The issue price of each Stapled Security under the Offering will be S$0.88 per Stapled Security or the "Offering Price" as determined by FHT's management, employees and business associates of Frasers Centrepoint Limited, and will be unchanged by the directors, management, employees and business associates of Frasers Centrepoint Limited, the Sponsor, the Global Coordinator or the Joint Bookrunners.

The total number of outstanding Stapled Securities (as defined herein) has entered into a subscription agreement to subscribe for an aggregate of 232,949,000 Cornerstone Stapled Securities (the "Cornerstone Stapled Securities") at the Offering Price conditional upon FHT obtaining listing approval for the Stapled Securities, the Stapled Securities which may be issued to the MIT Manager (as defined herein) from time to time in full or in part payment of fees payable to the Serviced Residence Operators and (vii) all 50 of Singapore) of Frasers Hospitality Pte. Ltd. (the "TCC Hospitality Sponsor Entity"").

Prior to the Offering, there has been no market for the Stapled Securities. The offer of Stapled Securities is made only in accordance with the offer document, the Prospectus Dated 30 June 2014 ("Prospectus") and the Additional Offer Document Dated 3 August 2014 ("Additional Prospectus"). The Stapled Securities have not been and will not be listed or offered for sale in the United States or any jurisdiction where it is unlawful to do so. No action has been taken or will be taken by FHT that would permit an offering of the Stapled Securities or possession or distribution of this Prospectus in any jurisdiction where action for such purposes is required. The Stapled Securities have not been approved or disapproved by the Monetary Authority of Singapore and any public offer of the Stapled Securities has not been registered with the Monetary Authority of Singapore.

This Prospectus will expire on 29 December 2014. FHT, FH-REIT, FH-BT and the Co-Managers have not, in any way, considered the investment merits of the FH-REIT Units, the FH-BT Units and the Stapled Securities, being offered for investment. This Prospectus will expire on 29 December 2014.

FHT provides investors exposure to one of the largest global hospitality portfolios comprising hotels and serviced residences, by number of rooms. FHT’s geographically diversified initial Portfolio consists of 12 quality assets in prime locations within key gateway cities across Asia, Australia and the United Kingdom.
FRASERS HOSPITALITY TRUST

Frasers Hospitality Trust ("FHT") is the first global hotel and serviced residence trust to be listed on the SGX-ST comprising FH-REIT and FH-BT.

FHT provides investors exposure to one of the largest global hospitality portfolios comprising hotels and serviced residences, by number of rooms.

FHT’s geographically diversified initial Portfolio consists of 12 quality assets in prime locations within key gateway cities across Asia, Australia and the United Kingdom.

ABOUT FRASERS HOSPITALITY TRUST

Frasers Hospitality Trust ("FHT") is the first global hotel and serviced residence trust to be listed on the SGX-ST comprising FH-REIT and FH-BT.

FHT provides investors exposure to one of the largest global hospitality portfolios comprising hotels and serviced residences, by number of rooms.

FHT’s geographically diversified initial Portfolio consists of 12 quality assets in prime locations within key gateway cities across Asia, Australia and the United Kingdom.
The REIT Trustee and the Trustee-Manager have been granted a right of first refusal by FCL (the “Sponsor ROFR”) and a right of first refusal by the ultimate controlling shareholders of the Strategic Partner (the “TCC ROFR”), which will provide FHT with access to future acquisition opportunities of income-producing properties located anywhere in the world except Thailand, which are primarily used for hospitality purposes.

Collectively, the Initial Portfolio has a total of 1,928 hotel rooms and 842 serviced residence units. This comprises completed properties and properties currently under development or refurbishment.

In addition to the properties included in the Initial Portfolio, potential for FHT to double room count through access to pipeline of quality assets includes:

- **Fraser Suites Edinburgh**
- **Fraser Suites Glasgow**
- **Best Western Cromwell London**
- **Park International London**
- **Fraser Place Canary Wharf, London**
- **Fraser Suites Queens Gate, London**
- **LONDON**
- **EDINBURGH**
- **GLASGOW**
- **SINGAPORE**
- **SYDNEY**
- **KUALA LUMPUR**
- **Kobe City**
- **Barcelona**
- **North America**
- **South America**
- **Asia Pacific**

COMPRISING 2,822 TOTAL ESTIMATED HOTEL ROOMS AND 1,135 TOTAL ESTIMATED SERVICED RESIDENCE UNITS

Potential for FHT to double room count through access to pipeline of quality assets

- The REIT Trustee and the Trustee-Manager have been granted a right of first refusal by FCL (the “Sponsor ROFR”) and a right of first refusal by the ultimate controlling shareholders of the Strategic Partner (the “TCC ROFR”), which will provide FHT with access to future acquisition opportunities of income-producing properties located anywhere in the world except Thailand, which are primarily used for hospitality purposes.

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  - **SINGAPORE**
  - **SYDNEY**
  - **KUALA LUMPUR**
  - **Kobe City**
  - **Barcelona**
  - **North America**
  - **South America**
  - **Asia Pacific**

- **INITIAL PORTFOLIO**
  - **12 PROPERTIES**
  - **7 CITIES**
  - **2,770' ROOMS**

- **ROFR PORTFOLIO**
  - **18' PROPERTIES**
  - **16 CITIES**
  - **3,957' ROOMS**
Our Initial Portfolio

<table>
<thead>
<tr>
<th>Location</th>
<th>Property Type</th>
<th>No. of Rooms</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>Serviced Residence</td>
<td>108</td>
<td>85</td>
</tr>
<tr>
<td>Singapore</td>
<td>Serviced Residence</td>
<td>171</td>
<td>443</td>
</tr>
<tr>
<td>Glasgow</td>
<td>Hotel</td>
<td>75</td>
<td>443</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>Hotel</td>
<td>98</td>
<td>443</td>
</tr>
<tr>
<td>Sydney</td>
<td>Serviced Residence</td>
<td>230</td>
<td>98</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>Hotel</td>
<td>593</td>
<td>593</td>
</tr>
<tr>
<td>Kobe</td>
<td>Hotel</td>
<td>85</td>
<td>443</td>
</tr>
</tbody>
</table>

Potential for FHT to double room count through access to pipeline of quality assets

- The REIT Trustee and the Trustee-Manager have been granted a right of first refusal by FCL (the “Sponsor ROFR”) and a right of first refusal by the ultimate controlling shareholders of the Strategic Partner (the “TCC ROFR”), which will provide FHT with access to future acquisition opportunities of income-producing properties located anywhere in the world except Thailand.

- The Initial Portfolio includes 2,822 total estimated hotel rooms and 1,135 total estimated serviced residence units.

- Collectively, the Initial Portfolio has a total of 1,928 hotel rooms and 842 serviced residence units.

- The Initial Portfolio includes properties from both the Initial Portfolio and the ROFR Properties, which are primarily used for hospitality purposes.

- The ROFR Properties are located in cities where ROFR assets are located.

- The Initial Portfolio has a significant presence in cities such as London, Kuala Lumpur, Sydney, and Singapore.

- The Initial Portfolio has a strong presence in major cities across the world, including London, Kuala Lumpur, Sydney, and Singapore.

- The Initial Portfolio includes properties that are situated within the Golden Triangle and with easy access to shopping malls and nightlife.
OUR ROFR ACQUISITION PIPELINE

ROFR arrangement with FHT’s Sponsor and Strategic Partner provides access to future acquisition opportunities.

ASIA

- Capri by Fraser, Changi City, Singapore
- Fraser Place Robertson Walk, Singapore
- Fraser Place Manila, Philippines
- Fraser Residence Sudirman Jakarta, Indonesia
- Le Méridien Angkor, Siem Reap, Cambodia
- Crowne Plaza Hotel, Kunming, China
- Holiday Inn Hotel, Kunming, China
- Fraser Suites Beijing, China

AUSTRALIA

- Sofitel Sydney Wentworth, Australia
- InterContinental, Adelaide, Australia
- Hyatt Hotel Canberra, Australia
- Fraser Place Melbourne, Australia
- Capri by Fraser, Brisbane, Australia
- Fraser Suites Perth, Australia

EUROPE

- Fraser Suites Kensington, London, UK
- Capri by Fraser, Frankfurt, Germany
- Capri by Fraser, Barcelona, Spain

UNITED STATES OF AMERICA

- Plaza Athenee, New York, USA

OUR DIVERSIFIED AND BALANCED PORTFOLIO

- Geographically diversified portfolio across Asia, Australia and the United Kingdom, with exposure to two distinct hospitality asset classes and access to different hospitality brands
- Balanced portfolio capitalising on the upside from reputable hotels and resilient serviced residences

INITIAL PORTFOLIO ASSET VALUATION BY COUNTRY AND ASSET CLASS

- Total Valuation: S$1,666.5 Million

INITIAL PORTFOLIO PY2015 NPI BY COUNTRY AND ASSET CLASS

- Py2015 NPI: S$83.1 Million

KEY INVESTMENT HIGHLIGHTS

FAVOURABLE HOSPITALITY GROWTH DEMAND DRIVERS

ASIA
- Singapore, Kuala Lumpur and Kobe are three cities with positive developments ranging from new tourist attractions to MICE developments

AUSTRALIA
- Sydney is the major gateway to Australia and a key hub for the Asia Pacific region, with several major projects under construction and proposed in Sydney City which will increase its appeal as a business and tourist destination

UNITED KINGDOM
- London, Glasgow and Edinburgh are key financial and commercial centres, and leading tourism destinations

INDEPENDENT PLATFORM PROVIDES FLEXIBILITY AND ACCESS TO GLOBALLY RENOWNED HOTEL OPERATORS

- Diversity in asset acquisition and full flexibility to engage the best hotel operators for its intended clientele and target markets
- Ability to leverage on hotel operators’ worldwide distribution networks and loyalty programmes which optimise hotel performance

DOWNSIDE PROTECTION AND UPSIDE POTENTIAL FROM FUTURE RENTAL GROWTH

- Downside protection and stability through a Fixed Rent component in the Master Lease and Tenancy Agreements supported by the Sponsor’s Corporate Guarantee
- Mitigates risk caused by uncertainty and volatility of global economic conditions
- Upside potential provided by Variable Rent component

WELL POSITIONED TO CAPITALISE ON GROWTH OPPORTUNITIES

- RevPar growth through newly-refurbished properties
- Organic growth strategies and initiatives to improve RevPAR

COMMITTED AND REPUTABLE SPONSOR AND STRATEGIC PARTNER

- Leverage on strong network, branding and property development expertise of Sponsor, FCL, and Strategic Partner, the TCC Group
- Visible acquisition pipeline of 12 properties under FCL ROFR and 6 properties under TCC ROFR

EXPERIENCED BOARD AND MANAGEMENT TEAM WITH PROVEN TRACK RECORD

- Experienced and professional management team
- Track record in hospitality development and management

GEographically DIVERSIFIED PORTFOLIO

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>49.5%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>10.6%</td>
</tr>
<tr>
<td>Australia</td>
<td>12.1%</td>
</tr>
<tr>
<td>Japan</td>
<td>8.3%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>19.5%</td>
</tr>
</tbody>
</table>

BALANCED PORTFOLIO

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>60.7%</td>
</tr>
<tr>
<td>Serviced Residences</td>
<td>39.3%</td>
</tr>
</tbody>
</table>

9 Based on the higher of the two independent appraisal values for the Properties and exchange rates of the AUD/SGD: 1.17670 1 GBP/SGD: 2.12775 1 JPY/SGD: 0.01229 1 MYR/SGD: 0.38873. The appraisal values of the Properties are as at 31 March 2014 for Novotel Rockford Darling Harbour and Fraser Suites Sydney and 31 December 2013 for the remaining Properties.
OUR ROFR ACQUISITION PIPELINE

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**TOTAL VALUATION:**
- **S$1,666.5 MILLION**

**INITIAL PORTFOLIO ASSET VALUATION BY COUNTRY AND ASSET CLASS**
- **Total Valuation:**
  - **S$1,666.5 MILLION**

**GEOGRAPHICALLY DIVERSIFIED PORTFOLIO**
- **Singapore:** 49.5%
- **Malaysia:** 10.6%
- **Australia:** 12.1%
- **Japan:** 8.3%
- **United Kingdom:** 19.5%

**BALANCED PORTFOLIO**
- **Hotels:** 60.7%
- **Serviced Residences:** 39.3%

**INITIAL PORTFOLIO PY2015 NPI BY COUNTRY AND ASSET CLASS**
- **PY2015 NPI:**
  - **S$83.1 MILLION**

**GEOGRAPHICALLY DIVERSIFIED PORTFOLIO**
- **Singapore:** 34.9%
- **Malaysia:** 12.6%
- **Australia:** 13.6%
- **Japan:** 14.6%
- **United Kingdom:** 24.3%

**BALANCED PORTFOLIO**
- **Hotels:** 61.6%
- **Serviced Residences:** 38.4%

**KEY INVESTMENT HIGHLIGHTS**

**FAVOURABLE HOSPITALITY GROWTH DEMAND DRIVERS**
- **ASIA**
  - Singapore, Kuala Lumpur and Kobe are three cities with positive developments ranging from new tourist attractions to MICE developments.
- **AUSTRALIA**
  - Sydney is the major gateway to Australia and a key hub for the Asia Pacific region, with several major projects under construction and proposed in Sydney City which will increase its appeal as a business and tourist destination.
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**QUALITY ASSETS**

12 quality hospitality properties managed by globally renowned hotel operators and located close to business and tourism centres, as well as key transportation routes

**DIVERSIFIED AND BALANCED PORTFOLIO**

Located across seven key gateway cities in three continents, with six hotels and six serviced residences

**VISIBLE PIPELINE**

Strong expansion pipeline through the opportunity to acquire 18 ROFR properties across 10 countries

FCL also has extensive experience in managing and growing listed REITs. FCL wholly owns the REIT Managers of Frasers Centrepoint Trust and Frasers Commercial Trust, which are focused on retail, and office and business space properties.

One of the largest businesses in Southeast Asia, the TCC Group invests in and develops a wide range of real estate projects globally. As at 31 December 2013, it owns, among others, 17 retail shopping centres, seven commercial offices, 40 hotels worldwide and over 48,000 acres of land bank for development.

**THE SPONSOR**

FHT is sponsored by Frasers Centrepoint Limited (“FCL” or the “Sponsor”), a well-established brand name and full-fledged international real estate company with multi-segment capabilities across residential, commercial and hospitality properties.

Listed on the Main Board of the SGX-ST, FCL’s property portfolio comprises properties located in Singapore and overseas, ranging from residential and commercial developments to shopping malls, serviced residences and office and business space properties.

FCL has management expertise and proven track record as an owner and operator of hospitality assets around the world. Its hospitality arm, Frasers Hospitality, has been consistently recognised for its excellence in being a leading international hospitality operator.

About the Sponsor and Strategic Partner

- **Key Financial Highlights**
  - **Resilient Growth in Net Property Income**
    - 2011: 68.8, 2012: 76.9, 2013: 80.3, FP2014: 41.5\(^\text{(b)}\), PY2015: 83.1\(^\text{(c)}\)
  - **Attractive Forecast and Projected Distribution Yield**
    - 2011: 6.9\(^\text{(a)}\), 2012: 7.0\(^\text{(c)}\)

- **Quality Assets**
  - 12 quality hospitality properties managed by globally renowned hotel operators and located close to business and tourism centres, as well as key transportation routes

- **Diversified and Balanced Portfolio**
  - Located across seven key gateway cities in three continents, with six hotels and six serviced residences

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**How to Apply**

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**About the Sponsor and Strategic Partner**

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**KEY FINANCIAL HIGHLIGHTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Property Income (S$MIL)</th>
<th>Distribution Yield (%)</th>
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<tbody>
<tr>
<td>2011</td>
<td>68.8</td>
<td>7.0</td>
</tr>
<tr>
<td>2012</td>
<td>76.9</td>
<td>7.0</td>
</tr>
<tr>
<td>2013</td>
<td>80.3</td>
<td>7.0</td>
</tr>
<tr>
<td>FP2014</td>
<td>41.5</td>
<td>6.9*</td>
</tr>
<tr>
<td>FY2015</td>
<td>83.1*</td>
<td>7.0*</td>
</tr>
</tbody>
</table>

**QUALITY ASSETS**

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**ABOUT THE SPONSOR AND STRATEGIC PARTNER**

1. Subject to the relevant assumptions set out in the Prospectus
2. The forecast yield for Forecast Period 2014 is prepared on an annualised basis.
3. The forecasts and projected yields are calculated based on the Offering Price of $0.88, together with the accompanying assumptions in the Prospectus. Such yields will vary accordingly for investors who purchase Stapled Securities in the secondary market at a market price that differs from the Offering Price.
4. FP2014 – Forecast Period 2014 is defined as the financial period from 1 April 2014 to 30 September 2014
5. FY2015 – Financial Year 2015 is defined as the full financial year between 1 October 2014 and 30 September 2015
6. PY2015 – Prospect Year 2015 is defined as the full financial year between 1 October 2014 and 30 September 2015

**INDICATIVE TIMETABLE FOR THE OFFERING**

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NO NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation in connection with the Offering not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator or the Joint Bookrunners. If anyone provides you with different or inconsistent information, you should not rely on it. Neither the delivery of this Prospectus nor any offer, subscription, placement, purchase, sale or transfer made hereunder shall under any circumstances imply that the information contained herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the business, affairs, conditions and prospects of the Stapled Securities, FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager or the Sponsor since the date on the cover of this Prospectus. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the REIT Manager and/or the Trustee-Manager will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this Prospectus or a supplementary document or replacement document pursuant to Section 282C, Section 282D, Section 296 or Section 298 of the SFA and take immediate steps to comply with these sections. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes.

For the avoidance of doubt, only FH-REIT is subject to compliance with Appendix 6 of the Code on Collective Investment Schemes (the “CIS Code”, and Appendix 6 of the CIS Code, the “Property Funds Appendix”). FH-BT is not subject to compliance with the Property Funds Appendix.

Investors who subscribe for or subsequently acquire Stapled Securities may be subject to the foreign investment regime of the Commonwealth of Australia (“Australia”).

Australia’s foreign investment regime is set out in the Australian Foreign Acquisitions and Takeovers Act 1975 (the “FATA”) and the Australian Government’s Foreign Investment Policy (the “Policy”).

Investors in Stapled Securities who are ‘foreign persons’ for the purposes of Australia’s foreign investment regime are required under the FATA or the Policy to notify and receive a prior statement of no objection (“FIRB Clearance”) to their investment in FHT from the Australian Treasurer, through the Foreign Investment Review Board (“FIRB”) in each of the circumstances set out below.

(a) If either FH-REIT or FH-BT is considered to be an Australia Urban Land Trust Estate (“AULT”), all investors in Stapled Securities who are foreign persons will require FIRB Clearance.

(b) If FHT has gross Australian assets in excess of a specified threshold prescribed under FATA (as at the date of this Prospectus, the threshold prescribed under FATA is AUD248.0 million), all investors (i) who are foreign persons and (ii) who are acquiring a Substantial Interest in FHT, will require FIRB Clearance.

