

Corporate Governance

INTRODUCTION

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

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

FH-REIT is a real estate investment trust (“**REIT**”) constituted in Singapore by a trust deed dated 12 June 2014 made between the REIT Manager and the REIT Trustee (as amended and restated by a first amending and restating deed dated 20 June 2014, and as further amended, restated and/or supplemented from time to time) (the “**FH-REIT Trust Deed**”). FH-REIT is a collective investment scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”).

FH-BT is a business trust constituted in Singapore by a trust deed dated 20 June 2014 (as further amended, restated and/or supplemented from time to time) (the “**FH-BT Trust Deed**”, and together with the FH-REIT Trust Deed and the Stapling Deed, the “**Trust Deeds**”). FH-BT is registered as a business trust under the Business Trusts Act, Chapter 31A of Singapore (the “**BTA**”).

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

The Managers comply with the principles of the Code of Corporate Governance 2018 (the “**CG Code**”) in line with 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 146 to 147 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 2019 Corporate Governance Statement of Support initiated by the Securities Investors Association (Singapore) where FHT has pledged its continued commitment to uphold high standards in corporate governance.

Corporate Governance

The Managers

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

As a manager of a REIT, the REIT Manager holds a Capital Markets Services Licence issued by the Monetary Authority of Singapore ("**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

As the Sponsor holds a substantial ownership stake of approximately 25.83% in FHT as at 30 September 2021, 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 155 to 160.

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 Board also puts in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements. The Board, which comprises directors who, as fiduciaries, are expected to act objectively in the best interests of the Manager and the Group, constructively challenges Management and reviews its performance, and holds Management accountable for performance. The Managers oversee Management to ensure transparency and accountability to key stakeholder groups.

During FY2021, the Boards have continued to spend time monitoring the impact of the ongoing COVID-19 pandemic and has been working closely with Management in reviewing the business opportunities and challenges posed by the COVID-19 pandemic. The Board has tasked management to prioritise health, well-being and safety of employees and customers in all aspects of the Group's operations. In addition, the Board has been paying close attention to the level of financial discipline and portfolio management rigour across the Group's businesses.

Corporate Governance

In response to the COVID-19 pandemic, the Management has improved the FHT's services and offerings while striving for the highest international health and safety standards at FHT's properties for the well-being of hospitality guests and employees. A #FraserCares programme was launched to raise the bar for hygiene, safety and reservations flexibility for every property under Frasers Hospitality¹ worldwide. This programme includes enhancing operational protocols and implementing comprehensive health and safety procedures for facilities. The Management also worked closely with hotel and serviced residence operators managing the properties under FHT's portfolio to improve health and well-being standards, such as conducting safety training relating to COVID-19 awareness, hygiene standards and safety and security, for employees.

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. At the same time, Management continued with cost containment measures to conserve cash flow and also tapped on available government support measures to help businesses, specifically granted during COVID-19 pandemic. In the UK and Malaysia where there had been prolonged lockdowns imposed by the governments, Management had scaled down or temporarily suspended operations in certain properties in order to minimise cash burn.

The Chairman

The chairman of the Board (the "**Chairman**") leads the Board². 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 Board, 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 Board 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 Board 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.

¹ Frasers Hospitality is a strategic business unit of FPL.

² 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 FY2021, the Boards and Management comprised the same persons.

Corporate Governance

Division of Responsibilities between the Chairman and the CEO

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

Relationships between the Boards and the CEO

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

Board Committees

Each of the REIT Manager Board and the Trustee-Manager Board has formed committees of their respective boards (the “**Board Committees**”) to oversee specific areas, for greater efficiency 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, internal controls, risk management and financial practices of the Manager |

Note:

⁽¹⁾ Unless otherwise stated, the information provided herein is as of 30 September 2021.

As at 30 September 2021, each of the ARCCs³ 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.

³ 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)

Corporate Governance

Audit Functions

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

- **External Audit Process:** reviewing and reporting to the Board, the scope, quality, results and performance of the external audit(s), its cost effectiveness and the independence and objectivity of the external auditors. It shall also review the nature and extent of non-audit services performed by external auditors;
- **Internal Audit:** establishing an effective internal audit function which shall be adequately qualified to perform an effective role, adequately resourced, independent of the activities which it audits and able to discharge its duties objectively, and to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced⁴;
- **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 transactions⁵ and/or interested party transactions⁶ (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 FY2021, 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.

