of their affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Managers to redeem or purchase their Stapled Securities for as long as the Stapled Securities are listed on the SGX-ST. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. The listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of FHT and the Managers is not necessarily indicative of the future performance of FHT and the Managers.

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:

1. A Relevant Intermediary may appoint more than two proxies to attend the AGM and vote (please see Note 2 for the definition of "Relevant Intermediary").
2. This Proxy Form is not valid for use by SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. The annual general meeting ("AGM") of Frasers Hospitality Trust is being convened, and will be held at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on 16 January 2023 at 10.00 a.m. In addition to the printed copies of the Notice of Annual General Meeting dated 22 December 2022 which will be sent to holders of the Stapled Securities (as defined herein) of Frasers Hospitality Trust (the "Stapled Securityholders"), the Notice of Annual General Meeting will also be available through electronic means via publication on Frasers Hospitality Trust's website at www.frasersproperty.com/reits/fht, and will also be made available on the website of the SGX-ST at www.sgx.com/securities/company-announcements.
4. PLEASE READ THE NOTES TO THE PROXY FORM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 December 2022.

PROXY FORM ANNUAL GENERAL MEETING

I/We _____ (Name) _____ (NRIC No./Passport No./ Company Registration No., where applicable) of _____ (Address) being a holder/s of units in Frasers Hospitality Real Estate Investment Trust ("FH-REIT") and units in Frasers Hospitality Business Trust ("FH-BT") (collectively, "Stapled Securities"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholding (Note 4)	
			No. of Stapled Securities	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholding (Note 4)	
			No. of Stapled Securities	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the AGM as my/our proxy/proxies to attend, and to vote for me/us on my/our behalf at the AGM to be held at **10.00 a.m. on Monday, 16 January 2023** at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966, and at any adjournment thereof.

*I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at his/her/their discretion, as *he/she/they may on any other matter arising at the AGM (or any adjournment thereof). If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy/proxies to vote, for or against, or to abstain from voting on, the resolution to be proposed at the AGM, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

Voting will be conducted by poll. If you wish your proxy/proxies to exercise all your votes "For" or "Against" the relevant resolution, please tick (V) within the relevant box provided. Alternatively, if you wish your proxy/proxies to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Stapled Securities in the boxes provided. If you wish your proxy/proxies to abstain from voting on the resolution, please tick (V) within the "Abstain" box provided. Alternatively, please indicate the number of Stapled Securities that your proxy/proxies is/are directed to abstain from voting.

NO.	RESOLUTIONS RELATING TO:	No. of Votes For*	No. of Votes Against*	No. of Votes to Abstain*
ROUTINE BUSINESS				
1.	To receive and adopt the Trustee-Manager's Report, the Trustee-Manager's Statement, the Statement by the Chief Executive Officer of the Trustee-Manager, the REIT Trustee's Report, the REIT Manager's Statement and the Audited Financial Statements of FHT, FH-BT and FH-REIT for the financial year ended 30 September 2022 and the Auditor's Report thereon			
2.	To re-appoint KPMG LLP as Auditors of FHT comprising FH-REIT and FH-BT to hold office until the conclusion of the next annual general meeting of FHT, and to authorise the REIT Manager and the Trustee-Manager to fix their remuneration			
SPECIAL BUSINESS				
3.	To authorise the REIT Manager and the Trustee-Manager to issue Stapled Securities and to make or grant convertible instruments			

Dated this _____ day of _____ 2022/2023 (delete as appropriate)

Total number of Stapled Securities held (Note 1)

Signature(s) of Stapled Securityholder(s) or
Common Seal of Corporate Stapled Securityholder

Email Address of Stapled Securityholder(s) (optional): _____

IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**NOTES:**

1. A Stapled Securityholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote instead of the Stapled Securityholder. A proxy need not be a Stapled Securityholder. Where a Stapled Securityholder appoints more than one proxy, the appointments shall be invalid unless the Stapled Securityholder specifies the proportion of the Stapled Securityholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Stapled Securityholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Stapled Securityholder, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder. Where such Stapled Securityholder appoints more than two proxies, the appointments shall be invalid unless the Stapled Securityholder specifies the number of Stapled Securities in relation to which each proxy has been appointed.

"Relevant Intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds Stapled Securities in that capacity.
3. The accompanying proxy form for the AGM ("**Proxy Form**") may be downloaded from FHT's website at the URL www.frasersproperty.com/reits/fht and on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of the Proxy Form will also be sent by post to Stapled Securityholders. Additional printed copies of the Proxy Form, if required, can be requested from Boardroom Corporate & Advisory Services Pte. Ltd. by calling +65 6536 5355 or via email at FHTAGM2023@boardroomlimited.com. Requests for printed copies of the Proxy Form should be made by Thursday, 5 January 2023.
 4. The Proxy Form must be submitted to the Managers c/o the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
 - (a) if submitted by post, be lodged at the office of the Stapled Security Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to the Stapled Security Registrar at FHTAGM2023@boardroomlimited.com
 in either case, 10.00 a.m. on Saturday, 14 January 2023, being 48 hours before the time fixed for the AGM.

A Stapled Securityholder who wishes to submit a Proxy Form by post or via email can either use the printed copy of the Proxy Form which is sent to him/her/it by post or download a copy of the Proxy Form from FHT's website or the SGX-ST website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

5. Completion and return of this Proxy Form shall not preclude a Stapled Securityholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Stapled Securityholder attends the AGM in person, and in such event, the Managers reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the AGM.

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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.

1 Harbourfront Avenue,
#14-07 Keppel Bay Tower,
Singapore 098632

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be paid by
addressee.
For posting
in Singapore
only.

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6. A Stapled Securityholder should insert the total number of Stapled Securities held. If the Stapled Securityholder has Stapled Securities entered against the Stapled Securityholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the Stapled Securityholder should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities registered in the Stapled Securityholder's name in the Register of Stapled Securityholders of FHT, the Stapled Securityholder should insert that number of Stapled Securities.

If the Stapled Securityholder has Stapled Securities entered against the Stapled Securityholder's name in the said Depository Register and registered in the Stapled Securityholder's name in the Register of Stapled Securityholders, the Stapled Securityholder should insert the aggregate number of Stapled Securities. If no number is inserted, this Proxy Form will be deemed to relate to all the Stapled Securities held by the Stapled Securityholder.

7. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Stapled Securityholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Managers) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Managers shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Stapled Securities entered in the Depository Register, the Managers may reject a Proxy Form if the Stapled Securityholder, being the appointor, is not shown to have Stapled Securities entered against the Stapled Securityholder's name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by CDP to the Managers.
10. A proxy need not be a Stapled Securityholder. SRS investors who wish to vote at the AGM, should approach their respective SRS Operators to submit their votes by 5.00 p.m. on Wednesday, 4 January 2023, being seven business days before the date of the AGM.
11. The Annual Report for the financial year ended 30 September 2022 may be accessed at FHT's website at the URL www.frasersproperty.com/reits/FHT. Printed copies of the Notification & Request Form will be sent to Stapled Securityholders for Stapled Securityholders to request for a printed copy of the Annual Report (the "**Request Form**"). Requests for a physical copy of the Annual Report should be made by submitting the Request Form to the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
 - (a) if submitted by post, be lodged at the office of the Stapled Security Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to the Stapled Security Registrar at FHTAGM2023@boardroomlimited.com
 in either case, by no later than 5.00 p.m. on Thursday, 5 January 2023.
12. 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.frasersproperty.com/reits/FHT for the latest updates on the status of the AGM.

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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