(c) Any investor that is a Foreign Government Investor making a ‘direct investment’ in FHT will require FIRB Clearance, regardless of whether FH-REIT or FH-BT is considered to be an AULT or if FHT has gross Australian assets in excess of AUD248.0 million.
However, there is no direct impact on FHT. An act that constitutes an offence under the FATA is not invalidated as a result. Accordingly, the underlying transaction (being the subscription of Stapled Securities by investors) is not affected even if persons who require FIRB Clearance for acquisitions of Stapled Securities in the circumstances referred to above do not obtain such clearance. In the absence of any contractual arrangement between FHT and proposed investors to that effect (for example, as a condition of a subscription agreement), FHT has no recourse against investors who require FIRB Clearance for acquisitions of Stapled Securities but make such acquisitions of Stapled Securities without obtaining FIRB Clearance. For the impact to investors if FIRB Clearance is not obtained, please see “Risk Factors – Risks Relating to Australia – Investments in FHT may be subject to Australia’s foreign investment regime”.

There are also some other circumstances in which it may be prudent for an investor to seek FIRB Clearance on a voluntary basis. See “Risk Factors – Risks Relating to Australia – Investments in FHT may be subject to Australia’s foreign investment regime” for such other circumstances.

An explanation of key terms under Australia’s foreign investment regime is set out below.

**Australian Urban Land Trust Estate**

An “AULTE” is an “Australian urban land trust estate” under the FATA. A trust estate is an AULTE under the FATA if the value of its interests in Australian urban land (being any land in Australia that is not used for a primary production business) exceeds 50% of the total value of its assets.

**Foreign Government Investor**

A Foreign Government Investor is:

- a foreign government, their agency or related entity (for example, state-owned enterprises and sovereign wealth funds) (“Foreign Government”);
- a corporation in which a Foreign Government has an interest (direct or indirect) of 15% or more;
- a corporation in which two or more Foreign Governments have an aggregate interest (direct or indirect) of 40% or more; or
- an entity that is otherwise controlled by a Foreign Government.

**Direct Investment**

A “Direct Investment” is an investment by a Foreign Government Investor that provides an element of influence or control over the target, including all investments of 10% or more.

**Substantial Interest**

The acquisition of a “Substantial Interest” is an acquisition of:

- control of 15% or more of the actual or potential voting power or issued shares in a target by a single foreign person (together with associates); or
- control of 40% or more of the actual or potential voting power or issued shares in a target by more than one foreign person (together with associates).
AULTE status on Listing Date

As at the date of this Prospectus, based on the initial portfolio of hotels and serviced residences in FH-REIT and on their current market values relative to the total value of FH-REIT’s assets, FH-REIT is not an AULTE on the Listing Date and there are no residential properties comprised in FH-REIT’s initial portfolio. Based on the unaudited pro forma financial information of FH-REIT as at 31 December 2013, the value of the Australian assets comprised in FH-REIT’s initial portfolio is approximately 11% of the total asset value of FH-REIT. As FH-BT is dormant on the Listing Date, FH-BT is not an AULTE on the Listing Date.

If, contrary to the above, either FH-REIT or FH-BT is considered to be an AULTE, each ‘foreign person’ (ie, non-Australian) acquiring a Stapled Security in FHT would need to, as a matter of current law, obtain FIRB Clearance.

In August 2013, an administrative exemption for certain ‘passive investments’ by foreign persons (other than Foreign Government Investors) in an AULTE was announced under the previous Australian Government. Relevantly, the exemption was to apply to acquisitions of interests of less than 10% in a listed trust that was an AULTE with predominantly non-residential properties.

The administrative exemption does not have the force of law and was intended to apply for an interim period only, pending public consultation and clarification of the Australian Government’s position. However, there was a subsequent change of Government in Australia in September 2013, and the current Australian Government has not announced its policy position either way in respect of the exemption.

Nonetheless, FHT understands that the administrative exemption remains operative as at the date of this Prospectus on the basis that the administrative exemption remains published on FIRB’s website and no announcement has been made that it has been revoked. However, there is no definitive clarity at this point as to the continued availability or terms of any such exemption in the future.

If either FH-REIT or FH-BT becomes an AULTE in the future, because of a change in the portfolio of hotels and serviced residences in FH-REIT or FH-BT and/or a change in their future market values, this should not have any direct impact on FHT’s financial performance.

However, if either FH-REIT or FH-BT becomes an AULTE in the future, this would have an adverse effect on the price and/or liquidity of the Stapled Securities, as prospective buyers will factor into their buying and pricing decisions the possibility that any purchase of Stapled Securities on the secondary market may then require FIRB Clearance.

The REIT Manager and the Trustee-Manager (collectively, the “Managers”) will actively manage its portfolio mix so that it is able to maintain each of FH-REIT’s and FH-BT’s interests in Australian urban land at less than 50% of the total asset value of FH-REIT and FH-BT, respectively so that neither FH-REIT nor FH-BT will become an AULTE.

Australian asset value on Listing Date

Based on the unaudited pro forma balance sheet of FH-REIT as at 31 December 2013, FHT has gross Australian assets of approximately AUD170 million, which are not in excess of AUD248 million. However, if the value of the gross Australian assets of FHT increases beyond a value of AUD248.0 million (or such other threshold as may apply at the relevant time), investors will require FIRB Clearance for the acquisition of a Substantial Interest in FHT.
The gross value of the Australian assets of FHT may exceed the value of AUD248.0 million post-Listing. However, the Managers are of the view that this will not materially and adversely affect the liquidity of the Stapled Securities and investors’ decisions on whether to invest in FHT as only investors seeking to acquire a Substantial Interest in FHT will require FIRB Clearance.

**Subscription for Stapled Securities on the Listing Date:** investors in Stapled Securities that are issued on the Listing Date will not require FIRB Clearance unless they are considered to be a Foreign Government Investor making a Direct Investment. The requirement for Foreign Government Investors to seek FIRB Clearance for Direct Investments is found in the Policy, and not the FATA. While the Policy reflects the current requirements of the Australian Government and does not have the force of law, it is the stated position of the Australian Government which expects compliance.

**Acquisitions of Stapled Securities after the Listing Date:** after the Listing Date, the Managers will actively monitor and announce: (a) the proportion which FH-REIT’s and FH-BT’s interests in Australian urban land represents compared to each of FH-REIT’s and FH-BT’s total assets; (b) the value of FHT’s Australian assets, when they release the periodic announcements of the financial statements for FHT; and (c) whether FH-REIT or FH-BT will become, or is, an AULTE (which may occur notwithstanding that the Managers seek to maintain each of FH-REIT’s and FH-BT’s interests in Australian urban land at less than 50% of the total asset value of FH-REIT and FH-BT, respectively, if for example, there is a reduction in the values of the other non-Australian assets). Any announcement in relation to the above will be accompanied by general advice on the status of the administrative exemption (if it continues to be available at that time) and any other implications of this development. Such announcement would also state that any investor acquiring Stapled Securities on the secondary market after the date of that announcement should seek their own advice on the FIRB requirements as they pertain to their specific circumstances. If the administrative exemption does not apply at that time, the announcement would also note that fact. The Managers will not undertake acquisition of interests in Australian urban land if such acquisition is likely to result in either FH-REIT or FH-BT becoming an AULTE. In addition, if the value of FH-REIT’s or FH-BT’s interests in non-Australian urban land decreases (whether as a result of decrease in the valuation or sale by either FH-REIT or FH-BT) such that there is a risk of either FH-REIT or FH-BT becoming an AULTE, FHT will also give investors’ advance notice of the same.

This will assist investors acquiring stapled securities after the Listing Date in considering whether or not to seek FIRB Clearance for those acquisitions.

If FH-REIT or FH-BT becomes an AULTE, applications for FIRB Clearance may be made by prospective investors in FHT in accordance with the information on FIRB’s website.

In this regard, it is the responsibility of any persons who wish to acquire Stapled Securities at any stage to satisfy themselves as to their compliance with the FATA, regulations made under the FATA, the Policy, guidelines issued by the FIRB and with any other necessary approval and registration requirement or formality, before acquiring a Stapled Security.

(See “Overview of Relevant Laws and Regulations in Australia, the United Kingdom, Japan and Malaysia – Relevant Laws and Regulations in Australia – Regulation of Foreign Investment in Australia” for additional details regarding Australia’s foreign investment regime.)

This document does not contain an offer or constitute any part of an offer to the public in the United Kingdom within the meaning of sections 85 and 102B of the Financial Services and Markets Act, 2002. This document has not been, and will not be, approved by or filed with the Financial Conduct Authority in the United Kingdom. The Stapled Securities will not be listed on any market operated by the London Stock Exchange plc which accordingly has not itself examined or approved the contents of this document.
None of FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator, the Joint Bookrunners or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any prospective purchaser or subscriber of the Stapled Securities regarding the legality of an investment by such purchaser or subscriber of the Stapled Securities under appropriate legal, investment or similar laws.

In addition, this Prospectus is issued solely for the purpose of the Offering and prospective investors in the Stapled Securities should not construe the contents of this Prospectus as legal, business, financial or tax advice. In making an investment decision, prospective investors must rely upon their own examination of FHT, FH-REIT and FH-BT and the terms of this Prospectus, including the risks involved. Prospective investors should be aware that they are required to bear the financial risks and other risks of an investment in the Stapled Securities, and may be required to do so for an indefinite period of time. Prospective investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Stapled Securities.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours, from:

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<td>23 Church Street #16-01 Capital Square Singapore 049481</td>
<td>8 Marina Boulevard #19-01 Marina Bay Financial Centre Tower 1 Singapore 018981</td>
<td>80 Raffles Place UOB Plaza Singapore 048624</td>
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and, where applicable, from certain members of the Association of Banks in Singapore, members of the SGX-ST as well as merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: http://www.sgx.com.

The Stapled Securities have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Stapled Securities are being offered and sold in offshore transactions as defined and in reliance on Regulation S.

The distribution of this Prospectus and the offering, subscription, placement, purchase, sale or transfer of the Stapled Securities in certain jurisdictions may be restricted by law. FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator and the Joint Bookrunners require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to any of FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator and the Joint Bookrunners. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Stapled Securities in any jurisdiction in which such offer or invitation would be unlawful. Prospective investors are authorised to use this Prospectus solely for the purpose of considering the subscription for the Stapled Securities in the Offering. For a description of certain restrictions on the offer, transfer and sale of the Stapled Securities, see “Plan of Distribution – Distribution and Selling Restrictions”. Persons to whom a copy of this Prospectus has been issued shall not
circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur. No one has taken any action that would permit a public offering to occur in any jurisdiction other than Singapore.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the Joint Bookrunners and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Stapled Securities at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence on or after the Listing Date, and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 35,737,000 Stapled Securities, representing 19.3% of the total number of Stapled Securities in the Offering, to undertake stabilising actions. The exercise of the Over-Allotment Option will not increase the total number of Stapled Securities outstanding.
FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute forward-looking statements. Statements that are not historical facts, including statements about beliefs and expectations, are forward-looking statements and can generally be identified by the use of forward-looking terminology such as the words “believe”, “expect”, “anticipate”, “plan”, “intend”, “estimate”, “project” and similar words. This Prospectus also contains forward-looking financial information in “Profit Forecast and Profit Projection” and other sections. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of FHT, FH-REIT, FH-BT, the REIT Manager and/or the Trustee-Manager and/or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information.

Such forward-looking statements and financial information are based on numerous assumptions regarding present and future business strategies of the REIT Manager and/or the Trustee-Manager and the environment in which FHT, FH-REIT, FH-BT, the REIT Manager and/or the Trustee-Manager will operate in the future. As these statements and financial information reflect current views of the REIT Manager and/or the Trustee-Manager concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any reliance on these forward-looking statements and financial information.

Among the important factors that could cause the actual results, performance or achievements of FHT, FH-REIT, FH-BT, the REIT Manager, the Trustee-Manager or the Sponsor to differ materially from those in the forward-looking statements and financial information are the conditions of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as political, economic and social conditions, changes in government laws and regulations affecting FHT, competition in the hospitality markets in which FHT may operate or invest, industry, interest rates, inflation, relations with service providers, relations with lenders, hostilities (including future terrorist attacks), the performance and reputation of FHT’s properties and/or acquisitions, difficulties in identifying future acquisitions, difficulty in completing and integrating acquisitions, changes in the Managers’ directors and executive officers, risks related to natural disasters, general volatility of the capital markets, general risks relating to the hospitality markets in which FHT may invest and the market price of the Stapled Securities as well as other matters not yet known to the Managers or not currently considered material by the Managers. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Profit Forecast and Profit Projection” and “Business and Properties”. These forward-looking statements and financial information speak only as at the date of this Prospectus. The Managers expressly disclaim any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement and financial information contained herein to reflect any change in the expectations of the Managers or the Sponsor with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.
CERTAIN DEFINED TERMS AND CONVENTIONS

FHT, FH-REIT and FH-BT will publish their financial statements in Singapore dollars. In this Prospectus, references to SGD, “S$”, “$”, “Singapore dollars” or “cents” are to the lawful currency of the Republic of Singapore, references to “AUD”, “A$”, “Australian dollars” or “Australian cents” are to the lawful currency of Australia, references to “GBP”, “£” or “Pound Sterling” are to the lawful currency of the United Kingdom, references to “JPY”, “¥” or “Yen” are to the lawful currency of Japan and references to “MYR” or “Ringgit” are to the lawful currency of Malaysia. Certain monetary amounts set out in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in tables may not be an arithmetic aggregation of the figures that precede them.

For the reader’s convenience, except where the exchange rate is expressly stated otherwise, in this Prospectus: (i) AUD dollars have been translated into Singapore dollars based on the fixed exchange rate of A$1.00 = S$1.17670, (ii) GBP have been translated into Singapore dollars based on the fixed exchange rate of GBP1.00 = S$2.12775, (iii) Yen have been translated into Singapore dollars based on the fixed exchange rate of JPY1.00 = S$0.01229 and (iv) MYR have been translated into Singapore dollars based on the fixed exchange rate of MYR1.00 = S$0.38873.

Unless otherwise defined, capitalised terms used in this Prospectus shall have the meanings set out in the Glossary.

The forecast and projected yields and yield growth are calculated based on the Offering Price and the forecast and projected statements of total returns for the Forecast Period 2014 and Projection Year 2015 of FH-REIT. Such yields and yield growth will vary accordingly to the extent that the Listing Date is later than 1 April 2014, or for investors who purchase the Stapled Securities in the secondary market at a market price different from the Offering Price.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Save in the case of figures in square feet (“sq ft”) and S$ which are rounded to the nearest thousand and percentages which are rounded to one decimal place, where applicable, figures are rounded off to the nearest whole number, including all figures on revenue per available hotel room/serviced residence unit (excluding house use hotel rooms/serviced residence units) (“RevPAR”) and average daily rate (“ADR”). Measurements in square metres (“sq m”) are converted to sq ft and vice versa based on the conversion rate of 1.0 sq m = 10.7639 sq ft. References to “Appendix” or “Appendices” are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

Unless otherwise specified, all information relating to the Properties (as defined herein) in this Prospectus are as at 31 December 2013. See “Business and Properties” for details regarding the Properties.

For the purposes of this Prospectus, real estate used for “hospitality” purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term “serviced residences” means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore (the “Housing Developers (Control and Licensing) Act”) and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residences.
MARKET AND INDUSTRY INFORMATION

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. The Managers have commissioned Jones Lang LaSalle Property Consultants Pte Ltd (the “Independent Market Research Consultant”) to prepare the “Independent Hospitality Industry Report”. (See Appendix E, “Independent Hospitality Industry Report” for further details.) While the Managers have taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Managers have not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein. Consequently, none of FHT, FH-REIT, FH-BT, the Managers, the REIT Trustee, the Sponsor, the Global Coordinator or the Joint Bookrunners makes any representation as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same.

Both the REIT Trustee and the Trustee-Manager have appointed Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“Colliers”) as the valuers of the Properties respectively. The Managers have appointed CBRE Pte. Ltd. (“CBRE”) or Jones Lang LaSalle Hotels (NSW) Pty Limited (“JLL”) (as the case may be) as the second valuer for the Properties (collectively, the “Independent Valuers”). (See Appendix D, “Independent Property Valuation Summary Reports” for further details.)
USE OF TRADEMARKS OR BRANDS IN THE PROSPECTUS

This Prospectus contains certain trademarks or brands that may be the exclusive property of their respective owners which are third party companies that are not owned or controlled by FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager or the Sponsor.

In the event that the agreement of FHT, FH-REIT or FH-BT (as the case may be) with the hotel managers or serviced residence operators or such other third party licensor is terminated for any reason, the use of all the relevant trademarks and service marks in connection with the relevant Property will cease. All signs and materials bearing those marks and other indicia connecting the Property with the relevant hotel manager or serviced residence operator or such other third party licensor will be removed and such hotel manager or serviced residence operator or such other third party licensor will no longer provide services to the Property.

Investors are reminded that the hotel managers and the serviced residence operators of the Properties are and may continue to be engaged in other business ventures, including the acquisition, development or operation of lodging, residential and vacation ownership properties, which are or may become competitors of the Properties. Therefore, the hotel managers and the serviced residence operators may have potential conflicts of interest in connection with the operation of the Properties.

In addition, none of these third party hotel managers or serviced residence operators or such other third party licensor makes any representation or warranty, express or implied, as to the accuracy, currency, reliability or completeness of the information in this Prospectus and none of them is responsible or liable in any way whatsoever for any claim, loss or damage arising out of or related to such information, the offer or sale of the Stapled Securities being offered hereby, including any liability or responsibility for any financial statements, projections or other financial information or other information contained in this Prospectus or otherwise disseminated in connection with the offer or sale of the Stapled Securities offered hereby. None of these third party hotel managers or serviced residence operators or such other third party licensor has authorised or caused the issue of, and each of them expressly disclaims and takes no responsibility for, any part of this Prospectus. Neither an actual or potential investor in the Stapled Securities nor any other person may seek recourse or impose any liability against any of these third party hotel managers or serviced residence operators or such other third party licensor for any alleged or actual impropriety relating to the offer and sale of the Stapled Securities and/or for the operation of the business.
OVERVIEW

The following overview is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus. The meanings of terms not defined in this overview can be found in the Glossary, the Stapling Deed, the FH-REIT Trust Deed or the FH-BT Trust Deed (each as defined herein). A copy of the Stapling Deed and the FH-REIT Trust Deed can be inspected at the registered office of the REIT Manager, which is located at 438 Alexandra Point, #21-00, Alexandra Point, Singapore 119958, while a copy of the Stapling Deed and the FH-BT Trust Deed can be inspected at the registered office of the Trustee-Manager, which is located at 438 Alexandra Point, #21-00, Alexandra Point, Singapore 119958.

Statements contained in this section that are not historical facts may be forward-looking statements or are historical statements reconstituted on a pro forma basis. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions which could cause actual results of FHT to differ materially from those forecast or projected (see “Forward-looking Statements” for further details). Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by FHT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator, the Joint Bookrunners or any other person or that these results will be achieved or are likely to be achieved. Investing in the Stapled Securities involves risks. Prospective investors are advised not to rely solely on this section, but to read this Prospectus in its entirety and, in particular, the sections from which the information in this section is extracted and “Risk Factors” to better understand the Offering and FHT’s businesses and risks.