⁴ For FY2021, the internal audit function is outsourced to the Frasers Property Group.

⁵ 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).

⁶ 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

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 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 the overall levels of risk tolerance and risk policies. Further information on the key activities conducted by the ARCCs can be found in the sections titled "Financial Performance, Reporting and Audit" on pages 131 to 132 and "Governance of Risk and Internal Controls" on pages 133 to 137.

| 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 of 30 September 2021

Corporate Governance

As at 30 September 2021, all the members of the NRCs are non-executive and the majority of whom, including the chairman of each of the NRCs, are independent.

The NRCs are guided by written Terms of Reference approved by the Board which set out the duties and responsibilities of the NRCs. The NRCs' responsibilities, in relation to their functions as a nominating committee, include reviewing the structure, size and composition and independence of the Boards and its Board Committees, reviewing and making recommendations to the Boards on the succession plans for Directors, the Chairman and Key Management Personnel, making recommendations to the Boards on all 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 page 115
- "Board Composition" on pages 116 to 117
- "Directors' Independence" on pages 119 to 123
- "Board Performance Evaluation" on pages 124 to 125

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.

Corporate Governance

Delegation of authority framework

As part of the REIT Manager's internal controls, the Board has adopted a framework of delegated authorisations in its Manual of Authority (the "MOA"). The MOA, which is approved by the 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.

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 implemented a similar MOA in the financial year ended 30 September 2021 ("FY2021").

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 FY2021:

| | Board Meetings | Audit, Risk and Compliance Committee Meetings | Nominating and Remuneration Committee Meetings | Annual General Meeting ⁽²⁾ |
|--------------------------|---------------------|---|--|--|
| Meetings held in FY2021 | 6 | 4 | 2 | 1 |
| Law Song Keng | 6(C) ⁽¹⁾ | 4 | 2(C) ⁽¹⁾ | 1(C) ⁽¹⁾ |
| Chua Phuay Hee | 6 | N.A. | N.A. | 1 |
| Liew Choon Wei | 6 | 4 | 2 | 1 |
| David Wong See Hong | 6 | 4(C) ⁽¹⁾ | 2 | 1 |
| Panote Sirivadhanabhakdi | 6 | N.A. | 2 | 1 |
| Koh Teck Chuan | 5 | N.A. | N.A. | 1 |

Notes:

⁽¹⁾ C refers to chairman

⁽²⁾ There were no extraordinary general meetings held in FY2021.

⁽³⁾ Mr Koh Teck Chuan retired as a Director with effect from 1 July 2021.

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

Corporate Governance

Where required by the Directors, external advisers may also be present or available whether at Board and Board Committee meetings or otherwise, and (if necessary), at the Managers' expense where applicable, to brief the Directors and provide their advice.

For matters which require the Boards' and/or Board Committees' decision outside such meetings, Board and/or Board Committee papers will be circulated through the Company Secretary for the Directors' consideration with further discussions taking place between the Directors and Management (if required) before a decision is made.

Matters discussed by Boards and Board Committees in FY2021

Board

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

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 of each division 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 FY2021, 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 updates over the course of FY2021 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 Board was regularly updated on macro-economic conditions in the Group's markets, and relevant legal and regulatory requirements in light of the evolving COVID-19 situation. Over the course of FY2021, notable updates include the government stimulus measures in Australia, UK and the Rental Waiver Framework and Jobs Support Scheme implemented in Singapore.

Corporate Governance

The Company Secretary

The Board is 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 (Chapter 50 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 Board 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 Board.

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 FY2021, the Directors attended briefings and training programmes on, among others, (i) updates to the SGX-ST Listing Manual and Code of Corporate Governance; (ii) MAS regulatory updates; (iii) changes in the financial reporting standards; (iv) sustainability and Environmental, Social and Governance (or ESG) matters; and (v) cyber security landscape and threats; and technology risk management.

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.

Corporate Governance

BOARD COMPOSITION

The following table shows the composition of the Board and the various Board Committees as at 30 September 2021:

| | | 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 2021, all of the Directors are non-executive, majority of whom are independent.

No alternate directors have been appointed on the Boards for FY2021. Alternate directors will only be appointed in exceptional circumstances.

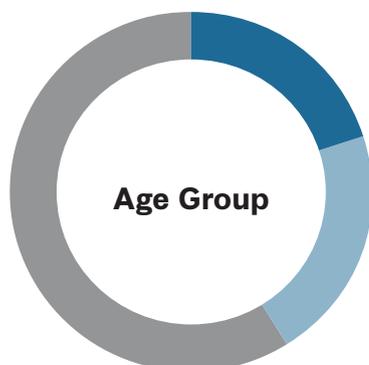
The NRC reviews, on an annual basis, the structure, size and composition of the Board and Board Committees, taking into account the CG Code, Securities and Futures (Licensing and Conduct of Business) Regulations (“**SFLCB Regulations**”) and Business Trust Regulations.

The NRCs review, on an annual basis, the Board structure, size, composition of the Board and Boards Committees, taking into account the CG Code, SFLCB Regulations) and Business Trust Regulations. The NRCs have assessed that the current structure, size and composition of each of the REIT Manager Board and the Trustee-Manager Board and the respective Board Committees are appropriate for the scope and nature of the operations of FHT, the REIT Manager and the Trustee-Manager (as the case may be). No individual or group dominates the REIT Manager Board's and/or the Trustee-Manager Board's decision-making process or has unfettered powers of decision-making. The NRCs are of the opinion that the Directors, with their diverse backgrounds and experience (including banking, accounting, finance and other relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management), provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity 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.

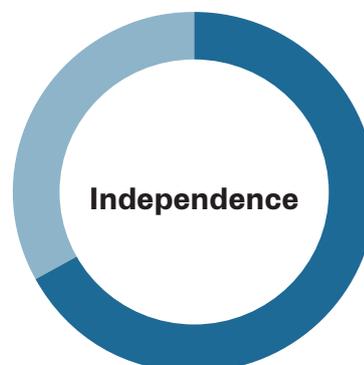
Where Directors step down from the Boards, cessation announcements providing detailed reason(s) for the cessation are released on SGXNet in compliance with the requirements of the SGX-ST Listing Manual.

Corporate Governance

Board Composition in terms of Age Group and Independence as at 30 September 2021



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



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

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 Board 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 Board as well as whether the candidates will add diversity and technological expertise to the Board 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 Company.

Corporate Governance

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 FY2021, 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 page 124.

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.

Corporate Governance

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 2021. He has confirmed, *inter alia*, that he:

- (a) is not connected^(a) to any substantial shareholder^(b) of the Managers or substantial Stapled Securityholder^(b) of FHT and, save as set out in note (1) on page 122, 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 FY2021 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 FY2021 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 122, Law Song Keng is an independent director as at 30 September 2021.

Corporate Governance

Chua Phuay Hee

Chua Phuay Hee is a non-executive director and independent director of Yihai Kerry Arawana Holdings Co., Ltd. at 30 September 2021. He has confirmed, *inter alia*, that he:

- (a) is not connected^(a) to any substantial shareholder^(b) of the Managers or substantial Stapled Securityholder^(b) of FHT and does not have any relationship with the Managers, their related corporations, their substantial shareholders, their officers or the substantial Stapled Securityholders of FHT which could interfere with the exercise of his independent judgment as a Director;
- (b) (i) is not employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2021 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 FY2021 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 122, Chua Phuay Hee is an independent director as at 30 September 2021.

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 2021. He has confirmed, *inter alia*, that he:

- (a) is not connected^(a) to any substantial shareholder^(b) of the Managers or substantial Stapled Securityholder^(b) of FHT and does not have any relationship with the Managers, their related corporations, their substantial shareholders, their officers or the substantial Stapled Securityholders of FHT which could interfere with the exercise of his independent judgment as a Director;
- (b) (i) is not employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2021 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 FY2021 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 122, Liew Choon Wei is an independent director as at 30 September 2021.