INTRODUCTION TO FHT

FHT

FHT is a hospitality stapled group comprising FH-REIT and FH-BT.

FH-REIT is a Singapore-based real estate investment trust (“REIT”) established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate located anywhere in the world except Thailand, which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

For the purposes of this Prospectus, real estate used for “hospitality” purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term “serviced residences” means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residences.

The REIT Manager is a wholly-owned subsidiary of the Sponsor.

FH-BT is a Singapore-based business trust which will be dormant as at the Listing Date. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor.

(See “Structure of FHT” for further details.)
Objectives

The Managers’ principal objectives are to deliver regular and stable distributions to the holders of the Stapled Securities (the “Stapled Securityholders”) and to achieve long-term growth in distributions per Stapled Security (“DPS”) and in the net asset value (“NAV”) per Stapled Security, while maintaining an appropriate capital structure.

Initial Portfolio

The initial portfolio of FHT (the “Initial Portfolio”) will, on the Listing Date, comprise 12 properties consisting of six hotels (the “Hotels”) and six serviced residences (the “Serviced Residences”, and together with the Hotels, the “Properties”), with a total of 1,928 hotel rooms and 842 serviced residence units. The Properties are located in Singapore, Australia, the United Kingdom, Japan and Malaysia. The Initial Portfolio is valued at an aggregate of approximately S$1,666.5 million\(^1\) with a total gross floor area (“GFA”) of approximately 350,270 sq m.

(See “Certain Information about the Properties” for a breakdown of the individual valuations.)

Hotels

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Market Segment</th>
<th>Number of Rooms(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>Luxury</td>
<td>406(^{(2)})</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>Mid-scale</td>
<td>230</td>
</tr>
<tr>
<td>Park International London</td>
<td>Mid-scale</td>
<td>171</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>Mid-scale</td>
<td>85</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>Upper Upscale</td>
<td>593</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>Upper Upscale</td>
<td>443</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,928</strong></td>
</tr>
</tbody>
</table>

Notes:

(1) Includes hotel rooms designated for house use, except for The Westin Kuala Lumpur.

(2) InterContinental Singapore is expected to undergo refurbishment in 2014 and will expand its room count to 410 rooms upon completion which is expected in 2015.

Serviced Residences

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Market Segment</th>
<th>Number of Units(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>Upper Upscale</td>
<td>255</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>Upper Upscale</td>
<td>201</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>Upper Upscale</td>
<td>108</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>Upper Upscale</td>
<td>105</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>Upper Upscale</td>
<td>98</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>Upper Upscale</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>842</strong></td>
</tr>
</tbody>
</table>

Note:

(1) Includes serviced residence units designated for house use.

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\(^1\) Based on the higher of the two independent appraisal values for the Properties and exchange rates of AUD/SGD: 1.17670 | GBP/SGD: 2.12775 | JPY/SGD: 0.01229 | MYR/SGD: 0.38873. The total appraised values for the Properties in the Initial Portfolio range between S$1,579.5 million and S$1,666.5 million, based on the exchange rates aforementioned. The appraisal values of the Properties are as at 31 March 2014 for Novotel Rockford Darling Harbour and Fraser Suites Sydney and as at 31 December 2013 for the remaining Properties.
KEY INVESTMENT HIGHLIGHTS OF FHT

All information about the location of the Properties in this section is extracted from Appendix E, “Independent Hospitality Industry Report”. See Appendix E for further details.

The Managers believe that an investment in FHT offers the following attractions to Stapled Securityholders:

• **Exposure to the first SGX-ST listed global hotel and serviced residence stapled group**
  – Largest global hospitality portfolio comprising hotels and serviced residences by number of rooms
  – Geographically diversified portfolio across Asia, Australia and the United Kingdom
  – Quality assets in prime locations within key gateway cities
  – Balanced portfolio capitalising on the upside from reputable hotels and resilient serviced residences

• **Positioned to benefit from favourable demand drivers that will boost the hospitality sector of the various jurisdictions**
  – FHT’s presence in Asia currently comprises assets in Singapore, Kuala Lumpur and Kobe, three cities with positive developments ranging from new tourist attractions to MICE developments
  – FHT owns properties in Sydney, a key city in Australia
  – FHT owns properties in the UK’s largest financial and commercial centres, London, Glasgow and Edinburgh, which are also leading tourism destinations

• **Committed and reputable Sponsor with strong network and branding**
  – The Sponsor is Frasers Centrepoint Limited, a well-established brand name and full-fledged international real estate company with multi-segment capabilities
  – International developer with multi-segment business exposure ensures growth opportunities
  – Extensive experience in managing and growing listed real estate funds
  – Provides management expertise with proven track record as an owner and operator of hospitality assets around the world

• **Independent platform provides full flexibility in asset selection and access to globally renowned hotel operators**
  – Independent platform broadens FHT’s acquisition options by providing full flexibility in acquiring suitable assets regardless of hotel operator
  – Ability to leverage on globally renowned hotel operators’ worldwide distribution networks and loyalty programmes which optimise hotel performance
• Alignment of interests between the Sponsor, Strategic Partner and Stapled Securityholders
  – Sponsor and TCC Hospitality (an associate of the Strategic Partner) to hold 65% of FHT immediately following the IPO (assuming the Over-Allotment Option is not exercised)
  – ROFR which will provide FHT with access to future acquisition opportunities of income-producing properties which are primarily used for hospitality purposes

• Well-positioned to capitalise on growth opportunities
  – RevPAR growth through newly-refurbished properties
  – Opportunities for growth through active asset management and asset enhancement of the Properties
  – Organic growth strategies and initiatives to improve RevPAR
  – Acquisition pipeline through the Sponsor and TCC ROFR Properties (as defined herein) and other third party properties

• Experienced board and management team with proven track record
  – Experienced and professional management team
  – Track record in hospitality development and management

• Downside protection through Master Lease and Tenancy Agreements and Sponsor’s Corporate Guarantee, with potential to benefit from future rental growth
  – Downside protection and stability from the Master Lease and Tenancy Agreements, supported by Sponsor’s Corporate Guarantee
  – Mitigates risk caused by uncertainty and volatility of global economic conditions
  – Upside potential provided by Variable Rent component

1. Exposure to the first SGX-ST listed global hotel and serviced residence stapled group

   **Largest global hospitality portfolio comprising hotels and serviced residences by number of rooms**

   FHT will provide investors with an opportunity to invest in a global-focused hospitality portfolio comprising both hotels and serviced residences to take advantage of the favourable hospitality sector fundamentals. FHT has 1,928 hotel rooms and 842 serviced residence units in its Initial Portfolio, offering investors an opportunity to invest in one of the largest portfolios of international hospitality assets by number of rooms.
<table>
<thead>
<tr>
<th>No.</th>
<th>Hotel</th>
<th>Jurisdiction</th>
<th>No. of Rooms(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>InterContinental Singapore</td>
<td>Singapore</td>
<td>406</td>
</tr>
<tr>
<td>2</td>
<td>Novotel Rockford Darling Harbour</td>
<td>Australia</td>
<td>230</td>
</tr>
<tr>
<td>3</td>
<td>Park International London</td>
<td>United Kingdom</td>
<td>171</td>
</tr>
<tr>
<td>4</td>
<td>Best Western Cromwell London</td>
<td>United Kingdom</td>
<td>85</td>
</tr>
<tr>
<td>5</td>
<td>ANA Crowne Plaza Kobe</td>
<td>Japan</td>
<td>593</td>
</tr>
<tr>
<td>6</td>
<td>The Westin Kuala Lumpur</td>
<td>Malaysia</td>
<td>443</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,928</strong></td>
</tr>
</tbody>
</table>

Notes:
(1) Includes hotel rooms designated for house use, except for The Westin Kuala Lumpur.
(2) InterContinental Singapore is expected to undergo refurbishment in 2014 and will expand its room count to 410 rooms upon completion which is expected in 2015.

<table>
<thead>
<tr>
<th>No.</th>
<th>Serviced Residence</th>
<th>Jurisdiction</th>
<th>No. of Units(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fraser Suites Singapore</td>
<td>Singapore</td>
<td>255</td>
</tr>
<tr>
<td>2</td>
<td>Fraser Suites Sydney</td>
<td>Australia</td>
<td>201</td>
</tr>
<tr>
<td>3</td>
<td>Fraser Place Canary Wharf</td>
<td>United Kingdom</td>
<td>108</td>
</tr>
<tr>
<td>4</td>
<td>Fraser Suites Queens Gate</td>
<td>United Kingdom</td>
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<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>842</strong></td>
</tr>
</tbody>
</table>

Note:
(1) Includes serviced residence units designated for house use.

The Initial Portfolio provides an attractive opportunity for investors to benefit from a balanced portfolio of hospitality assets targeting both short-term stays in relation to the Hotels and longer-term stays in relation to the Serviced Residences. The Serviced Residences provide more income stability from corporate customers seeking longer-term accommodation. With a balanced portfolio of hotels and serviced residences, FHT would enjoy the potential benefits from both the market upswing of the Hotels and the stability of earnings from the Serviced Residences.

**Geographically diversified portfolio across Asia, Australia and the United Kingdom**

FHT’s Initial Portfolio of hotels and serviced residences span across three continents, five countries and seven cities, providing one of the widest geographical diversification among all Singapore-listed hospitality trusts.
Initial Portfolio Asset Valuation by Country

- Singapore: 49.5%
- Australia: 12.1%
- United Kingdom: 19.5%
- Japan: 8.3%
- Malaysia: 10.6%

Initial Portfolio by FY2015 NPI

- Singapore: 34.9%
- Australia: 13.6%
- United Kingdom: 24.3%
- Japan: 14.6%
- Malaysia: 12.6%

(see “Profit Forecast and Profit Projection – Gross Revenue and Net Property Income Contribution of Individual Property” for further details).
Quality assets in prime locations within key gateway cities

The assets are strategically located in key gateway cities such as Singapore, Kuala Lumpur, Kobe, Sydney, London, Glasgow and Edinburgh, and are within close proximity to business and tourism centres as well as key transportation routes. This provides FHT’s assets with a stable base of both corporate and leisure travellers.
Asia

1. InterContinental Singapore

InterContinental Singapore is located along Victoria Street in the heart of Bugis, a predominantly retail and commercial area comprising Bugis Junction Shopping Mall, Bugis Plus Shopping Mall and other various commercial complexes along Victoria Street, Middle Road and North Bridge Road.

The Hotel is the only luxury hotel in Singapore to preserve the Peranakan heritage in a shophouse-style setting. The Hotel is situated approximately 2 km from the Raffles Place Central Business District ("CBD") and is located near key tourist hubs such as Orchard Road, Chinatown and the Marina Bay area.

InterContinental Singapore also sits atop the Bugis Mass Rapid Transit ("MRT") station, which provides convenient access to various attractions around Singapore. The Bugis MRT station is also an interchange station of the Downtown MRT line.

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Singapore’s Leading Meetings &amp; Conference Hotel</td>
<td>World Travel Awards</td>
</tr>
<tr>
<td>2013</td>
<td>Patron of Heritage</td>
<td>National Heritage Board</td>
</tr>
<tr>
<td>2013</td>
<td>Forbes Travel Guide Recommended Hotel</td>
<td>Forbes Travel Guide</td>
</tr>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
<tr>
<td>2013</td>
<td>Travellers’ Choice Awards for “Top 25 Hotel”, “Top 25 Luxury Hotel” and “Top 25 Best Service Hotel”</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>
2. Fraser Suites Singapore

Situated in the prime residential district of River Valley, Fraser Suites Singapore is approximately 2 km away from Singapore’s prime shopping belt, Orchard Road and is within close proximity to the Dempsey, Boat Quay and Clarke Quay entertainment areas. It is also located approximately 3.5 km from the CBD.

The following table sets out some of the notable awards and accolades which the Serviced Residence has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
<tr>
<td>2012-2013</td>
<td>Excellence Service Award</td>
<td>SPRING Singapore</td>
</tr>
</tbody>
</table>

3. The Westin Kuala Lumpur

The Westin Kuala Lumpur is a luxury hotel located in the midst of Kuala Lumpur’s bustling Golden Triangle. It offers convenient access to the city’s shopping malls and nightlife and is situated directly opposite Pavilion Kuala Lumpur, which has over 500 retail shops. It is also in close proximity to Kuala Lumpur City Centre (“KLCC”), where numerous multinational corporations and leading financial institutions are located.

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Malaysia’s Leading Business Hotel</td>
<td>World Travel Awards</td>
</tr>
</tbody>
</table>
4. ANA Crowne Plaza Kobe

ANA Crowne Plaza Kobe is located close to the centre of Kobe City, the biggest city in Hyogo Prefecture. The hotel has direct access to JR Shin-Kobe Shinkansen Station, with easy access to Tokyo and Osaka. The hotel is situated above Shin-Kobe Subway Station, which is one subway stop to downtown Kobe.

The Hotel is located on the northwest side of Hyogo Prefectural Route 30, a major road to the city center and is readily accessible by public transportation such as the Kobe City Subway and Hokushin Kyuko Line.

In addition, the property is located approximately 8 km away from Kobe Airport and 71 km away from Kansai International Airport.

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>

**Australia**

1. Novotel Rockford Darling Harbour

Novotel Rockford Darling Harbour is situated on the corner of Harbour and Little Pier Streets, on the edge of CBD Chinatown Precinct opposite the Sydney Entertainment Centre.

The Hotel will benefit from the rejuvenation of Darling Harbour, which is one of Sydney’s most popular tourist precincts and offers many entertainment, transport and accommodation options. Significant developments in the surrounding area include the Star City Casino, Centrepoint Tower, Queen Victoria Building (approximately 1 km away) as well as the Chinese Gardens and the Sydney Convention and Exhibition Centre (approximately 200 metres away).
The hotel is also within short walking distance to many shops and restaurants of Darling Harbour, Cockle Bay and King Street Wharf.

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Top Spot to Indulge Your Inner Foodie in Australia</td>
<td>Hotel Club Awards</td>
</tr>
</tbody>
</table>

2. Fraser Suites Sydney

Fraser Suites Sydney is situated within the western corridor of the Sydney Central Business District on the eastern side of Kent Street south of its intersection with Bathurst. Centrally located in the city, it is within close proximity to Sydney Town Hall, Chinatown, Darling Harbour and World Square retail/office and entertainment precinct and the financial and retail precincts of the CBD. The Serviced Residence is also within walking distance to Cockle Bay Wharf featuring the IMAX theatre, Sydney Convention and Exhibition Centre, numerous restaurants and entertainment facilities while Sydney’s Kingsford Smith Airport is approximately 20-minute drive away.

The complex has good exposure and accessibility, with some levels featuring views west over to Darling Harbour. Regular bus services along George Street currently provide easy access to The Rocks and Circular Quay areas.

The following table sets out some of the notable awards and accolades which the Serviced Residence has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
<tr>
<td>2009-2013</td>
<td>Hotel &amp; Accommodation Excellence</td>
<td>HM Magazine</td>
</tr>
</tbody>
</table>
The United Kingdom

1. Park International London

2. Best Western Cromwell London

Park International London and Best Western Cromwell are situated in South West London, on the south side of Cromwell Road, between Ashburn Gardens and Courtfield Gardens. The Hotels are conveniently located within 5 km from the commercial centre of London’s West End and 8 km from the City of London.

Key public transport facilities include the Gloucester Road underground station (Piccadilly, District and Circle lines) located 200 metres away. Numerous bus services are also available on Cromwell Road. The Hotels are located 23 km away from London Heathrow Airport.

The following table sets out some of the notable awards and accolades which the Hotels have received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Certificate of Excellence (awarded to both Park International London and Best Western Cromwell)</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>
3. Fraser Place Canary Wharf

The Serviced Residence is strategically located by the River Thames in fashionable Canary Wharf, London’s modern financial centre and a hotspot for chic restaurants, bars and shops.

Fraser Place Canary Wharf is just a five-minute stroll from the lively Canary Wharf shopping and entertainment complex, while London City airport, the Canary Wharf underground station (Jubilee Line) and the Docklands Light Railway (DLR) are all within an easy 10-minute walk or ride.

The following table sets out some of the notable awards and accolades which the Serviced Residence has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>

4. Fraser Suites Queens Gate

Fraser Suites Queens Gate is conveniently situated within walking distance of Knightsbridge, Chelsea, Hyde Park, the Royal Albert Hall and Harrods. It is located close to the Gloucester Road underground station (Piccadilly, District and Circle lines). The Serviced Residence is also located 23 km away from London Heathrow Airport.
5. Fraser Suites Glasgow

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

The Serviced Residence is set in a restored 1850s building with a classic Victorian Scots façade and comprises six storeys. The following table sets out some of the notable awards and accolades which the Serviced Residence has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>

6. Fraser Suites Edinburgh

Fraser Suites Edinburgh is located on St Giles Street, off the Royal Mile in Edinburgh’s Old Town and within walking distance to Princes Street and Edinburgh Castle. It is surrounded by restaurants, bars, cafes and shops in the historic quarter and within close proximity to attractions such as the Holyrood Palace, the National Gallery of Art, the National Museum of Scotland and Arthur’s Seat.

The Serviced Residence is also conveniently located approximately 13 km away from Edinburgh Airport.

The following table sets out some of the notable awards and accolades which the Serviced Residence has received.
<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>The Green Tourism Business Scheme – Silver</td>
<td>Green Tourism</td>
</tr>
</tbody>
</table>

(See “Business and Properties” for further details.)

**Balanced portfolio capitalising on the upside from reputable upscale hotels and resilient serviced residences**

The Initial Portfolio provides an attractive opportunity for investors to benefit from a balanced portfolio of hospitality assets targeting both short-term stays in relation to Hotels and longer-term stays in relation to the Serviced Residences. Serviced Residences tend to have a larger proportion of corporate customers seeking longer-term accommodation, and thus is expected to provide more income stability to the portfolio. With a well-balanced portfolio of hotels and serviced residences, FHT would be able to enjoy upside potential from the Hotels, underpinned by the stability of earnings from the Serviced Residences.