Corporate Governance

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 2021. He has confirmed, *inter alia*, that he:

- (a) is not connected^(a) to any substantial shareholder^(b) of the Managers or substantial Stapled Securityholder^(b) of FHT and does not have any relationship with the Managers, their related corporations, their substantial shareholders, their officers or the substantial Stapled Securityholders of FHT which could interfere with the exercise of his independent judgment as a Director;
- (b) (i) is not employed by the Managers, their related corporations or the REIT Trustee of FH-REIT for FY2021 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 FY2021 from the Managers or any of their subsidiaries, FHT of any of their subsidiaries and/or the Trustee and 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 123, David Wong See Hong is an independent director as at 30 September 2021.

Notes

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

Corporate Governance

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

| The Director: | Law Song Keng ⁽¹⁾ | Chua Phuay Hee ⁽³⁾ | Liew Choon Wei ⁽²⁾ | David Wong See Hong ⁽⁴⁾ | Panote Sirivadhanabhakdi ⁽⁵⁾ |
|---|------------------------------|-------------------------------|-------------------------------|------------------------------------|---|
| (i) had been independent from the management of the REIT Manager and FH-REIT during FY2021 | ✓ | ✓ | ✓ | ✓ | |
| (ii) had been independent from any business relationship with the REIT Manager and FH-REIT during FY2021 | | | | | |
| (iii) had been independent from every substantial shareholder of the REIT Manager and every substantial Stapled Securityholder of FHT during FY2021 | | | | | |
| (iv) had not been a substantial shareholder of the REIT Manager or a substantial Stapled Securityholder of FHT during FY2021 | ✓ | ✓ | ✓ | ✓ | |
| (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 FY2021 | ✓ | ✓ | ✓ | ✓ | ✓ |

Notes:

⁽¹⁾ Law Song Keng is a director of the REIT Manager and the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. As such, during FY2021, Law Song Keng is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT.

Law Song Keng is an independent 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**"). 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, 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 FY2021, 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 FY2021, Law Song Keng was able to act in the best interests of all Stapled Securityholders as a whole.

⁽²⁾ Liew Choon Wei is a director of the REIT Manager and the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. As such, during FY2021, Liew Choon Wei is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2021, 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 FY2021, Liew Choon Wei was able to act in the best interests of all Stapled Securityholders as a whole.

⁽³⁾ Chua Phuay Hee is a director of the REIT Manager and the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. As such, during FY2021, Chua Phuay Hee is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2021, 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 FY2021, Chua Phuay Hee was able to act in the best interests of all Stapled Securityholders as a whole.

Corporate Governance

- ⁽⁴⁾ David Wong See Hong is a director of the REIT-Manager and the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. As such, during FY2021, David Wong See Hong is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2021, 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 FY2021, David Wong See Hong was able to act in the best interests of all Stapled Securityholders as a whole.
- ⁽⁵⁾ Panote Sirivadhanabhakdi is currently a director and the Group Chief Executive Officer of FPL and a director of other entities within the Frasers Property Group other than the REIT Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of FPL which is a substantial shareholder of the Managers and a substantial Stapled Securityholder of FHT. Panote Sirivadhanabhakdi is also a director of various entities within the TCC Group⁷ (which is the controlling shareholder of the Frasers Property Group⁸) and holds 20.0% of the issued share capital of TCC Group Investments Limited, a substantial Stapled Securityholder of FHT. Panote Sirivadhanabhakdi is also the son of Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi. In addition, Panote Sirivadhanabhakdi is a director of the Trustee-Manager. As such, during FY2021, Panote Sirivadhanabhakdi is deemed (a) to have a management relationship with the REIT Manager and FH-REIT; (b) to have a business relationship with the REIT Manager and FH-REIT; (c) connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder of FHT; and (d) to be a substantial Stapled Securityholder of FHT. The REIT Manager Board is satisfied that, as at the last day of FY2021, Panote Sirivadhanabhakdi was able to act in the best interests of all Stapled Securityholders as a whole. As at the last day of FY2021, 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 FY2021, each of the Directors is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and the Trustee-Manager and substantial Stapled Securityholder. Nonetheless, the REIT Manager Board is satisfied that, as at the last day of FY2021, 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 Phuy 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 FY2021.