**Top 10 Customer Groups by Industry for Serviced Residences (FY2013)**

- **Entertainment & Leisure** 23.3%
- **Bank, Insurance & Reinsurance** 16.4%
- **Chemicals, Petrol & Natural Gas** 10.0%
- **Transportation, Shipping** 7.7%
- **Education** 2.5%
- **Information Technology** 4.1%
- **Consumer Products** 4.0%
- **Pharmaceutical & Healthcare** 2.1%
- **Govt, Diplomatic & Consulate** 2.6%
- **Others** 26.8%

**Source:** Sponsor

**Average Lease Periods for Serviced Residences (FY2013)**

- **Less than 1 month** 57.0%
- **1 to Less than 6 months** 24.6%
- **6 to Less than 12 months** 9.7%
- **More than 12 months** 8.7%

**Source:** Sponsor
Guest Profile for Hotels by Market Segment (Room Nights, FY2013)

Source: Strategic Partner

Guest Profile for Serviced Residence by Market Segment (Room Nights, FY2013)

Source: Sponsor
Notes:
(1) Weighted by the total number of rooms/units of the Hotels/Serviced Residences for the relevant period.
(2) Exchange rates used in calculation of Weighted Average RevPAR: AUD/SGD: 1.158 | GBP/SGD 2.024 | JPY/SGD 0.0120 | MYR/SGD 0.3900
(3) Certain properties were closed or partially closed for certain periods in view of refurbishment and renovation works (see “Business and Properties” for a brief description of some of the refurbishment and renovation works undertaken on these properties)
2010: Park International London
2011: Park International London
2012: Park International London, Fraser Suites Singapore, Fraser Place Canary Wharf (Phase 1), Fraser Suites Glasgow
2013: Park International London, Fraser Suites Queens Gate, Fraser Suites Glasgow
1Q2014: Fraser Place Canary Wharf (Phase 2)
2. Positioned to benefit from favourable demand drivers that will boost the hospitality sector of the various jurisdictions

*FHT’s presence in Asia currently comprises assets in Singapore, Kuala Lumpur and Kobe, three cities with positive developments ranging from new tourist attractions to MICE developments.*

**Singapore**

The Singapore government remains committed to supporting the local tourism and hospitality industry to achieve its 2015 goal of 17 million visitor arrivals, S$30 billion in tourist receipts and the creation of an additional 100,000 jobs in the service sector.

Over the past six years, since the “Tourism 2015” plan was put in place, the tourism landscape in Singapore has seen many positive changes. New tourist attractions have been developed across the island city including the Singapore Flyer, the ArtScience Museum, Gardens by the Bay and the two integrated resorts – Marina Bay Sands and Resorts World Sentosa.

Singapore has also staged many global events in recent years including the inaugural Singapore 2010 Youth Olympic Games, Formula One SingTel Singapore Grand Prix and the Volvo Ocean Race. In September 2012, Formula One announced that they will continue the Grand Prix Night Race in Singapore for another five years. In April 2013, a new nature tourism attraction, the River Safari, opened which will complement the city state’s current offerings, including the Singapore Zoo, the Night Safari and Jurong Bird Park. Future tourist attractions include the Singapore Sports Hub at Kallang (2014) and the National Art Gallery (2015).

Corporate demand in Singapore is likely to remain stable in the short to medium term as Singapore remains one of the key economic hubs in Asia Pacific with its prudent economic policies that continue to attract foreign firms and investors.

According to the latest global rankings by the International Congress and Convention Association, Singapore has retained its position as Asia’s Top Convention City for the 12th consecutive year in 2013, affirming the city’s position as a Meetings, Incentives, Conventions and Exhibitions (MICE) destination. In the long term, Singapore is poised to continue its stable growth as it is able to attract high profile events and delegates beyond Southeast Asia.

**Malaysia**

Malaysia is continuing to target the lucrative MICE segment, which is expected to grow through newly introduced financial incentives targeted at planners and organisers and construction of new infrastructure. The Malaysian Convention and Exhibition Bureau (MyCEB) is competing for high-profile international conventions with a specific focus on health and medical care, science and technology, education and energy (oil and gas). Additionally, Malaysia currently has the most exhibition hall space of any country in Southeast Asia (which includes Indonesia, Thailand and Singapore) with most of the space concentrated in Kuala Lumpur.

Kuala Lumpur also remains as a prime shopping destination due to its large concentration of malls and the entry of many new international brands, such as H&M, Ralph Lauren and Armani Jeans.
Kobe

Kobe is conveniently accessible by train or car from Osaka, Kyoto and Nara which are major tourism destinations. Many tourists combine the above-mentioned destinations with Kobe, which is well positioned to be a leisure attraction with its multiple tourist attractions located throughout the city, as well as the Sannomiya/Motomachi, Kitano and Kobe Bay area.

Kobe also has a number of global and domestic companies which generate corporate demand to the city. These include Procter & Gamble, Nestle, Kawasaki Heavy Industries, Asahi Holdings and “K” Line Group which has established headquarters in Kobe.

In addition, MICE events held in Kobe are also key demand drivers. According to Japan National Tourism Organization (JNTO), Kobe was the sixth largest host of events since 2010. A total of 92 meetings were held in 2012, in which the majority were meetings related to biomedical innovation. Well-established MICE infrastructure such as the Kobe Convention Centre on Kobe Port Island, easy accessibility from major cities in Japan and the presence of three airports which are within easy access has enabled the city to become a more attractive business destination.

The Kobe Biomedical Innovation Cluster (KBIC) has been planned in Port Island (Bay area) for 15 years. Kobe city promotes Port Island to become a centre of medical technology and 17 research and development facilities have already been constructed around Iryo Centre station. A cancer medical centre is still in construction process. In cooperation with more than 200 companies, KBIC will be one of the major national projects that also contribute to higher performance of hotels in the surroundings.

**FHT owns properties in Sydney, a key city in Australia**

Sydney is the major gateway to Australia and a key hub for the Asia Pacific region. It is Australia’s financial centre and primary real estate market in terms of quantum and value, reflected in the concentration of institutional investment in the city.

There are several major projects under construction and proposed in Sydney City which will increase the appeal of the city as a tourist destination. The city stands to benefit most from the Barangaroo redevelopment (East Darling Harbour) as it will change the dynamics of the city by extending and improving the amenability of the Darling Harbour precinct, as well as increasing commercial office space. The New South Wales government has also given Crown Limited the approval to go to the next stage in developing Crown Sydney at Barangaroo. The proposed AUD1.5 billion luxury resort and VIP-only casino on the city’s harbourside is expected to open in 2019.

In addition, plans for a new Sydney International Convention, Exhibition & Entertainment Precinct (SICEEP) are underway. Planning consent was granted for new world-class convention, exhibition and entertainment facilities and improved public spaces at Darling Harbour, as part of the NSW Government’s vision to revitalise the area and representing a landmark project for Sydney. The current conference and exhibition facilities closed in December 2013 and construction of the new buildings is now underway. The new facilities will be completed in 2016. A temporary facility has been constructed at Glebe Island for the 2014 exhibition season.
FHT owns properties in the UK’s largest financial and commercial centres, London, Glasgow and Edinburgh, which are also leading tourism destinations

London

In addition to being one of the world’s leading financial centres, London has strengths in the arts, education, fashion, financial services, media and tourism industries, all contributing to the city’s global economic prominence and status as a leading tourism destination.

The city is home to some of the world’s most iconic tourist sites including Big Ben, the Houses of Parliament, Trafalgar Square and the London Eye. In addition, the city has a large number of museums and art galleries, including the British Museum (currently the most visited attraction in the UK), the Natural History Museum, the National Gallery and the Tate Modern.

These elements combine to create a world-class internationally renowned tourist destination and the London Development Authority (LDA) has plans to expand London’s tourism product even further through the London Tourism Action Plan. Key areas of the plan include:

- Continuing to promote London to core leisure and business markets (North America, Europe and the UK) to maintain and grow market share
- Continuing to review the balance of resources allocated to business and leisure activity
- Working closely with marketing bodies to ensure a sustainable balance of visitors
- Working closely with London’s overseas offices in China and India to maximise London’s brand exposure as a leading visitor destination in these markets
- Co-ordinating strategic gateway activity to capitalise on London’s role as a gateway to the rest of the UK by overseas visitors
- Continuing to support the development of London as a major events destination through the Events for London Steering Group.

Glasgow

Situated in the central belt of Scotland on the west coast, Glasgow is the commercial capital and the largest city in Scotland. The city has the second largest shopping centre in the UK after London. In recent years, Glasgow has moved from a post-industrial city to an economically regenerated city. Major regeneration projects include the Glasgow Harbour projects, Queens Dock 2 project and developments of several shopping centres.

Glasgow is also Europe’s fastest growing conference destination with the Scottish Exhibition and Conference Centre (SECC) becoming increasingly popular for major exhibitions and events. Glasgow’s main venue is the SECC, in which most national and international events are held. The SECC is Scotland’s national venue for public events and the UK’s largest integrated exhibition and conference centre. It offers five exhibitions halls ranging from 775 sq m to 10,065 sq m and also features an auditorium for 3,620 delegates. In addition, the completion of the SSE Hydro Arena provides Glasgow with a state-of-the-art concert venue. The new SSE Hydro Arena, which opened on 30 September 2013, will be a significant demand driver for the SECC, which will fundamentally increase the activity within the SECC campus. With a seating capacity of 12,000, the SSE Hydro Arena will enhance the SECC’s existing facilities, and will play host to around 140 events every year. The SSE Hydro will
attract an audience of one million visitors each year, which positions it as the fifth busiest entertainment arena in the world, alongside iconic venues like Madison Square Garden and The O2 arena.

In anticipation of the Commonwealth Games in summer 2014, Glasgow has been put in the international spotlight. The Year of Homecoming and Ryder Cup in 2014 are also major events set to contribute to the Scottish economy over the coming 18 months, further supported by substantial infrastructure improvements ahead of the 2014 Commonwealth Games.

Edinburgh

Edinburgh is the second largest financial centre in the UK. Royal Bank of Scotland, Lloyds Banking Group, Standard Life and AEGON UK are all headquartered in the city as are Tesco Bank and Virgin Money. The city is home to more than 91,000 university and college students, including more than 15,000 international students attending four universities: the University of Edinburgh, Heriot Watt University, Edinburgh Napier University and Queen Margaret University.

Tourism is an important economic foundation of the city. As Edinburgh is a UNESCO World Heritage Site, tourists come to visit historic sites such as Edinburgh Castle (named the top UK Heritage Attraction for the third year running in the 2013 British Travel Awards), the Palace of Holyrood House and the Georgian New Town. Other popular attractions in Edinburgh are the National Gallery of Scotland, the Royal Museum, the Museum of Scotland and the Royal Botanic Gardens.

Edinburgh and the whole surrounding region is a golfer’s paradise, and many of the private clubs welcome visitors. The city of Edinburgh itself has six golf courses and there are 28 courses within the city boundaries. At Hillend, on the southern edge of Edinburgh, the largest artificial ski slope in the UK offers skiing all year round.

The city also attracts a healthy number of business visitors every year. The International Congress and Convention Association (ICCA) ranked Edinburgh second in the UK and 33rd in the world for the number of international association meetings held.

3. Committed and reputable Sponsor with strong network and branding

The Sponsor is Frasers Centrepoint Limited, a well-established brand name and full-fledged international real estate company with multi-segment capabilities

The Sponsor is one of the largest property management companies listed on the Main Board of the SGX-ST, with market capitalisation as at the Latest Practicable Date of approximately S$5,332 million. The Sponsor was previously the property development and investment business unit of Fraser and Neave, Limited, a leading international and diversified business group with core expertise and dominant standing in the property, food and beverage, and printing and publishing industries. On 9 January 2014, the Sponsor was separately listed on the Main Board of the SGX-ST.

The Sponsor is a full-fledged international real estate company with a strong foothold in property development, property investment and management of residential property, commercial property (comprising retail malls, offices and business space), and hospitality (comprising primarily extended stay residences). The Sponsor’s diversified portfolio includes residential projects in Singapore, Australia, China, New Zealand, Thailand and the United
Kingdom, commercial assets comprising retail malls, offices and business space in Singapore, Vietnam, China and Australia, serviced residences in Asia, Europe and Australia, as well as equity interests in REITs listed in Singapore and Malaysia.

The Sponsor is among the top three residential developers in Singapore in terms of new home sales as compared to its listed peers. As at 30 September 2013, the Sponsor had built over 12,000 homes in Singapore, with about 7,000 homes under development (including properties under its joint venture projects). Overseas, primarily in China and Australia, the Sponsor has developed multiple residential as well as mixed-use projects.

### Number of Homes (1) Sold in Singapore and Overseas (2)

<table>
<thead>
<tr>
<th>Year</th>
<th>Overseas</th>
<th>Singapore</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY04</td>
<td>382</td>
<td>302</td>
</tr>
<tr>
<td>FY05</td>
<td>1,103</td>
<td>1,093</td>
</tr>
<tr>
<td>FY06</td>
<td>2,091</td>
<td>1,419</td>
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<tr>
<td>FY07</td>
<td>1,579</td>
<td>1,137</td>
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<tr>
<td>FY08</td>
<td>198</td>
<td>1,805</td>
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<tr>
<td>FY09</td>
<td>479</td>
<td>1,101</td>
</tr>
<tr>
<td>FY10</td>
<td>798</td>
<td>575</td>
</tr>
<tr>
<td>FY11</td>
<td>712</td>
<td>2,435</td>
</tr>
<tr>
<td>FY12</td>
<td>1,441</td>
<td>2,647</td>
</tr>
<tr>
<td>FY13</td>
<td>1,904</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(1) The number of units sold reflects the gross number of units sold for projects that are wholly-owned and jointly developed.
(2) "Overseas" refers to Australia and China.

The Sponsor’s capabilities enable the Sponsor to participate in and extract value from the entire real estate value chain, encompassing project development, leasing, operations and property management.

**International developer with multi-segment expertise, capability, and track record to undertake large-scale and complex mixed-use developments**

The Sponsor is one of the few international developers with multi-segment expertise, capabilities and track record to undertake large-scale and complex mixed-use developments. Its project design, execution and delivery capabilities of its various businesses are attested to by the technically demanding large-scale projects that it undertaken and by the awards and accolades the Sponsor have garnered over the years, which includes the FIABCI Prix d’Excellence Awards, the BCA Construction Excellence award and the UDIA NSW Awards. Consequently, the Sponsor is able to leverage on its experience and capability as a multi-segment real estate developer to secure large-scale and complex mixed-use projects which would otherwise elude those without such expertise.

For example in Singapore, the Sponsor jointly developed Changi City, Singapore’s largest integrated business park development to-date, spanning 4.7 hectares and offering 207,000 square feet of net lettable retail space on three floors, a nine-storey office tower with 650,000 square feet of net lettable floor area, and a 313-room hotel operated under the Capri by Fraser brand.
In Perth, Australia, the Sponsor developed mixed-use urban development project ‘Queens Riverside’. Located at the eastern end of Adelaide Terrace, fronting the scenic Swan River, the development is within walking distance from the CBD. Queens Riverside combines 500 luxury residential apartments in three buildings, alongside commercial and retail space, and a 236-room serviced residence, Fraser Suites Perth.

Extensive experience in managing and growing listed real estate funds

In addition to robust property development and investment capabilities, the Sponsor has a proven track record in managing and growing listed REITs. As at the Latest Practicable Date, the Sponsor and its wholly-owned subsidiaries collectively hold:

(a) 41.1% unitholding interest in Frasers Centrepoint Trust ("FCT"), a leading retail REIT listed on the Main Board of SGX-ST, and 100.0% shareholding interest in Frasers Centrepoint Asset Management Ltd, the REIT manager for FCT. FCT currently owns a portfolio of six quality suburban shopping malls in Singapore with five malls valued at S$2.1 billion as at 30 September 2013 and one mall was recently acquired on 16 June 2014 for S$305 million; and
(b) 27.6% unitholding interest in Frasers Commercial Trust ("FCOT"), a leading commercial REIT listed on the Main Board of SGX-ST, and 100.0% shareholding interest in Frasers Centrepoint Asset Management (Commercial) Ltd, the REIT manager for FCOT. FCOT currently owns a portfolio of five quality buildings offering office and business space located in Singapore and Australia valued at S$1.8 billion as at 30 September 2013.

Through the Sponsor’s proactive capital and asset management, such as repositioning, asset enhancement and active leasing, and the REITs’ acquisition of properties with stable income or potential to generate stable income, the Sponsor has achieved strong distribution growth to the unitholders of its managed REITs and increased its asset value under management from S$5,057 million in 2008 to S$7,992 million in 2013.

![Asset Value Under Management (S$ million)](chart)

**Note:**
(1) Excludes hospitality assets and applies only to retail and office assets which are owned by FCT and FCOT and managed by the Sponsor

Provides management expertise with proven track record as an owner and operator of hospitality assets around the world

Frasers Hospitality, the hospitality arm of the Sponsor, is a leading international premier serviced residences owner and management company. From two flagship properties at inception in Singapore in 1998, Frasers Hospitality has expanded to 92 premier properties (operational and signed up) in over 49 cities in Asia, Australia, Europe and Middle East. Frasers Hospitality has a global headcount of approximately 4,000 staff worldwide. Combined with the projected launches of new serviced residences across existing and new major gateway cities, Frasers Hospitality manages about 8,000 apartments as at 30 September 2013 and expects to manage over 15,000 apartments (including signed up properties) within the next three years through its branded lifestyle offerings which include Frasers premier serviced residences (Fraser Suites, Fraser Place and Fraser Residence), Modena by Fraser (the next tier serviced residences for business travellers) and the design-led Capri by Fraser hotel residences.

![Number of Apartments under Management](chart)
Frasers Hospitality aims to be the premier global leader in the extended stay market through its commitment to continuous innovation in answering the unique needs of every customer. Each of its properties are fully-furnished and equipped with kitchen and laundry facilities and complemented by a wide range of high-end hotel services such as regular housekeeping, 24-hour concierge and security, business services as well as complimentary wireless broadband internet connection. Most of Frasers Hospitality’s residences also offer a suite of recreational facilities including a 24-hour gymnasium, swimming pool, kids’ playroom, steam room and sauna.

More than 80.0% of Frasers Hospitality’s guests are from corporate companies, including Fortune 500 and Forbes-listed companies, covering industries such as banking, finance, legal, oil and gas, engineering, Pharmaceuticals, IT, entertainment and consulting. Its reputation for excellence is evidenced by the numerous awards the Group and its properties have garnered over the years, such as the World’s Leading Serviced Apartment Brand conferred by the World Travel Awards in 2012 and the Leading Serviced Apartment Brand in Australia, Middle East, Hungary and Singapore in 2013. It has a loyal clientele that spans across Asia Pacific, Europe, Australia, Middle East and the Americas.

Increasingly, Frasers Hospitality’s properties are also attracting a growing number of leisure customers, often guests who have experienced its services on a corporate basis.
Many of the properties managed by Frasers Hospitality are in prime locations. Frasers Hospitality's family of brands is well-recognised by the market and the brands cater to important segments of business travellers in the long-stay and short-stay markets who have differing requirements for luxury, amenities and length of stay. Three of Frasers Hospitality’s brands, namely Fraser Suites, Fraser Place and Fraser Residence, have been established for over 10 years, and cater to the extended-stay hospitality market with a range of formats suitable for those staying with or without families. Two newer brands, Modena and Capri by Fraser, were launched to offer fresh formats for a new generation of travellers whose business and leisure hours have intermingled and/or who seek the facilities and services of a deluxe hotel combined with the convenience and extra space of a full serviced residence.

The international footprint of Frasers Hospitality was achieved through years of painstaking effort, and cannot be easily replicated by new entrants to this sector without significant investment in talent, time and branding. These factors provide Frasers Hospitality with a competitive advantage, having been one of the early movers in the serviced residences industry in Asia.

Frasers Hospitality has also been consistently recognised for its excellence in being a leading hospitality operator and has received numerous accolades from reputable hospitality associations such as World Travel Awards, Business Destinations, City Weekend, Business Travel Awards and Trip Advisor.