Further information on the independence of the Trustee-Manager Directors under the BTA and the related exemption granted by the MAS from the requirement under Regulation 12(1) of the Business Trusts Regulations can be found in the Statement on Composition of the Board of Directors of Frasers Hospitality Business Trust on pages 161 to 162.

The independent Directors lead the way in upholding good corporate governance at the Board level and their presence facilitates the exercise of objective independent judgement on corporate affairs. Their participation and input also ensure that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into account the long-term interests of FHT and its Stapled Securityholders. As of 30 September 2021, 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 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.

⁷ "TCC Group" refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi

⁸ "Frasers Property Group" refers to FPL and/or its subsidiaries.

Corporate Governance

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 pages 155 to 160.

The Managers do not have a practice of extending loans to Directors, and as at 30 September 2021, there were no loans granted by the Managers to Directors. If there are such loans, each of the Managers will comply with its obligations under the Companies Act (Chapter 50 of Singapore) in relation to loans, quasi-loans, credit transactions and related arrangements to Directors.

Board Performance Evaluation

Each of the REIT Manager NRC and the Trustee-Manager NRC is tasked with making recommendations to the respective Boards on the process and 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 FY2020, the outcome of the evaluation was generally affirmative across the evaluation categories. The objective performance criteria are not typically changed from year to year.

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

For FY2021, 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).

Corporate Governance

The responses to the Questionnaires and interview(s) 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.

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.

Corporate Governance

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 FY2021, 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.

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.

Corporate Governance

(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. These targets are established at the beginning of each financial year. At the end of the financial year, the achievements are measured against the pre-agreed targets and the short-term incentives of each Key Management Personnel are determined.

The NRCs recommend the final short-term incentives that are awarded to the Key Management Personnel for the Board's approval, taking into consideration any other relevant circumstances.

(2) Long-Term Incentive Plans

The NRCs administer the Managers' long-term incentive plan, namely, the RSSP. The RSSP was approved by the Boards and adopted on 8 December 2017. Through the RSSP, the Managers seek to foster a greater ownership culture within the Managers by aligning more directly the interests of senior executives (including the CEO) with the interests of Stapled Securityholders and other stakeholders, and for such employees to participate and share in FHT's growth and success, thereby ensuring alignment with sustainable value creation for Stapled Securityholders over the long-term.

The RSSP is available to selected senior executives of the Managers. Its objectives are to increase the Managers' flexibility and effectiveness in its continuous efforts to attract, retain and motivate talented senior executives and to reward these executives for the future performance of FHT and the Managers.

Under the RSSP, the Managers grant Stapled Security-based awards ("**Initial Awards**") with pre-determined performance targets being set at the beginning of the performance period. The NRCs recommend the Initial Awards granted to Key Management Personnel to the Boards for approval, taking into consideration the executives' individual performance. The performance period for the RSSP is one year. The pre-set targets are net property income and distribution per Stapled Security. Such performance conditions are generally performance indicators that are key drivers of 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 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.

Corporate Governance

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 FY2021, the pre-determined target performance levels for the RSSP grant were partially met.

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

Remuneration Packages of Key Management Personnel

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

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

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

In solidarity with its stakeholders in overcoming the challenges posed by COVID-19 pandemic, the senior management took a reduction in their base salary of between 5% to 10% from 1 October 2020 to 31 December 2020.

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.

Corporate Governance

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.

Disclosure of Remuneration of Directors and key executives

Information on the remuneration of Directors and Key Executives of the Managers for FY2021 is set out below.

| Directors of the Managers | Remuneration ⁽³⁾ S\$ |
|---------------------------|------------------------------------|
| Law Song Keng | 123,833.33 |
| Chua Phuay Hee | 47,250.00 |
| Liew Choon Wei | 77,083.33 |
| David Wong See Hong | 95,416.67 |
| Panote Sirivadhanabhakdi | 54,750.00 ⁽¹⁾ |
| Koh Teck Chuan | 35,375.00 ⁽¹⁾⁽²⁾ |

Notes:

⁽¹⁾ Directors' fees are paid to Frasers Property Corporate Services Pte. Ltd. for each of Panote Sirivadhanabhakdi and Koh Teck Chuan or such other relevant entity within Frasers Property Limited Group.

⁽²⁾ Koh Teck Chuan retired as a Director with effect from 1 July 2021.

⁽³⁾ The Boards had approved the waiver of 10% of non-executive Directors' basic fees for the period from 1 October 2020 to 31 July 2021, which were reinstated with effect from 1 August 2021, and this has been reflected in the amount of remuneration disclosed.

Corporate Governance

| Remuneration of CEO for FY2021 | Salary % | Bonus % | Allowances and Benefits % | Long-Term Incentives % | Total % |
|--|-------------------|------------------|---------------------------|------------------------|---------------------|
| Between S\$100,001 to S\$250,000 | | | | | |
| Colin Low Hsien Yang ⁽¹⁾ | 65 | 15 | 20 | 0 | 100 |
| Between S\$250,001 to S\$500,000 | | | | | |
| Eu Chin Fen ⁽²⁾ | 50 | 8 | 6 | 36 | 100 |
| Remuneration of Key Executives of the Managers ⁽³⁾ (excluding CEO) for FY2021 | Salary % | Bonus % | Allowances and Benefits % | Long-Term Incentives % | Total % |
| Eric Gan Chee Teik | 61 ⁽⁴⁾ | 7 ⁽⁴⁾ | 8 ⁽⁴⁾ | 24 ⁽⁴⁾ | 100 |
| Caris Ang | | | | | |
| Jason Leong Say Boon | | | | | |
| Sandy Leng Wei Woon ⁽⁵⁾ | | | | | |
| Jeanette Pang Li Lean ⁽⁶⁾ | | | | | |
| Aggregate Total Remuneration (excluding CEO) | | | | | S\$1,439,620 |

Notes:

- ⁽¹⁾ Colin Low was the CEO from 1 October 2020 to 9 April 2021, as such, the remuneration disclosed is for the aforementioned period.
- ⁽²⁾ Eu Chin Fen was appointed as the CEO on 10 April 2021, as such, the remuneration disclosed is for the period from 10 April 2021 to 30 September 2021.
- ⁽³⁾ The senior executives of the Manager (excluding the CEO) listed in this table are the CFO and the division heads of the Managers.
- ⁽⁴⁾ Derived on the aggregation of the respective remuneration components of each key executives (excluding the CEO) and represented as percentages against total remuneration for these key executives
- ⁽⁵⁾ Sandy Leng Wei Woon ceased to be employed by the Managers as the Head of Investor Relations as of 22 May 2021, as such, the remuneration disclosed is for the period from 1 October 2020 to 22 May 2021. Following her cessation as the Head of Investor Relations, Sandy Leng Wei Woon was paid advisor's fees of S\$27,488 and the remuneration disclosed above excludes such payment.
- ⁽⁶⁾ Jeanette Pang Li Lean was appointed as the Head of Investor Relations on 28 June 2021, as such, the remuneration disclosed is for the period from 28 June 2021 to 30 September 2021.
- ⁽⁷⁾ All persons who are considered key executives of the Managers have been listed in the remuneration table above.

For FY2021, there were no termination, retirement and post-employment benefits granted to the Directors, the CEO and Key Management Personnel.

Pursuant to MAS Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Notice No: SFA04-N14), REIT managers are required to disclose the remuneration of the CEO and each individual Director on a named basis, and the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are Directors), on a named basis, in bands of S\$250,000. The REIT manager may provide an explanation if it does not wish to or is unable to comply with such requirement. The REIT Manager has decided (a) to disclose the CEO's remuneration in bands of S\$250,000 (instead of on a quantum basis), (b) not to disclose exact details of the remuneration of the key executives of the REIT Manager (excluding the CEO) in bands of S\$250,000 and (c) to disclose the aggregate remuneration of all key executives of the REIT Manager (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;

Corporate Governance

- (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 212 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 2021, 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 Code of Collective Investment Schemes issued by the MAS, the SGX-ST Listing Manual, Singapore Financial Reporting Standards (International), and the provisions of the FH-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards in Singapore prescribed by the Accounting Standards Council.