While the Serviced Residences in the Initial Portfolio are managed under the Frasers Hospitality’s brands, FHT will continually assess its strategy and retains the flexibility to work with and engage the best serviced residence operators for its intended clientele and target markets.

4. Independent platform provides full flexibility and access to globally renowned hotel operators

*Independent platform broadens FHT’s acquisition options by providing full flexibility in acquiring suitable assets regardless of hotel operator*

FHT’s initial portfolio of Hotels is managed by multiple hotel operators, including InterContinental Hotels Group, Starwood and Accor.

This represents FHT’s commitment to being an independent platform with the ability to acquire any assets that fall within its investment criteria without being bound by the Frasers Hospitality brand or any hotel operator brand. Going forward, this approach not only provides FHT with the broadest range of options for asset acquisitions, but also enables it to retain flexibility to engage the best hotel operators for its intended clientele and target markets.

*Ability to leverage on globally renowned hotel operators’ worldwide distribution networks and loyalty programmes which optimise hotel performance*

The hotels in the Initial Portfolio are marketed under some of the world's most established and internationally recognised brand names. These premium brands are widely acknowledged for their superior quality and are well-positioned to attract strong recurring demand from domestic and international travellers.
<table>
<thead>
<tr>
<th>Hotel</th>
<th>Hotel Operator/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>InterContinental Singapore</strong></td>
<td><strong>InterContinental Hotels Group</strong></td>
</tr>
<tr>
<td></td>
<td>The InterContinental is operated by InterContinental Hotels Group (IHG) under the InterContinental brand.</td>
</tr>
<tr>
<td></td>
<td>IHG is a global hospitality company which manages franchises and owns hotels and resorts under nine distinct brands comprising InterContinental, Crowne Plaza, Hotel Indigo, Holiday Inn, Holiday Inn Express, Staybridge Suites, Candlewood Suites, EVEN™ Hotels and HUALUXE™ Hotels and Resorts.</td>
</tr>
<tr>
<td></td>
<td>As at 5 November 2013, IHG had 4,653 hotels with 679,000 hotel rooms in nearly 100 countries of which less than 1% of the hotels are owned or leased. The company has approximately 1,000 hotels in the pipeline worldwide.</td>
</tr>
<tr>
<td><strong>The Westin Kuala Lumpur</strong></td>
<td><strong>Starwood Hotels &amp; Resorts Worldwide, Inc.</strong></td>
</tr>
<tr>
<td></td>
<td>Starwood Hotels &amp; Resorts Worldwide, Inc. is one of the leading hotel and leisure companies in the world with nearly 1,200 properties in 100 countries and 181,400 employees at its owned and managed properties. Starwood is a fully integrated owner, operator and franchisor of hotels, resorts and residences with the following internationally renowned brands: St. Regis®, The Luxury Collection®, W®, Westin®, Le Méridien®, Sheraton®, Four Points® by Sheraton, Aloft®, and Element®.</td>
</tr>
<tr>
<td><strong>ANA Crowne Plaza Kobe</strong></td>
<td><strong>IHG ANA Hotels Group Japan</strong></td>
</tr>
<tr>
<td></td>
<td>The hotel operator for ANA Crowne Plaza Kobe is IHG ANA Hotels Group Japan, LLC which is a joint venture company of InterContinental Hotels Group (IHG) and All Nippon Airways (ANA). The joint venture company was founded in 2006.</td>
</tr>
<tr>
<td></td>
<td>10,000 rooms in Japan under four core brands, which include ANA InterContinental, ANA Crowne Plaza, ANA Holiday Inn and ANA Holiday Inn Resort.</td>
</tr>
<tr>
<td>Hotel</td>
<td>Hotel Operator/Description</td>
</tr>
<tr>
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</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>Accor SA</td>
</tr>
</tbody>
</table>

Novotel Rockford Darling Harbour operates under a Franchise Agreement with AAPC Properties Pty Limited, which is an affiliate of Accor Asia Pacific Corporation (AAPC). AAPC is fully owned by French based Accor SA, the world’s largest hotel operator.

As at December 2012, Accor operated in 92 countries around the world, controlling 3,555 hotels and 455,985 rooms. Of these, 23% of rooms (559 hotels with 105,908 rooms) were in the Asia Pacific region.

Accor offers a comprehensive selection of brands which cover the full spectrum of the Australian accommodation market ranging from luxury to budget/select service hotels, as well as boutique properties, resorts and serviced apartments. Brands include Sofitel, Pullman, M Gallery, Novotel, Mercure, Ibis, Ibis Styles, Ibis Budget and Formule One.

Accor is Australia’s largest operator with 202 properties and 27,238 rooms under management at the end of 2012.

**Rockford Hotels**

The hotel operator for Novotel Rockford Darling Harbour is Rockford Hotels. Rockford Hotels has successfully operated hotels in most capital cities of Australia, as well as stunning resorts in Tropical North Queensland and regional Victoria. The company philosophy is to provide business and holiday travellers a series of well located, modern, affordable hotels and resorts with a focus on friendly service. Being Australian owned and operated differentiates Rockford from the majority of other hotel operators in Australia, allowing it to be more in tune with the local market. In addition, an affiliate company of Rockford Hotels, Synergi Systems, has developed one of the most sophisticated, state of the art performance management solutions for the hotel industry. Synergi is a profit optimisation tool enabling management to maximise profits through a number of key modules including Revenue Management, Time and Attendance and Wage Optimisation, HR, Budgeting and Forward Projections, Competitor monitoring and Energy monitoring. Rockford Hotels uses these systems in its properties to generate market leading operating profits within the Australian market.

Source: Independent Market Research Consultant

The hotels in the Initial Portfolio also stand to benefit from the vast hotel management experience and global distribution channels of the hotel managers. For instance, most of the hotel managers have established loyalty programmes which are critical for their customer retention strategy and help to attract potential customers. During periods of economic downturn, such loyalty programmes serve to direct greater flow of international travellers from more markets and provide a strong visitor base to maintain occupancy rates at the hotels. This helps to ensure stability and resilience of the hotels’ earnings.
In addition, working with a variety of internationally branded hotel managers reduces over-reliance on any single hotel manager. Having different internationally-branded hotel managers also creates healthy competition, and enables the Managers to benchmark the hotel managers’ respective performance and identify areas for improvement.

5. **Alignment of interests between the Sponsor, Strategic Partner and Stapled Securityholders**

The Sponsor is committed to supporting and growing FHT over the long-term. The Sponsor and TCC Hospitality (an associate of the Strategic Partner) will, immediately following the completion of the Offering, collectively hold 65.0% of the total number of Stapled Securities expected to be in issue (assuming the Over-Allotment Option is not exercised) or 62.0% of the total number of Stapled Securities expected to be in issue (assuming the Over-Allotment Option is exercised in full), demonstrating alignment of its interest with those of the Stapled Securityholders. In addition, both the Sponsor and Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, the ultimate controlling shareholders of the Strategic Partner, have each granted right of first refusals (“ROFR”) to the REIT Trustee and the Trustee-Manager, subject to certain conditions, which will provide FHT with access to future acquisition opportunities of income-producing properties located anywhere in the world except Thailand, which are primarily used for hospitality purposes.

The Sponsor, the Sponsor Entity (a wholly-owned subsidiary of the Sponsor), TCC Hospitality\(^1\), DBS Bank Ltd. and each of the shareholders of TCC Hospitality have also entered into a lock-up arrangement during the period commencing from the Listing Date until the date falling 180 days after the Listing Date (both dates inclusive) (the “Lock-up Period”) in respect of the effective interest in the Stapled Securities held by them on the Listing Date (the “Lock-up Stapled Securities”), subject to certain exceptions.

(See “Plan of Distribution – Lock-up Arrangements” for further details.)

6. **Well-positioned to capitalise on growth opportunities**

*RevPAR growth through newly-refurbished properties*

Both the Sponsor and the Strategic Partner have undertaken capital expenditure to improve the properties within the Initial Portfolio. In Singapore, S$40 million was spent over 2009 to 2012 on Fraser Suites Singapore to renovate the entire building. The renovation included reconfiguring the breakfast lounge, meeting rooms and gymnasium to add four one-bedroom apartments, bringing the total number of apartments to 255.

The InterContinental Singapore has undergone various renovation and refurbishment works since 2008, where the new Club InterContinental Lounge was established on level two of the Hotel and the refurbishment of Man Fu Yuan Chinese Restaurant and the renovation of 65 Shop House Rooms and suites were completed. A total of S$11.5 million was spent on the abovementioned renovations.

In the UK, a total of GBP 18.5 million was spent on renovating Fraser Suites Queens Gate and Fraser Place Canary Wharf from 2011 to end May 2014. Extensive renovations included addition of facilities such as a bar and meeting facility to Fraser Suites Queens Gate, as well as Fraser Place Canary Wharf, which involved reconfigurations of large two and three-bedroom apartments to studio and one-bedroom apartments for higher revenue potential.

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\(^1\) TCC Hospitality is a company incorporated in the BVI that is wholly-owned by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi (the five children of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi) in equal proportions.
Fraser Suites Queens Gate was rebranded and repositioned as a Fraser Suites rather than retaining its previous brand of Fraser Place, which is expected to increase the average daily room rate of the property. The Park International London Hotel underwent a GBP 16.5 million extensive refurbishment from 2010 to 2012, connecting all the seven townhouses and was renamed Park International London.

Such refurbishment works are expected to improve the performances of the Hotels and the Serviced Residences.

**Opportunities for growth through active asset management and asset enhancement of the Properties**

The Managers believe that revenues and occupancy levels can be improved by executing value-accrative upgrading and refurbishment works to generate stronger demand for its existing hotels and serviced residences, with these refurbishment works expected to contribute to improvements in operating performance. For example, the REIT Manager has undertaken to continue the refurbishment of InterContinental Singapore, which will be funded by FHT’s capital expenditure commitment of S$20 million.

The refurbishment programme, which includes the upgrading of hotel rooms and common areas, and planned addition of rooms from 406 to 410, is expected to be completed by 2015.

**Organic growth strategies and initiatives to improve RevPAR**

The Managers believe that revenues and occupancy levels can be improved by undertaking organic growth strategies and initiatives. These include re-segmentation of clientele base to optimise room rates, driving other revenue streams by leveraging on the loyalty programmes and network of hotel operators, improving operating margins through centralised shared services and cost management initiatives as well as timely minor asset enhancement initiatives to boost the attractiveness of the properties at opportune times. For example, the REIT Manager intends to increase F&B revenue at The Westin Kuala Lumpur by leveraging on Starwood’s loyalty programs, while for the London properties, the REIT Manager intends to centralise key functions such as finance and human resource management to improve operating efficiencies.

**Acquisition pipeline through the Sponsor and TCC ROFR Properties and other third party properties**

FHT’s portfolio of ROFR assets located across North America, Asia, Australia and Europe provides opportunities to further expand FHT’s geographical coverage. Collectively, the initial and pipeline portfolio for FHT will make FHT the largest global hotels and serviced residences hospitality trust to be listed in Singapore.

The Sponsor has granted a ROFR to the REIT Trustee and the Trustee-Manager (the “Sponsor ROFR”), subject to certain conditions, which will provide FHT with access to future acquisition opportunities of income-producing properties located anywhere in the world except Thailand, which are primarily used for hospitality purposes.

As at the date of this Prospectus, there are 12 properties (five hotels and seven serviced residences) which are owned directly and/or indirectly by the Sponsor and which could potentially be offered to FHT as hotels or, as the case may be, serviced residences, under the Sponsor ROFR. For the purpose of this Prospectus, properties which fall or may potentially fall within the Sponsor ROFR are referred to as the “Sponsor ROFR Properties”.
The acquisition of the Sponsor ROFR Properties is subject to Chapter 9 of the Listing Manual and may be required to be approved by the holders of the Stapled Securities at the relevant time in accordance with Chapter 9 of the Listing Manual.

In addition, there is no assurance that the Managers will be able to acquire all or any of the Sponsor ROFR Properties (see “Risk Factors – Risks relating to FHT’s Operations – The Managers may not be able to successfully implement their investment strategy and/or asset enhancement strategy for FHT”). Although there can be no assurance that the consent from independent third parties (which include regulatory authorities, financial institutions, the managers or operators of the hotels or serviced residences or suppliers) may be obtained, the Managers will in good faith use their best endeavours to work together with the Sponsor to meet the requirements of, and obtain the consent of, third parties (if required) for any proposed acquisition that is in line with FHT’s investment strategy.

In addition, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, the ultimate controlling shareholders of the TCC Group1, have granted a ROFR to the REIT Trustee and the Trustee-Manager (the “TCC ROFR”), subject to certain conditions, which will also provide FHT with access to future acquisition opportunities of income-producing properties located anywhere in the world except Thailand, which are primarily used for hospitality purposes.

In relation to the Sponsor ROFR and the TCC ROFR, the Sponsor, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi have entered into an agreement with the REIT Trustee and the Trustee-Manager to address the interaction between the ROFR and the right to participate (the “ROFR/RTP”) which Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi had earlier granted to FCL (the “TCC-FCL Agreement”). As the TCC ROFR is subject to the pre-existing contractual obligations of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi pursuant to the ROFR/RTP, for FHT’s benefit, in the event that there is a Relevant Asset2 which the TCC Group proposes to divest, the Sponsor shall not exercise its right to bid for such asset under the ROFR/RTP unless and until the REIT Trustee (or as the case may be, the Trustee-Manager) is deemed to be unable3 to, or does not, exercise the TCC ROFR in respect of such offer of a Relevant Asset. In such an instance, the Sponsor will then have the right to bid for the Relevant Asset.

As at the date of this Prospectus, there are six hotels owned directly and/or indirectly by the TCC Group which could potentially be offered to FHT under the TCC ROFR. For the purpose of this Prospectus, properties which fall or may potentially fall with the TCC ROFR are referred to as the “TCC ROFR Properties”. The acquisition of the TCC ROFR Properties is subject to Chapter 9 of the Listing Manual and may be required to be approved by the holders of the Stapled Securities at the relevant time in accordance with Chapter 9 of the Listing Manual. In addition, there is no assurance that the Managers will be able to acquire all or any of the TCC ROFR Properties (see “Risk Factors – Risks relating to FHT’s Operations – The Managers may not be able to successfully implement their investment strategy and/or asset enhancement strategy for FHT”). Although there can be no assurance that the consent from

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1 “TCC Group” or the “Strategic Partner” refers to the companies and entities in the Thai Charoen Corporation Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

2 “Relevant Asset” refers to the hospitality assets of the Sponsor and the TCC Group located anywhere in the world except Thailand. Two existing investments of the TCC Group, being Melia, Hanoi and Grand Luang Prabang in Laos shall be excluded from the definition of “Relevant Asset” as subjecting them to the TCC ROFR may contravene existing joint venture arrangements with government-related agencies. All the TCC ROFR Properties are wholly owned by the TCC Group.

3 See “Certain Agreements Relating To FHT, FH-REIT, FH-BT and the Properties – TCC-FCL Agreement” for further details.
independent third parties (which include regulatory authorities, financial institutions, the managers or operators of the hotels or serviced residences or suppliers) may be obtained, the Managers will in good faith use their best endeavours to work together with the TCC Group to meet the requirements of, and obtain the consent of, third parties (if required) for any proposed acquisition that is in line with FHT’s investment strategy.

<table>
<thead>
<tr>
<th>Property</th>
<th>ROFR</th>
<th>Market Segment</th>
<th>Hospitality Segment</th>
<th>Estimated number of hotel rooms/serviced residence units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capri by Fraser, Changi City, Singapore¹</td>
<td>Sponsor</td>
<td>Upscale</td>
<td>Hotel</td>
<td>313</td>
</tr>
<tr>
<td>Sofitel Sydney Wentworth, Australia</td>
<td>Sponsor</td>
<td>Luxury</td>
<td>Hotel</td>
<td>436</td>
</tr>
<tr>
<td>Fraser Place Robertson Walk, Singapore</td>
<td>Sponsor</td>
<td>Upper Upscale</td>
<td>Serviced Residence</td>
<td>164</td>
</tr>
<tr>
<td>Fraser Place Manila</td>
<td>Sponsor</td>
<td>Upper Upscale</td>
<td>Serviced Residence</td>
<td>89</td>
</tr>
<tr>
<td>Fraser Residence Sudirman Jakarta</td>
<td>Sponsor</td>
<td>Upper Upscale</td>
<td>Serviced Residence</td>
<td>108</td>
</tr>
<tr>
<td>Fraser Suites Beijing</td>
<td>Sponsor</td>
<td>Upper Upscale</td>
<td>Serviced Residence</td>
<td>357</td>
</tr>
<tr>
<td>Fraser Suites Kensington, London</td>
<td>Sponsor</td>
<td>Upper Upscale</td>
<td>Serviced Residence</td>
<td>69</td>
</tr>
<tr>
<td>Fraser Place Melbourne</td>
<td>Sponsor</td>
<td>Upscale</td>
<td>Serviced Residence</td>
<td>112</td>
</tr>
<tr>
<td>Fraser Suites Perth</td>
<td>Sponsor</td>
<td>Upper Upscale</td>
<td>Serviced Residence</td>
<td>236</td>
</tr>
<tr>
<td>InterContinental, Adelaide</td>
<td>TCC</td>
<td>Upper Upscale</td>
<td>Hotel</td>
<td>367</td>
</tr>
<tr>
<td>Plaza Athenee, New York</td>
<td>TCC</td>
<td>Upper Upscale</td>
<td>Hotel</td>
<td>142</td>
</tr>
<tr>
<td>Le Meridien, Angkor</td>
<td>TCC</td>
<td>Upper Upscale</td>
<td>Hotel</td>
<td>223</td>
</tr>
</tbody>
</table>

¹ Owned by Ascendas Frasers Pte Ltd, a 50:50 joint venture between Ascendas Land (Singapore) and Frasers Centrepoint Limited. Frasers Centrepoint Limited has been granted a right of first refusal over the hotel by the joint venture company Ascendas Frasers Pte Ltd. The other 11 Sponsor ROFR Properties are wholly owned by the Sponsor.
The 12 Sponsor ROFR Properties, totalling an estimated 1,237 hotel rooms and 1,135 serviced residence units, as well as the six TCC ROFR Properties, totalling an estimated 1,585 hotel rooms, provide a visible pipeline to FHT, offering potential opportunities for portfolio growth. Assuming FHT proceeds with the acquisition of the ROFR Properties, the total number of hotel rooms and serviced residence units of FHT will increase by 146.4% and 134.8% respectively, resulting in a total increase in portfolio size of approximately 142.9%.

(See “Strategy – Key Strategies – Acquisition Growth Strategy Supported by Acquisition Opportunities in respect of the Sponsor ROFR Properties, the TCC ROFR Properties and Other Third Party Properties” for further details.)

FHT is able to leverage on and benefit from the Sponsor’s and Strategic Partner’s networks for a future pipeline of assets that FHT could potentially acquire, where these assets meet FHT’s investment criteria. This will in turn further enhance FHT’s strong position in the hospitality market.

In addition, the Sponsor ROFR and TCC ROFR allow FHT to acquire hotels and serviced residences which are already operated by globally renowned operators, including brands under Frasers Hospitality. The continuation of such operating agreements will allow FHT to leverage on the worldwide distribution networks and loyalty programmes of these globally renowned operators. (See “Key Investment Highlights of FHT – Committed and reputable Sponsor with strong network and branding – Provides management expertise with proven track record as an owner and operator of hospitality assets around the world” and “Key Investment Highlights of FHT – Independent platform provides full flexibility and access to globally renowned hotel operators – Ability to leverage on globally renowned hotel operators’ worldwide distribution networks and loyalty programmes which optimise hotel performance” for further details.)
7. Experienced board and management team with proven track record

The REIT Manager believes that Stapled Securityholders will benefit from the experience of its key executive officers in the hospitality market, as well as the vast experience of its directors in the real estate, corporate management, accountancy, investment and hospitality-related sectors. The REIT Manager has employed experienced professionals who have a good track record in property development, investment, management, marketing and leasing and finance, complemented by their familiarity with the dynamics of the hospitality markets in the countries where the Initial Portfolio is located.

Of the key executives in the REIT manager, Ms Eu Chin Fen, Ms Valerie Foo, Mr Colin Low and Ms Agnes Tan have had direct experience in the management of serviced residences.

With respect to the Hotels, the Sponsor, who will be acquiring the respective operating companies, will also retain the individuals who have been working with the respective hotel operators in managing the properties under the ownership of the TCC Group.

(See “Management and Corporate Governance – FHT – Board of Directors of the Managers – Experience and Expertise of the Board of Directors of the Managers” and “Management and Corporate Governance – FH-REIT – Executive Officers of the REIT Manager” for further details.)

8. Downside protection through Master Lease and Tenancy Agreements and Sponsor’s Corporate Guarantee, with potential to benefit from future rental growth

The Hotels and Serviced Residences will be leased to the Master Lessees or Tenant pursuant to the Master Lease and Tenancy Agreements, which are structured to provide stable and growing cashflows and at the same time provide downside protection.

Under each Master Lease and Tenancy Agreement, FHT will receive rental payments comprising the sum of a Fixed Rent and a Variable Rent. The Fixed Rent component provides a stable source of income for FHT, as well as downside protection to FHT as it provides for a minimum rental payment regardless of the performance of the Master Lessee or Tenant. In addition, the Sponsor has guaranteed the Fixed Rent in the granting of a Corporate Guarantee in respect of each of the Master Lease and Tenancy Agreements. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Corporate Guarantees” for further details.) This mitigates any risk on income caused by uncertainty and volatility of global economic conditions.

The Variable Rent, on the other hand, allows FHT to share the upside of both top line growth and margin improvements via rental payments pegged to gross operating revenue (“GOR”) and gross operating profit (“GOP”). Rental payments are expected to grow in line with the expected improvements in ADR and occupancy rates as a result of both embedded organic growth and refurbishment works being undertaken.
The following chart sets out a breakdown of FHT’s forecast and projected revenue for Forecast Period 2014 (1 April 2014 to 30 September 2014) and Projection Year 2015 (1 October 2014 to 30 September 2015), respectively, in terms of the Fixed Rent and Variable Rent components.

### Composition of Revenue of FHT (S$ million)

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unutilised FF&amp;E</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Variable Rent (pegged to GOR and GOP)</td>
<td>49.4%</td>
<td>49.4%</td>
</tr>
<tr>
<td>Fixed Rent</td>
<td>24.7</td>
<td>103.0</td>
</tr>
<tr>
<td></td>
<td>48.0%</td>
<td>48.0%</td>
</tr>
</tbody>
</table>

### KEY STRATEGIES

#### FH-REIT’s Strategies

The REIT Manager plans to achieve its objectives through the following key strategies:

- **Acquisition Growth Strategy Supported by Acquisition Opportunities in respect of the Sponsor ROFR Properties, the TCC ROFR Properties and Other Third Party Properties** – The REIT Manager will source for and pursue asset acquisition opportunities which provide attractive cash flows and yields and which satisfy the REIT Manager’s investment mandate for FH-REIT to enhance the returns to Stapled Securityholders and improve potential opportunities for future income and capital growth.

- **Active Asset Management and Enhancement Strategy** – The REIT Manager will implement pro-active measures to enhance the Properties and to improve their operational performance, so as to optimise the cash flow and value of the Properties. Through such active management, the REIT Manager seeks to enhance the efficiency of the Properties to improve occupancy rates, ADR and RevPAR, as well as to create a better lodging experience for its clientele.

- **Capital and Risk Management Strategy** – The REIT Manager will endeavour to maintain a strong balance sheet, employ an appropriate mix of debt and equity in financing acquisitions of properties, secure diversified funding sources to access both financial institutions and capital markets, optimise its cost of debt financing and utilise interest rate and foreign exchange hedging strategies, where appropriate, in order to minimise exposure to market volatility.

(See “Strategy” for further details.)
CERTAIN INFORMATION ABOUT THE PROPERTIES

The table below sets out certain information with respect to each of the Hotels as at 31 December 2013:

<table>
<thead>
<tr>
<th>Location</th>
<th>InterContinental Singapore</th>
<th>Novotel Rockford Darling Harbour</th>
<th>Park International London</th>
<th>Best Western Cromwell London</th>
<th>ANA Crowne Plaza Kobe</th>
<th>The Westin Kuala Lumpur</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>80 Middle Road, Singapore 188966</td>
<td>17 Little Pier Street, Darling Harbour, NSW 2000, Australia</td>
<td>117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom</td>
<td>108, 110 and 112 Cromwell Road, London, SW7 4ES, United Kingdom</td>
<td>1-Chome, Kitano-Chuo-Ku, Kobe, 650-0002, Japan</td>
<td>199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia</td>
</tr>
<tr>
<td>Market Segment</td>
<td>Luxury</td>
<td>Mid-scale</td>
<td>Mid-scale</td>
<td>Mid-scale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
</tr>
<tr>
<td>Leasehold Tenure(^1)</td>
<td>Remaining Leasehold of 75 years commencing from Listing Date</td>
<td>Remaining Leasehold of 84 years commencing from Listing Date</td>
<td>Leasehold of 75 years commencing from Listing Date(^2)</td>
<td>Leasehold of 75 years commencing from Listing Date(^2)</td>
<td>Freehold(^3)</td>
<td>Freehold</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>49,987</td>
<td>12,128</td>
<td>6,825</td>
<td>2,512</td>
<td>136,657</td>
<td>79,593</td>
</tr>
<tr>
<td>Number of Available Rooms</td>
<td>406</td>
<td>230</td>
<td>171</td>
<td>85</td>
<td>593</td>
<td>443</td>
</tr>
<tr>
<td>Occupancy Rate (FY2013) (%)</td>
<td>88</td>
<td>90</td>
<td>70</td>
<td>80</td>
<td>77</td>
<td>79</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>SGD263</td>
<td>AUD147</td>
<td>GBP70</td>
<td>GBP69</td>
<td>JPY8,865</td>
<td>MYR374</td>
</tr>
</tbody>
</table>

\(^1\) This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.

\(^2\) The Vendor currently owns a freehold interest in each of Park International London and Best Western Cromwell London. The leasehold interest in each of Park International London and Best Western Cromwell London to be acquired by FH-REIT are in respect of a shorter leasehold period than the length of the freehold title held by the Vendor. Upon expiry of the leasehold interests to be held by FH-REIT, title to these Hotels will revert to the Vendor.

\(^3\) ANA Crowne Plaza Kobe is held through a trust beneficiary interest ("TBI"), in the form of a beneficiary interest in a Japanese trust that holds title to ANA Crowne Plaza Kobe.
<table>
<thead>
<tr>
<th></th>
<th>InterContinental Singapore</th>
<th>Novotel Rockford Darling Harbour</th>
<th>Park International London</th>
<th>Best Western Cromwell London</th>
<th>ANA Crowne Plaza Kobe</th>
<th>The Westin Kuala Lumpur</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appraised Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>by Colliers (as at 31 December 2013) (million)</td>
<td>SGD457.0</td>
<td>AUD68.0&lt;sup&gt;3&lt;/sup&gt;</td>
<td>GBP39.3</td>
<td>GBP17.0</td>
<td>JPY11,200.0&lt;sup&gt;1&lt;/sup&gt;</td>
<td>MYR455.0</td>
</tr>
<tr>
<td>(with payment top-up arrangement)</td>
<td>SGD465.0</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

| **Appraised Value by CBRE**     |                             |                                 |                           |                             |                      |                         |
| (as at 31 December 2013)        |                             |                                 |                           |                             |                      |                         |
| (million)                      | SGD490.0                    | GBP37.7                         | GBP15.7                   | JPY10,900.0<sup>1</sup>     | MYR445.0             |                         |
| (with payment top-up arrangement) | SGD497.5 | – | – | – | – | – |

| **Appraised Value by JLL**      |                             |                                 |                           |                             |                      |                         |
| (as at 31 March 2014)           |                             |                                 |                           |                             |                      |                         |
| (million)                      | –                            | AUD66.0                         | –                         | –                            | –                    | –                       |

| **Purchase Price (million)**   |                             |                                 |                           |                             |                      |                         |
| (as at 31 March 2014)          | SGD497.1<sup>2</sup>        | AUD66.0                         | GBP39.3                   | GBP17.0                     | JPY11,200.0<sup>4</sup> | MYR455.0                |

| **Fixed Rent (per annum)**     |                             |                                 |                           |                             |                      |                         |
| (million)                      | SGD8.0                      | AUD2.5                          | GBP1.3                    | GBP0.6                      | JPY600.0             | MYR14.8                 |

| **Proportion of Fixed Rent to Gross Rental Income under the Master Lease and Tenancy Agreements (FY2013) (%)** | 39.8 | 39.4 | 55.4 | 58.9 | 51.3 | 51.2 |

1. The appraised value of ANA Crowne Plaza Kobe by both of Collie rs and CBRE, and accordingly, the purchase consideration to be paid by FH-REIT, has excluded the retail component in light of the terms of the Retail Master Lease Agreement (under which the master lessee assumes the economic benefits and losses attributable to the retail component).

2. In view of the planned refurbishment for InterContinental Singapore in 2014 to 2015, cashflows of the property will be negatively affected. BCH Hotel Investment Pte Ltd, the vendor of InterContinental Singapore, will therefore set aside S$8.05 million from the Purchase Price in escrow to provide Payment Top-Up (as defined herein) to FHT for the period from the Listing Date to 30 November 2015 to ensure that cashflows will not be temporarily reduced during this period. The S$8.05 million is an estimated amount based on the expected loss of F&B and room revenue arising from the refurbishment. Accordingly, the REIT Manager is of the view that this amount is sufficient to make up for the cashflows that would be temporarily reduced as a result of the refurbishment during this period. The aggregate payment top-up amount for InterContinental Singapore for the Forecast Period 2014 and Projection Year 2015 amounts to S$2.15 million and S$5.9 million, respectively, based on management’s expectations of the Property’s performance under normal circumstances in the long-term. Due to the refurbishment of InterContinental Singapore, had the Payment Top-Up not been provided by the vendor, Stapled Securityholders may suffer from a temporary fluctuation in cashflows if the GOP falls below each of the relevant thresholds. The vendor shall pay the top-up sum amount where, *inter alia*, (i) in respect of the first payment period from Listing Date to 30 September 2014, the GOP falls below S$9,300,000, (ii) in respect of the second period from 1 October 2014 to 31 March 2015, the GOP falls below S$16,000,000, (iii) in respect of the third payment period from 1 April 2015 to 30 September 2015, the GOP falls below S$14,000,000 and (iv) in respect of the fourth and last payment period from 1 October 2015 to 30 November 2015, the GOP falls below S$4,700,000 or the aggregate of the GOP for the first payment period and the fourth payment period falls below the total sum of S$14,000,000. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Payment Top-Up Agreements” and “Profit Forecast and Profit Projection – Sensitivity Analysis” for further details.)

3. As at 31 March 2014.

4. The amount represents an allocation of the purchase price of FH-REIT’s TBI in the property.
<table>
<thead>
<tr>
<th>Master Lessee or Tenant</th>
<th>Pro Forma Variable Rent (FY2013) (million)</th>
<th>Proportion of Pro Forma Variable Rent to Gross Rental Income under the Master Lease and Tenancy Agreements (FY2013) (%)</th>
<th>Variable Rent (per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCH Hotel Investment Pte Ltd</td>
<td>SGD12.1</td>
<td>60.2&lt;sup&gt;1&lt;/sup&gt;</td>
<td>76.0% GOP less Fixed Rent plus FF&amp;E reserve&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Viewgrand Trust C</td>
<td>AUD3.9</td>
<td>60.6&lt;sup&gt;1&lt;/sup&gt;</td>
<td>84.0% GOP less Fixed Rent plus FF&amp;E reserve&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>P I Hotel Management Limited</td>
<td>GBP1.0</td>
<td>44.6</td>
<td>91.5% GOP less Fixed Rent plus FF&amp;E reserve&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>P I Hotel Management Limited</td>
<td>GBP0.4</td>
<td>41.1</td>
<td>91.5% GOP less Fixed Rent plus FF&amp;E reserve&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Hotel component: K.K. Shinkobe Holding</td>
<td>JPY569.0</td>
<td>48.7</td>
<td>77.8% GOP less Fixed Rent plus FF&amp;E reserve&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Retail component: Y.K. Toranomon Properties&lt;sup&gt;3&lt;/sup&gt;</td>
<td>MYR14.1</td>
<td>48.8</td>
<td>78.5% GOP less Fixed Rent plus FF&amp;E reserve&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>JBB Hotels Sdn. Bhd.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

<sup>1</sup> Furniture, fixtures and equipment (“FF&E”) reserve not utilised and not carried forward to the following year, if any.

<sup>2</sup> The Master Lessees and Tenant will be wholly-owned subsidiaries of the Sponsor, except for the Master Lessee for the retail component of ANA Crowne Plaza Kobe, Y.K. Toranomon Properties, which is a wholly-owned subsidiary of the TCC Group. However, as at Listing Date, only PI Hotel Management Limited and K.K. Shinkobe Holding will be wholly-owned subsidiaries of the Sponsor, while the acquisition by the Sponsor of BCH Hotel Investment Pte Ltd, JBB Hotels Sdn. Bhd. and Viewgrand Trust C will be completed post-listing of FHT. BCH Hotel Investment Pte Ltd and JBB Hotels Sdn. Bhd. will only become wholly-owned subsidiaries of the Sponsor post-listing of FHT as these entities are the direct owners of each of InterContinental Singapore and The Westin Kuala Lumpur. Upon the sale of InterContinental Singapore and The Westin Kuala Lumpur to FHT on the Listing Date, a capital reduction process will need to be completed to upstream sales proceeds and prior period profits to the TCC Group. In the case of Viewgrand Trust C, Viewgrand Trust C is the direct owner of the FF&E in connection with Novotel Rockford Darling Harbour. Upon the sale of the FF&E to FH-REIT on the Listing Date, a distribution to the unitholder of Viewgrand Trust C will need to be completed to upstream sale proceeds and prior period profits to the TCC Group. Therefore, the Sponsor will only complete acquisition of these entities post-Listing at their respective net asset values only after the respective capital reduction and distribution processes are completed.

<sup>3</sup> For information only as the retail component does not contribute to the gross revenue of FH-REIT due to the terms of the Retail Master Lease Agreement (under which the master lessee assumes the economic benefits and losses attributable to the retail component). The lease term for the retail component under the Retail Master Lease Agreement is perpetual and the lease shall continue for as long as the Property remains in existence.

<sup>4</sup> The gross rental income under the Master Lease Agreements and Tenancy Agreement comprises the sum of a Fixed Rent and a Variable Rent. The Variable Rent formula for the Hotels is pegged to a percentage of the GOP. The GOP for different hotels vary depending on the individual hotels’ performance, market segments and operating margins. As the operating margins of InterContinental Singapore and Novotel Rockford Darling Harbour are considerably higher than the other Hotels in the Initial Portfolio, the Variable Rent (which is based on a percentage of GOP) translates to a higher proportion of the gross rental income.

(See the table below “Breakdown of Gross Rental Income by Hotels, Serviced Residences and the Initial Portfolio” for details on the percentage of the gross rental income for the Hotels, Serviced Residences and the Initial Portfolio collectively.)
<table>
<thead>
<tr>
<th>Term of Master Lease or Tenancy (years)</th>
<th>InterContinental Singapore</th>
<th>Novotel Rockford Darling Harbour</th>
<th>Park International London</th>
<th>Best Western Cromwell London</th>
<th>ANA Crowne Plaza Kobe</th>
<th>The Westin Kuala Lumpur</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
<td>10 + 10 + 10 + 10 years commencing from the Listing Date (at the option of the Master Lessee)</td>
<td>10 years commencing from the Listing Date (fixed and non-renewable)</td>
<td>Three + three + three years commencing from the Listing Date (at the option of the Tenant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel Manager²</td>
<td>InterContinental Hotels Group (Asia Pacific) Pty. Ltd.</td>
<td>Rockford Indigo (Hotels) Pty Limited³</td>
<td>TCC Hotel Group Co., Ltd</td>
<td>TCC Hotel Group Co., Ltd</td>
<td>IHG ANA Hotels Group Japan LLC</td>
<td>Starwood Asia Pacific Hotels &amp; Resorts Pte Ltd</td>
</tr>
</tbody>
</table>

1. Within 14 business days from the commencement date of the Tenancy Agreement, JBB Hotels Sdn Bhd is obliged to apply for the approval of the relevant state authority on the conversion of the tenancy into a lease for 20 years with an option for the lessee to obtain an additional lease for a further 20 years. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to The Westin Kuala Lumpur – Tenancy Agreement”.)

2. The Hotel Managers are third parties independent from the Sponsor and the TCC Group save for the Hotel Managers of Park International London and Best Western Cromwell London which are subsidiaries of the TCC Group.

3. With effect from 1 January 2014, the hotel manager for Novotel Rockford Darling Harbour is Rockford Hotels Pty Limited (as trustee for the Rockford Hotels Management Trust).