The Trustee-Manager prepares the financial statements of FH-BT in accordance with Singapore Financial Reporting Standards (International), the applicable requirements of the Business Trust Act, Chapter 31A of Singapore 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.

Corporate Governance

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 annual general meeting (“AGM”) held on 20 January 2021, KPMG LLP was re-appointed by Stapled Securityholders as the external auditors of FHT for FY2021 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 FY2021, 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 2021 are set out in the table below:

| Fees relating to external auditors as at 30 September 2021 | S\$ ('000) |
|--|------------|
| For audit services | 465 |
| For non-audit services | 229 |
| Total | 694 |

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 FY2021, and where appropriate, has met with the ARCCs without the presence of Management to discuss their findings, if any.

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

In the review of the financial statements of FHT for FY2021, 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. |

Corporate Governance

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.

Risk Management

The Boards, through the ARCCs review the adequacy and effectiveness of the Managers' risk management framework to ensure that robust risk management and mitigating controls are in place. The Managers have adopted an enterprise-wide risk management ("ERM") framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the Managers' ERM framework and progress report is set out on pages 102 to 104.

Periodic updates are provided to the REIT Manager ARCC and the Trustee-Manager ARCC (as the case may be) on FH-REIT's, the REIT Manager's, FH-BT's and the Trustee-Manager's risk profiles. These updates would involve an assessment of FHT's, FH-REIT's, the REIT Manager's, FH-BT's and the Trustee-Manager's key risks by risk categories, current status, the effectiveness of any mitigating measures taken, and the action plans undertaken by Management to manage such risks.

In addition to the ERM framework, a comfort matrix of key risks, by which relevant material financial, compliance and operational (including information technology) risks of FHT, FH-REIT, the REIT Manager, FH-BT and the Trustee-Manager have been documented to assist the Boards to assess the adequacy and effectiveness of the existing internal controls. The comfort matrix is prepared with reference to the strategies, policies, processes, systems and reporting processes connected with the management of such key risks and presented to the Boards and the ARCCs. Risk tolerance statements setting out the nature and extent of significant risks which the REIT Manager and/or Trustee-Manager is willing to take in achieving its strategic objectives have been formalised and adopted.

Corporate Governance

The Boards have received assurance from the CEO and the CFO that as at 30 September 2021:

- (a) the financial records of the Group have been properly maintained and the financial statements for FY2021 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 2021 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 2021 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 2021, the internal controls of FHT (including financial, operational, compliance and information technology controls) and the risk management system in place for FHT were adequate and effective to address risks which the Managers consider relevant and material to FHT's operations.

Internal Audit

The internal audit function of each of the REIT Manager and the Trustee-Manager is performed by 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 the Group Chief Operating Officer of FPL. 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.

Corporate Governance

The ARCCs are also responsible for ensuring that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience. As at 30 September 2021, FPL Group IA comprised 22 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 members 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 to key strategies of FHT. The results of the risk assessments determine the level of focus and the review intervals for the various activities audited. Higher risk areas are subject to more extensive reviews which are also carried out more frequently. FPL Group IA conducts its reviews based on internal audit plans approved by the ARCCs. FPL Group IA has unfettered access to all of FHT's and the REIT Manager's and the Trustee-Manager's documents, records, properties and personnel, including access to the 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 are satisfied that for FY2021, 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 the financial year ended 30 September 2018. 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
- 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.

Corporate Governance

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

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

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

Further, the following procedures will be undertaken by the ARCCs:

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Interested Parties or Interested Persons (collectively, the "Related Parties") during the same financial year) equal to or exceeding S\$100,000 in value but less than 3.0% of the value of FH-REIT's or FH-BT's net tangible assets (based on the latest audited accounts) will be subject to review by the respective ARCCs at regular intervals;
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of FH-REIT's or FH-BT's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the ARCCs. Such approval shall only be given if such transaction is on normal commercial terms and not prejudicial to the interests of FH-REIT and/or FH-BT and the minority Stapled Securityholders; and
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of FH-REIT's and/or FH-BT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the ARCCs which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and/or the Property Funds Appendix (where applicable), such transaction would have to be approved by Stapled Securityholders at a meeting duly convened.