4. The Vendors of the Hotels are subsidiaries of the TCC Group.
The table below sets out certain information with respect to each of the Serviced Residences as at 31 December 2013:

<table>
<thead>
<tr>
<th>Location</th>
<th>Fraser Suites Singapore</th>
<th>Fraser Suites Sydney</th>
<th>Fraser Place Canary Wharf</th>
<th>Fraser Suites Queens Gate</th>
<th>Fraser Suites Glasgow</th>
<th>Fraser Suites Edinburgh</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>491A River Valley Road, Singapore 248372</td>
<td>488 Kent Street, Sydney, NSW 2000, Australia</td>
<td>80 Boardwalk Place, London E14 5SF, United Kingdom</td>
<td>39B Queens Gate Gardens, London SW7 5RR, United Kingdom</td>
<td>No 1-19 Albion Street, Glasgow G1 1LH, Scotland, United Kingdom</td>
<td>12-26 St Giles Street, Edinburgh EH1 1 PT, Scotland, United Kingdom</td>
</tr>
<tr>
<td>Market Segment</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
</tr>
<tr>
<td>Leasehold Tenure¹</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>27,018</td>
<td>12,137</td>
<td>5,659</td>
<td>6,416</td>
<td>7,386</td>
<td>3,952</td>
</tr>
<tr>
<td>Number of Serviced Residence Units</td>
<td>255</td>
<td>201</td>
<td>108²</td>
<td>105</td>
<td>98</td>
<td>75</td>
</tr>
<tr>
<td>Occupancy Rate (FY2013) (%)</td>
<td>82</td>
<td>89</td>
<td>80</td>
<td>11</td>
<td>78</td>
<td>84</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>SGD267</td>
<td>AUD201</td>
<td>GBP118</td>
<td>GBP17</td>
<td>GBP52</td>
<td>GBP87</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>SGD325.0</td>
<td>AUD103.5³</td>
<td>GBP30.5</td>
<td>GBP45.0</td>
<td>GBP7.5</td>
<td>GBP8.0</td>
</tr>
<tr>
<td></td>
<td>SGD327.0 (with payment top-up arrangement)</td>
<td>GBP31.5</td>
<td>GBP46.3</td>
<td>GBP6.9</td>
<td>GBP11.5</td>
<td></td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>SGD305.0</td>
<td>–</td>
<td>GBP31.5</td>
<td>GBP46.3</td>
<td>GBP6.9</td>
<td>GBP11.5</td>
</tr>
<tr>
<td></td>
<td>SGD306.5 (with payment top-up arrangement)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

¹ This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement. The leasehold interest in each of the Serviced Residences is in respect of a shorter leasehold period than the underlying title held by the relevant Vendor. Upon expiry of the leasehold interest to be held by FH-REIT, title to the Serviced Residence will revert to the relevant Vendor. The underlying land tenure in respect of Fraser Suites Singapore and Fraser Place Canary Wharf is each a 999-year leasehold estate, while the underlying land tenure in respect of the remaining four Serviced Residences is a freehold estate.

² Fraser Place Canary Wharf has expanded its room count from 96 units as at 31 December 2013 to 108 units upon completion of Phase 2 refurbishment in end-May 2014.

³ As at 31 March 2014.
<table>
<thead>
<tr>
<th></th>
<th>Fraser Suites Singapore</th>
<th>Fraser Suites Sydney</th>
<th>Fraser Place Canary Wharf</th>
<th>Fraser Suites Queens Gate</th>
<th>Fraser Suites Glasgow</th>
<th>Fraser Suites Edinburgh</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appraised Value by JLL (as at 31 March 2014) (million)</strong></td>
<td>–</td>
<td>AUD 99.8</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Purchase Price (million)</strong></td>
<td>SGD 327.0¹</td>
<td>AUD 103.5</td>
<td>GBP 31.5</td>
<td>GBP 46.3</td>
<td>GBP 7.5</td>
<td>GBP 11.5</td>
</tr>
<tr>
<td><strong>Fixed Rent (per annum) (million)</strong></td>
<td>SGD 7.7</td>
<td>AUD 4.2</td>
<td>GBP 1.4</td>
<td>GBP 1.8</td>
<td>GBP 0.4</td>
<td>GBP 0.5</td>
</tr>
<tr>
<td><strong>Proportion of Fixed Rent to Gross Rental Income under the Master Lease Agreements (FY2013) (%)</strong></td>
<td>53.8</td>
<td>52.8</td>
<td>53.2</td>
<td>100.0</td>
<td>61.9</td>
<td>51.7</td>
</tr>
<tr>
<td><strong>Variable Rent (per annum)</strong></td>
<td>20.0% GOR + 59.0% GOP less Fixed Rent plus FF&amp;E reserve²</td>
<td>20.0% GOR + 54.5% GOP less Fixed Rent plus FF&amp;E reserve²</td>
<td>20.0% GOR + 65.0% GOP less Fixed Rent plus FF&amp;E reserve²</td>
<td>20.0% GOR + 67.0% GOP less Fixed Rent plus FF&amp;E reserve²</td>
<td>20.0% GOR + 50.0% GOP less Fixed Rent plus FF&amp;E reserve²</td>
<td>20.0% GOR + 45.0% GOP less Fixed Rent plus FF&amp;E reserve²</td>
</tr>
<tr>
<td><strong>Pro Forma Variable Rent (FY2013) (million)</strong></td>
<td>SGD 6.6</td>
<td>AUD 3.7</td>
<td>GBP 1.2</td>
<td>–</td>
<td>GBP 0.2</td>
<td>GBP 0.5</td>
</tr>
</tbody>
</table>

¹ In view that Fraser Suites Singapore has undergone a major refurbishment in 2012 and is still rebuilding its customer base, River Valley Apartments Pte Ltd, one of the vendors of Fraser Suites Singapore, will therefore set aside S$1.65 million from the Purchase Price in escrow to provide Payment Top-Up to FHT for a period from the Listing Date up to 30 November 2015 to provide FHT with stabilised cashflow from the property, which is not expected to perform to its optimal levels due to the rebuilding of the customer base. The aggregate payment top-up amount for Fraser Suites Singapore for the Forecast Period 2014 and Projection Year 2015 amounts to S$0.65 million and S$1 million, respectively, based on management’s expectations of the Properties’ performance under normal circumstances in the long-term. Due to the rebuilding of the customer base of Fraser Suites Singapore, had the Payment Top-Up not been provided by the vendor, Stapled Securityholders may suffer from a temporary fluctuation in cashflows if the GOP falls below each of the relevant thresholds. The vendor shall pay the top-up sum amount where, inter alia, (i) in respect of the first payment period from Listing Date to 30 September 2014, the GOP falls below S$6,000,000, (ii) in respect of the second period from 1 October 2014 to 31 March 2015, the GOP falls below S$9,000,000, (iii) in respect of the third payment period from 1 April 2015 to 30 September 2015, the GOP falls below S$9,000,000 and (iv) in respect of the fourth and last payment period from 1 October 2015 to 30 November 2015, the GOP falls below S$3,000,000 or the aggregate of the GOP for the first payment period and the fourth payment period falls below the total sum of S$9,000,000. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Payment Top-Up Agreements” for further details.)

² Furniture, fixtures and equipment (“FF&E”) reserve not utilised and not carried forward to the following year, if any.
<table>
<thead>
<tr>
<th>Master Lessee&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Fraser Suites Singapore</th>
<th>Fraser Suites Sydney</th>
<th>Fraser Place Canary Wharf</th>
<th>Fraser Suites Queens Gate</th>
<th>Fraser Suites Glasgow</th>
<th>Fraser Suites Edinburgh</th>
</tr>
</thead>
<tbody>
<tr>
<td>River Valley Apartments Pte Ltd</td>
<td>46.2</td>
<td>47.2</td>
<td>46.8</td>
<td>–</td>
<td>38.1</td>
<td>48.3</td>
</tr>
<tr>
<td>Frasers Townhall Residences Operations Pty Ltd</td>
<td></td>
<td></td>
<td>Fairdace Limited</td>
<td>39OOG Management Ltd</td>
<td>Fairdace Limited</td>
<td>Frasers (St Giles Street) Management Limited</td>
</tr>
</tbody>
</table>

<sup>1</sup> The Master Lessees are wholly-owned subsidiaries of the Sponsor (except for Frasers Townhall Residences Operations Pty Ltd which will be a wholly-owned subsidiary of the Sponsor as at the Listing Date).

| Term of Master Lease (years) | 20 + 20 years commencing from the Listing Date (at the option of the Master Lessee) |

<table>
<thead>
<tr>
<th>Serviced Residence Operator&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Frasers Hospitality Pte. Ltd</th>
<th>Frasers Hospitality Pte. Ltd.</th>
<th>Frasers Hospitality UK Ltd.</th>
<th>Frasers Hospitality UK Ltd.</th>
<th>Frasers Hospitality UK Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>River Valley Apartments Pte Ltd, River Valley Shopping Centre Pte Ltd and River Valley Tower Pte Ltd</td>
<td></td>
<td></td>
<td>Fairdace Limited</td>
<td>Queensgate Garden (C.I.) Limited</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>Frasers Townhall Residences Pty Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Frasers (St Giles Street, Edinburgh) Limited</td>
</tr>
</tbody>
</table>

<sup>2</sup> The Serviced Residence Operators are wholly-owned subsidiaries of the Sponsor.

<table>
<thead>
<tr>
<th>Vendor&lt;sup&gt;3&lt;/sup&gt;</th>
<th>River Valley Apartments Pte Ltd</th>
<th>Frasers Townhall Residences Pte Ltd</th>
<th>Fairdace Limited</th>
<th>Queensgate Garden (C.I.) Limited</th>
<th>Fairdace Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Frasers (St Giles Street, Edinburgh) Limited</td>
</tr>
</tbody>
</table>

<sup>3</sup> The Vendors of the Serviced Residences are subsidiaries of the Sponsor.
Breakdown of Gross Rental Income by Hotels, Serviced Residences and the Initial Portfolio

Based on the unaudited pro forma financial information of FH-REIT for FY2013, the pro forma Fixed Rent and Variable Rent as a percentage of the gross rental income for the Hotels, Serviced Residences and the Initial Portfolio collectively is set out below.

<table>
<thead>
<tr>
<th>Hotels</th>
<th>% of Gross Rental Income under the Hotel Master Lease and Tenancy Agreements (FY2013)</th>
<th>Serviced Residences</th>
<th>% of Gross Rental Income under the Serviced Residence Master Lease Agreements (FY2013)</th>
<th>Initial Portfolio</th>
<th>% of Gross Rental Income under all Master Lease and Tenancy Agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Fixed Rent (FY2013)</td>
<td>28.7 47%</td>
<td>20.9 58%</td>
<td>49.6 51%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pro Forma Variable Rent (FY2013)</td>
<td>33.0 53%</td>
<td>15.0 42%</td>
<td>48.0 49%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>61.7 100%</td>
<td>35.9 100%</td>
<td>97.6 100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

OPERATIONAL DATA OF THE INITIAL PORTFOLIO

Operational Data of the Hotels

The ADR, occupancy rate and RevPAR of the Hotels for FY2011, FY2012 and FY2013 are set out below.

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Currency</th>
<th>ADR FY2011</th>
<th>ADR FY2012</th>
<th>ADR FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>293</td>
<td>304</td>
<td>299</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>AUD</td>
<td>151</td>
<td>155</td>
<td>164</td>
</tr>
<tr>
<td>Park International London(1)</td>
<td>GBP</td>
<td>88</td>
<td>113</td>
<td>100</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>93</td>
<td>89</td>
<td>86</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>11,429</td>
<td>11,193</td>
<td>11,530</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR</td>
<td>445</td>
<td>465</td>
<td>473</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Occupancy Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>82 90 88</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>88 88 90</td>
</tr>
<tr>
<td>Park International London(1)</td>
<td>43 59 70</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>73 78 80</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>76 77 77</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>72 77 79</td>
</tr>
<tr>
<td>Hotel</td>
<td>Currency</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>AUD</td>
</tr>
<tr>
<td>Park International London(1)</td>
<td>GBP</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR</td>
</tr>
</tbody>
</table>

Note:
(1) The hotel underwent a major renovation in FY2011 and was subsequently rebranded as Park International London post-renovation.

Guest Profile of the Hotels

The following charts set out a breakdown of the guest profile of the Hotels by market segment and country of origin as of FY2013.

Guest Profile by Market Segment (Room Nights, FY2013)

- Retail / Leisure / Transient: 50.0%
- Corporate and Government: 19.6%
- MICE: 7.2%
- Aircrew: 3.2%
- Wholesale: 9.3%
- Other: 10.7%

Guest Profile by Geography (Room Nights, FY2013)(1)

- Europe: 11.9%
- North America: 8.0%
- South America: 1.5%
- Africa and Middle East: 3.4%
- North and North East Asia: 37.5%
- South East Asia: 16.7%
- South Asia: 1.3%
- Oceania: 17.6%
- Others, 2.1%

Note:
(1) Excludes Best Western Cromwell London as that property does not collect data on room nights by geography.
Operational Data of the Serviced Residences

The ADR, occupancy rate and RevPAR for the Serviced Residences for FY2011, FY2012 and FY2013 are set out below.

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Currency</th>
<th>ADR</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY2011</td>
<td>FY2012</td>
<td>FY2013</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>SGD</td>
<td>271</td>
<td>307</td>
<td>327</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>AUD</td>
<td>210</td>
<td>214</td>
<td>226</td>
<td></td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>GBP</td>
<td>151</td>
<td>156</td>
<td>147</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>GBP</td>
<td>–(4)</td>
<td>133</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>GBP</td>
<td>69</td>
<td>62</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>101</td>
<td>95</td>
<td>104</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Occupancy Rate (%)</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2011</td>
<td>FY2012</td>
<td>FY2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>84</td>
<td>55</td>
<td>82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>88</td>
<td>88</td>
<td>89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>89</td>
<td>80</td>
<td>80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>–(4)</td>
<td>81</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>70</td>
<td>73</td>
<td>78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>74</td>
<td>81</td>
<td>84</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Currency</th>
<th>RevPAR</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY2011</td>
<td>FY2012</td>
<td>FY2013</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>SGD</td>
<td>228</td>
<td>168</td>
<td>267</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>AUD</td>
<td>184</td>
<td>188</td>
<td>201</td>
<td></td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>GBP</td>
<td>134</td>
<td>125</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>GBP</td>
<td>–(4)</td>
<td>108</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>GBP</td>
<td>48</td>
<td>45</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>75</td>
<td>77</td>
<td>87</td>
<td></td>
</tr>
</tbody>
</table>

Notes:

(1) Fraser Suites Singapore was partially closed in FY2012 for renovation.
(2) Fraser Place Canary Wharf was partially closed in FY2012 for renovation.
(3) Fraser Suites Queens Gate was closed in FY2013 for renovation.
(4) Fraser Suites Queens Gate was acquired in December 2011 and accordingly, there are no comparative results of its operations for FY2011.
(5) Fraser Suites Glasgow was partially closed from August 2012 to March 2013 for renovation.
Guest Profile of the Serviced Residences

The following charts set out a breakdown of the guest profile of the Serviced Residences by market segment and country of origin as of FY2013.

**Guest Profile of the Serviced Residences by Market Segment as of FY2013**

- Corporate and Government: 57.0%
- Leisure: 34.8%
- Groups: 8.2%

**Guest Profile of the Serviced Residences by Country of Origin as of FY2013**

- Europe: 29.6%
- Oceania: 27.9%
- South East Asia: 9.5%
- South Asia: 5.1%
- North America: 10.1%
- North Asia: 6.3%
- Others: 11.5%
**Length of Stay Profile for the Serviced Residences**

The leases or licenses entered into for the serviced residence units in the Serviced Residences may be for a week or up to several years. In line with normal commercial practice, renewals are generally on the same terms and conditions as the original lease/licence agreements except for the rental rate, which will be revised to the prevailing market rate.

The following chart sets out the length of stay profile of the Serviced Residences on a portfolio basis, in terms of rental income generated from the serviced residence units for FY2013.
The following diagram illustrates the relationship between, among others, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager and Stapled Securityholders as at the Listing Date:

**Notes:**
(1) “Australian Properties” refer to Novotel Rockford Darling Harbour and Fraser Suites Sydney.
(2) “UK Properties” refer to Park International London, Best Western Cromwell London, Fraser Place Canary Wharf, Fraser Suites Queens Gate, Fraser Suites Glasgow and Fraser Suites Edinburgh.
(3) Dormant as at the Listing Date. In the event that FH-BT is appointed as master lessee for any of the Properties, the Trustee-Manager intends to appoint a professional hotel manager or serviced residence operator (as the case may be) to manage and operate the Property.

(See “Overview of the Acquisition of the Properties” for further details on the holding structure of the Properties.)

**FHT**

The FH-REIT Units and FH-BT Units are stapled together under the terms of the stapling deed dated 20 June 2014 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the “Stapling Deed”) and cannot be traded separately. FHT is regulated by the Stapling Deed, the FH-REIT Trust Deed and the FH-BT Trust Deed (collectively, the “Deeds”) as well as any legislation and regulations governing FHT, FH-REIT and FH-BT.

**FH-REIT**

FH-REIT is constituted by a trust deed dated 12 June 2014 (the “FH-REIT Trust Deed”). It is principally regulated by the SFA, the CIS Code, including the Property Funds Appendix, other relevant regulations as well as the Stapling Deed and the FH-REIT Trust Deed.

**FH-BT**

FH-BT is constituted by a trust deed dated 20 June 2014 (the “FH-BT Trust Deed”). It is principally regulated by the BTA, the SFA, and other relevant legislation and regulations, as well as the Stapling Deed and the FH-BT Trust Deed.
As at the Listing Date, FH-BT will be dormant. It will, however, become active if any of the following occurs:

- it is appointed by FH-REIT, in the absence of any other master lessee(s) being appointed, as a master lessee of one of the Properties. FH-BT exists primarily as “a master lessee of last resort”;

- FH-REIT acquires hotels or serviced residences in the future, and, if there are no other suitable master lessees, FH-REIT will lease these acquired hotels or serviced residences to FH-BT. FH-BT will then become a master lessee for that hotel or serviced residence and will appoint a professional manager to manage that hotel or serviced residence; or

- it undertakes certain hospitality or hospitality-related development projects, acquisitions and investments which may not be suitable for FH-REIT, other than:
  - activities which FH-BT is required to carry out under any applicable law, regulation, rule or directive of any agency, regulatory or supervisory body;
  - the lending or use of the initial S$10,000 working capital raised from the Offering; or
  - equity fund-raising activities and issue of FH-BT Units carried out in conjunction with FH-REIT which are solely for the purposes of funding FH-REIT’s business activities.

When FH-BT becomes active, the Trustee-Manager will monitor and, where appropriate, manage the exposure arising from adverse market movements in interest rates and foreign exchange through appropriate hedging strategies. The extent of the foreign exchange exposure would depend on the jurisdictions in which FH-BT becomes active in and the extent of the interest rate exposure would depend on the type of financing facilities, if any, to be obtained by FH-BT. FH-BT is currently dormant but if it becomes active, the Trustee-Manager will put in place appropriate internal controls to ensure that hedging activities will only be undertaken for risk management purposes.

FH-REIT will not guarantee any debt of FH-BT, and vice versa. This will help to shield each entity from the other’s financial obligations because each entity’s creditors will not have recourse to the other.

**The Sponsor**

The Sponsor is a full-fledged international real estate company headquartered in Singapore and its principal activities are property development, investment and management of commercial property, serviced residences and property trusts. It was listed on the Main Board of the SGX-ST by way of introduction on 9 January 2014.

The property portfolio of FCL and its subsidiaries (the “FCL Group”) comprises properties located in Singapore and overseas, ranging from residential and commercial developments to shopping malls, serviced residences and office and business space properties, as represented by the following four lead brands/divisions:

- Frasers Centrepoint Homes (for Singapore residential development properties);
- Frasers Property (for overseas development properties);
- Frasers Centrepoint Commercial (for shopping malls, office and business space properties); and
• Frasers Hospitality (for serviced residences).

(See “The Sponsor and the Strategic Partner” for further details.)