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

Corporate Governance

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 155 to 160.

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.

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.

Corporate Governance

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 <https://fht.frasersproperty.com/> 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 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 99.

A copy of FHT's Annual Report 2021 has been sent to all Stapled Securityholders. The electronic version of FHT's Annual Report 2021 is available on FHT's website at <https://fht.frasersproperty.com/>.

Conduct of general meetings

In view of the COVID-19 pandemic, the 6th Annual General Meeting (“**AGM 2021**”) was convened and held by way of electronic means on 20 January 2021, 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**”). The alternative arrangements put in place for the conduct of AGM 2021 included attendance at the AGM via electronic means where Stapled Securityholders could observe and/or listen to the AGM proceedings via live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the Meeting as proxy. All the Directors attended AGM 2021 either in-person or via electronic means.

In view of the ongoing COVID-19 situation in Singapore, the forthcoming 7th Annual General Meeting (“**AGM 2022**”) will again be convened and held by way of electronic means on 19 January 2022, pursuant to the COVID-19 Temporary Measures Order. The same alternative arrangements for the AGM will be put in place as last year except that this year, Stapled Securityholders will additionally be able to submit questions to the Chairman of the Meeting “live” at the AGM.

The description below sets out FHT's usual practice for Stapled Securityholders' meetings prior to the AGM 2021 when there were no pandemic risks and the COVID-19 Temporary Measures Order is not in operation.

The Boards support and encourage active Stapled Securityholder participation at AGMs as they believe that general meetings serve as an opportune forum for Stapled Securityholders to meet the Boards and senior Management, and to interact with them. To encourage participation, FHT's general meetings are held at convenient locations. Stapled Securityholders are given the opportunity to participate effectively and vote at FHT's general meetings, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated prior to the start of the meeting. 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.

Corporate Governance

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.

At general meetings, the Managers set out separate resolutions 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 as soon as practicable.

Distributions

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

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

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

For FY2021, FHT made two distributions to Stapled Securityholders.

Corporate Governance

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 74 to 98 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 FY2021.

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.

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.

Corporate Governance

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

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

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

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

| 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> <p>(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);</p> <p>(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</p> <p>(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> | <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

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

| 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

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

| | | PAGE REFERENCE OF FY2021 ANNUAL REPORT |
|---|--|---|
| PRINCIPLES AND PROVISIONS OF THE 2018 CG CODE GOVERNANCE | | |
| BOARD'S CONDUCT OF AFFAIRS | | |
| Provision 1.2 | Induction, training and development provided to new and existing Directors | 117-118 |
| Provision 1.3 | Matters requiring Board approval | 113 |
| 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 | 109-112 |
| Provision 1.5 | Number of Board and Board Committee meetings and each individual Directors' attendances at such meeting | 113 |
| BOARD COMPOSITION AND GUIDANCE | | |
| Provision 2.2 | The Boards' diversity policy and progress made towards implementation of the policy, including objectives | 118 |
| 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 | 117-118 |
| 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 | 119-123 |
| 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 | 118 |
| 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 | 124-125 |
| PROCEDURES FOR DEVELOPING REMUNERATION POLICIES | | |
| Provision 6.4 | Engagement of any remuneration consultants and their independence | 124 |

Corporate Governance

SUMMARY OF COMPLIANCE WITH EXPRESS DISCLOSURES REQUIREMENTS IN PRINCIPLES AND PROVISIONS OF 2018 CG CODE (CONT'D)

| | | PAGE REFERENCE OF FY2021 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: | 126-131 |
| | (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 | |
| 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. | 131 |
| 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 | 130 |
| RISK MANAGEMENT AND INTERNAL CONTROLS | | |
| Provision 9.2 | Boards' assurance from: | 134 |
| | (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. | |
| 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 | 113 |
| ENGAGEMENT WITH STAPLED SECURITYHOLDERS | | |
| Provision 12.1 | Steps taken by the Managers to solicit and understand the views of Stapled Securityholders | 137-138 |
| 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 | 137-138 |