The Strategic Partner

The TCC Group is among the largest businesses in Southeast Asia and is engaged in a variety of businesses including real estate. The TCC Group invests in and develops a wide range of real estate projects globally, including hotels, office towers, retail centres, residences, serviced apartments, convention centres, golf courses and resorts. As at 31 December 2013, it owns, among others, 17 retail shopping centres with approximately 500,000 sq m of retail space, seven commercial offices with approximately 810,000 sq m of office space, 40 hotels with over 10,000 keys/rooms in Thailand and 10 countries worldwide and over 48,000 acres of land bank for development.

(See “The Sponsor and the Strategic Partner” for further details.)

The REIT Manager: Frasers Hospitality Asset Management Pte. Ltd.

The REIT Manager was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (the “Companies Act”) on 20 November 2013. It has an issued and paid-up capital of S$1.0 million and its registered office is located at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958. The telephone and facsimile numbers of the REIT Manager are +65 6276 4882 and +65 6276 6328, respectively. The REIT Manager is a wholly-owned subsidiary of the Sponsor. Save as disclosed in this Prospectus, the REIT Manager is not, directly or indirectly, owned or controlled, whether severally or jointly, by any person or government.

The REIT Manager has been issued a capital markets services licence for REIT management (the “CMS Licence”) pursuant to the SFA.

The REIT Manager has general powers of management over the assets of FH-REIT. The REIT Manager’s main responsibility is to manage FH-REIT’s assets and liabilities for the benefit of the holders of FH-REIT Units. The REIT Manager will set the strategic direction of FH-REIT and give recommendations to the REIT Trustee on the acquisition, divestment, development and/or enhancement of the assets of FH-REIT in accordance with its stated investment strategy.

(See “The Formation and Structure of FHT, FH-REIT and FH-BT” for further details.)

The REIT Trustee: The Trust Company (Asia) Limited

The trustee of FH-REIT is The Trust Company (Asia) Limited. The REIT Trustee is a company incorporated in Singapore on 30 December 2005 and it is an indirect wholly-owned subsidiary of The Trust Company Limited, which is ultimately owned by Perpetual Limited, one of the largest trustees in Australia and is listed on the Australian Securities Exchange. The REIT Trustee is registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore (the “Trust Companies Act”). It is approved to act as a trustee for authorised collective investment schemes under the SFA and is regulated by the MAS. It also holds a capital markets services licence for the provision of custodial services for securities. The REIT Trustee acts as trustee to two Singapore listed REITs and several unit trusts, custodian to several private pension funds and private equity funds, and bond trustee to institutional and retail bond issues and supervise over SS12 billion of corporate assets. The ultimate parent company of the REIT Trustee, Perpetual Limited and its controlled entities, currently has in excess of AUD420 billion of funds under administration across its Corporate Trust fiduciary business.
As at the date of this Prospectus, the REIT Trustee has a paid-up capital of S$7,974,811. The REIT Trustee’s registered address is 8 Marina Boulevard, #05-02, Marina Bay Financial Centre, Singapore 018981. The telephone and facsimile numbers of the REIT Trustee are +65 6645 0830 and +65 6438 0255, respectively.

The REIT Trustee acts as trustee of FH-REIT and, in such capacity, holds the assets of FH-REIT on trust for the benefit of the holders of FH-REIT Units, safeguards the rights and interests of the holders of FH-REIT Units and exercises all the powers of a trustee and the powers accompanying ownership of the properties in FH-REIT.

(See “The Formation and Structure of FHT, FH-REIT and FH-BT” for further details.)

The Trustee-Manager: Frasers Hospitality Trust Management Pte. Ltd.

The Trustee-Manager is incorporated in Singapore under the Companies Act on 13 January 2014. As at the Latest Practicable Date, it has an issued and paid-up capital of S$1.00 and its issued and paid-up capital will be increased to S$10,000 on or prior to the Listing Date. Its registered office is located at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958. The telephone and facsimile numbers of the Trustee-Manager are +65 6276 4882 and +65 6276 6328 respectively. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. Save as aforementioned, the Trustee-Manager is not, directly or indirectly, owned or controlled, whether severally or jointly, by any person or government.

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of FH-BT Units, and managing the business conducted by FH-BT. The Trustee-Manager has general powers of management over the business and assets of FH-BT and its main responsibility is to manage FH-BT’s assets and liabilities for the benefit of the holders of FH-BT Units as a whole.

(See “The Formation and Structure of FHT, FH-REIT and FH-BT” for further details.)

The Vendors, Master Lessees and Tenant

The following table shows the vendors of the Properties (the “Vendors”) and the master lessees (the “Master Lessees”) or tenant (the “Tenant”) of the Properties (as the case may be). The Vendors of the Hotels are subsidiaries of the TCC Group while the Vendors of the Serviced Residences are subsidiaries of the Sponsor. The Master Lessees and Tenant will be wholly-owned subsidiaries of the Sponsor, except for the Master Lessee for the retail component of ANA Crowne Plaza Kobe (the “Retail Master Lessee”), Y.K. Toranomon Properties, which is a wholly-owned subsidiary of the TCC Group.

The Sponsor will acquire five entities¹ from the TCC Group and its associates to be the Master Lessees and Tenant of the Hotels. As at Listing Date, only two such entities, namely PI Hotel Management Limited and K.K Shinkobe Holding will be wholly-owned subsidiaries of the Sponsor, while the acquisition by the Sponsor of BCH Hotel Investment Pte Ltd, JBB Hotels Sdn. Bhd. and Viewgrand Trust C will be completed post-listing of FHT. BCH Hotel Investment Pte Ltd and JBB Hotels Sdn. Bhd. will only become wholly-owned subsidiaries of the Sponsor post-listing of FHT².

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¹ One of the entities, PI Hotel Management Limited, will be the Master Lessee of two of the Hotels.

² BCH Hotel Investment Pte Ltd and JBB Hotels Sdn. Bhd. will only become wholly-owned subsidiaries of the Sponsor post-listing of FHT as these entities are the direct owners of each of InterContinental Singapore and The Westin Kuala Lumpur. Upon the sale of InterContinental Singapore and The Westin Kuala Lumpur to FH-REIT on the Listing Date, a capital reduction process will need to be completed to upstream sales proceeds and prior period profits to the TCC Group. In the case of Viewgrand Trust C, Viewgrand Trust C is the direct owner of the FF&E in connection with Novotel Rockford Darling Harbour. Upon the sale of the FF&E to FH-REIT on the Listing Date, a distribution to the unitholder of Viewgrand Trust C will need to be completed to upstream sale proceeds and prior period profits to the TCC Group. Therefore, the Sponsor will only complete acquisition of these entities post-listing at their respective net asset values only after the respective capital reduction and distribution processes are completed.
In addition to the five entities mentioned above, the Sponsor will also acquire the trustee of Viewgrand Trust C, Golden Shower Development (PTC) Limited after the Listing Date.

<table>
<thead>
<tr>
<th>Property</th>
<th>Vendor</th>
<th>Master Lessee or Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>BCH Hotel Investment Pte Ltd</td>
<td>BCH Hotel Investment Pte Ltd</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>Viewgrand Trust B</td>
<td>Viewgrand Trust C</td>
</tr>
<tr>
<td>Park International London</td>
<td>Global-Link Investments Limited</td>
<td>P I Hotel Management Limited</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>Global-Link Investments Limited</td>
<td>P I Hotel Management Limited</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>Excellence Prosperity (Singapore) Pte. Ltd.</td>
<td>Hotel component: K. K. Shinkobe Holding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retail component: Y.K. Toranomon Properties</td>
</tr>
<tr>
<td>Serviced Residence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>River Valley Apartments Pte Ltd, River Valley Shopping Centre Pte Ltd and River Valley Tower Pte Ltd</td>
<td>River Valley Apartments Pte Ltd</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>Frasers Townhall Residences Pty Ltd</td>
<td>Frasers Townhall Residences Operations Pty Ltd</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>Fairdace Limited</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>Queensgate Garden (C.I.) Limited</td>
<td>39QGG Management Limited</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>Fairdace Limited</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>Frasers (St Giles Street, Edinburgh) Limited</td>
<td>Frasers (St Giles Street) Management Limited</td>
</tr>
</tbody>
</table>

For the Hotels, the leasehold interest in each of Park International London and Best Western Cromwell London (the “UK Hotels”) to be acquired by FH-REIT are in respect of a shorter leasehold period than the length of the freehold titles held by the Vendor. Upon expiry of the leasehold interests to be held by FH-REIT, title to the Hotels will revert to the Vendor.

For the Serviced Residences, the leasehold interest in each of the Serviced Residences is in respect of a shorter leasehold period than the underlying title held by the relevant Vendor. Upon expiry of the leasehold interest to be held by FH-REIT, title to the Serviced Residence will revert to the relevant Vendor.

**The Sale and Purchase Agreements**

FH-REIT and its property-holding entities will each enter into a sale and purchase agreement to acquire the Properties1 (except for ANA Crowne Plaza and The Westin Kuala Lumpur) from the Vendors (collectively, the “Property Sale and Purchase Agreements”).

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1 In the case of Fraser Suites Sydney, this will be in the form of a lease agreement.
In relation to ANA Crowne Plaza Kobe, FH-REIT will acquire Excellence Prosperity TMK Pte. Ltd. and a Singapore-incorporated subsidiary of FH-REIT will acquire Excellence Prosperity Japan K.K. from Excellence Prosperity (Singapore) Pte. Ltd.

In relation to The Westin Kuala Lumpur, the special purpose vehicle incorporated in Malaysia under the asset-backed securitisation (“ABS”) structure (the “Malaysian SPV”) will acquire The Westin Kuala Lumpur from the Vendor. FHT Malaysia Pte. Ltd., a wholly-owned subsidiary of FH-REIT, will subscribe for and hold Class B Junior MTNs and Class C Junior MTNs issued by the Malaysian SPV.

FH-REIT (through its wholly-owned subsidiaries) will also acquire the FF&E in respect of each of the Properties.

(See “Overview of the Acquisition of the Properties” for further details).

**The Master Lease and Tenancy Agreements**

Pursuant to the master lease agreement (the “Master Lease Agreement”) or tenancy agreement (the “Tenancy Agreement”) to be entered into between FH-REIT and/or its property-holding entity and the relevant Master Lessee or Tenant in respect of each of the Properties (collectively, the “Master Lease and Tenancy Agreements”), FH-REIT or its property-holding entity will receive rental payment for each Property from the relevant Master Lessee or Tenant comprising (i) a Fixed Rent and (ii) a Variable Rent.

The term of the Master Lease and Tenancy Agreements for each of the Properties is set out in the tables below:

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Term of Master Lease or Tenancy (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>10 + 10 +10 +10 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Park International London</td>
<td>10 years commencing from the Listing Date (fixed and non-renewable)</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>Three + three + three years commencing from the Listing Date (at the option of the Tenant)</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td></td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Term of Master Lease (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td></td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td></td>
</tr>
</tbody>
</table>
The Master Lease Agreements each has an initial term of 20 years from the Listing Date with an option exercisable by the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions (save for amendments required due to any change in law), except in respect of the following Hotels:

(i) the Master Lease Agreement in respect of ANA Crowne Plaza Kobe, which will be for a fixed and non-renewable term of 10 years from the Listing Date; and

(ii) the Master Lease Agreement in respect of each of Park International London and Best Western Cromwell London, which will be for an initial term of 10 years from the Listing Date with an option exercisable by the Master Lessee to obtain an additional lease for a further 10-year term on the same terms and conditions as the initial 10-year term and including an option to renew for two further successive 10-year terms.

In respect of The Westin Kuala Lumpur, the Tenancy will be converted into a lease with an initial term of 20 years with an option for the lessee to obtain an additional lease for a further 20 years on the same terms and conditions as the Tenancy Agreement (save for amendments required due to any change in law). (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements relating to The Westin Kuala Lumpur – Tenancy Agreement” for further details.)

The Master Lessees or Tenant will appoint professional hotel managers or serviced residence operators (as the case may be) to manage the day-to-day operations and marketing of the Properties.

In respect of ANA Crowne Plaza Kobe, FH-REIT, through the ANA Crowne Plaza Kobe Trustee, will on the Listing Date enter into a master lease with Y.K. Toranomon Properties in respect of the retail component (the “Retail Master Lease Agreement”). The Retail Master Lease Agreement has a perpetual lease term and cannot be unilaterally terminated by FH-REIT. Pursuant to the share purchase agreement between Excellence Prosperity (Singapore) Pte. Ltd. and the REIT Trustee entered into on 23 June 2014 (the “EPTMK Share Purchase Agreement”) in respect of the acquisition of the entire issued share capital of Excellence TMK Pte. Ltd., in the event of the

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1. Within 14 business days from the commencement date of the Tenancy Agreement, JBB Hotels Sdn Bhd is obliged to apply for the approval of the relevant state authority on the conversion of the tenancy into a lease for 20 years with an option for the lessee to obtain an additional lease for a further 20 years. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements relating to The Westin Kuala Lumpur – Tenancy Agreement”.)

2. The appraised value of ANA Crowne Plaza Kobe by both Colliers and CBRE and, accordingly, the purchase consideration to be paid by FH-REIT, has excluded the retail component in light of the terms of the Retail Master Lease Agreement (under which the master lessee assumes the economic benefits and losses attributable to the retail component).

The retail component currently has a low occupancy rate, and the cashflows and the performance of the retail component have yet to stabilise. In order to insulate Stapled Securityholders from the costs involved in the major repositioning works required, operational uncertainty and unstable cashflows, FH-REIT has entered into the Retail Master Lease Agreement pursuant to which the master lessee will reimburse FH-REIT for costs incurred by FH-REIT arising from its legal ownership of the retail component, while the master lessee assumes both the economic benefits and losses attributable to the retail component.

Given that the terms of the Retail Master Lease Agreement are beneficial to FH-REIT as well as any subsequent purchaser and owner of the Property, the perpetual term should not adversely affect FH-REIT’s ability to sell the Property subject to the Retail Master Lease Agreement. In the event that a purchaser proposes to acquire the Property free of the Retail Master Lease Agreement, the master lessor and master lessee can agree to terminate the Retail Master Lease Agreement. Accordingly, the REIT Manager is of the view that the Retail Master Lease Agreement will not pose any material adverse effect on the ability of FH-REIT to sell the Property whether subject to or without the Retail Master Lease Agreement.

3. Excellence TMK Pte. Ltd holds 49.5% of the preferred shares and 100.0% of the specified shares issued by Kobe Excellence TMK. Kobe Excellence TMK holds the TBI in ANA Crowne Plaza Kobe.
termination of Retail Master Lease Agreement, the REIT Trustee shall pay to Excellence Prosperity (Singapore) Pte. Ltd. a sum of a value to be mutually agreed between the parties and the value shall take into consideration the discounted cash-flow valuation of the underlying retail leases.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties” for further details.)

The Master Serviced Residence Management Agreement and Master Serviced Residence Licence Agreement

The REIT Trustee and the Managers will enter into an agreement with the Sponsor and Frasers Hospitality Pte. Ltd. (the “Master Serviced Residence Management Agreement”), whereby the Managers may elect to pay the Serviced Residence Operators’ fees in cash, Stapled Securities or a combination of both (as the Managers may in their sole discretion determine) for the services rendered pursuant to the agreement and the individual serviced residence management agreements entered into with the relevant master lessees and the Serviced Residence Operators (collectively, the “Serviced Residence Management Agreements”).

The REIT Trustee and the Managers will enter into an agreement with the Sponsor and Frasers Hospitality Pte. Ltd. (the “Master Serviced Residence Licence Agreement”), whereby the Managers may elect to pay the Serviced Residence Operators’ fees for the licence of, inter alia, the relevant marks in cash, Stapled Securities or a combination of both (as the Managers may in their sole discretion determine) pursuant to the agreement and the individual serviced residence licence agreements entered into with the relevant master lessees and the Serviced Residence Operators (collectively, the “Serviced Residence Licence Agreements”).

FH-REIT is responsible for payment of the fees to the Serviced Residence Operators under the Serviced Residence Management Agreements and the Serviced Residence Licence Agreements as the payments due from the Master Lessees to FH-REIT under the respective Master Lease Agreements in respect of the Serviced Residences are made gross of such fees because such fees are not included as part of the Master Lessee’s operating expenses.

1 The Master Serviced Residence Management Agreement applies in respect of properties acquired by FHT if the Sponsor group is to be appointed as the master lessee of such serviced residence. Accordingly, this applies to the Serviced Residences which comprise the Initial Portfolio as well as future serviced residence assets to be acquired by FHT post-listing. Accordingly, pursuant to the terms of the Master Serviced Residence Management Agreement, an individual serviced residence management agreement will need to be entered into in respect of each serviced residence asset that is owned by FHT and managed by the Sponsor group. Consequently, there will be six Individual Serviced Residence Management Agreements for the six Serviced Residences comprising the Initial Portfolio. There will be no double counting of fees, i.e. there will only be one set of fees payable under the individual serviced residence management agreement in respect of one asset. The Master Serviced Residence Management Agreement is intended to set out the cap on the fees payable to the Sponsor group appointed as the serviced residence operator. However, parties are free to agree to any lower fee in the individual serviced residence management agreement itself.

The Master Serviced Residence Licence Agreement applies in respect of properties acquired by FHT and if the Sponsor group is appointed as the master lessee and serviced residence operator pursuant to the Master Serviced Residence Management Agreement. Accordingly, this applies to the Serviced Residences which comprise the Initial Portfolio as well as future serviced residence assets to be acquired by FHT post-listing and managed by the Sponsor group. Accordingly, pursuant to the terms of the Master Serviced Residence Licence Agreement, an individual serviced residence licence agreement will need to be entered into in respect of each serviced residence asset that is owned by FHT and managed by the Sponsor group. Consequently, there will be six Individual Serviced Residence Licence Agreements for the six Serviced Residences comprising the Initial Portfolio. There will be no double counting of fees, i.e. there will only be one set of fees payable under the individual serviced residence licence agreement in respect of one asset. The Master Serviced Residence Licence Agreement is intended to set out the cap on the fees payable to the Sponsor group appointed as the serviced residence operator. However, parties are free to agree to any lower fee in the individual serviced residence licence agreement itself.
The REIT Trustee and the Managers will enter into an agreement with the Sponsor and Frasers Hospitality Pte. Ltd. (the “Master Technical Services Agreement”), whereby the Serviced Residence Operators will, pursuant to the agreement and the individual technical services agreements entered into with the relevant master lessees and the Serviced Residence Operators, advise the relevant master lessees on the conceptualising, planning, design, construction, decoration, furnishing and equipping of each of the Serviced Residences in connection with any development, re-development, refurbishment, retrofitting, addition and alteration and renovations works (collectively, the “Technical Services Agreements”).

The Hotel Managers

The Hotel Managers will provide, among others and subject to the terms of the respective hotel management agreements, the following services for the Hotels:

• management services such as the daily running and managing of the Hotels and related activities (e.g. the management of banquet and function rooms, food and beverage (“F&B”) services, laundry services etc.);
• marketing services, including the planning, preparation and conduct of marketing, advertising, promotion, public relations, publicity and related activities for the purpose of promoting the business and enhancing the reputation of each Hotel;
• sales and distribution activities, including signing corporate accounts, running a central reservation system, managing a booking engine on the internet, contracting with online travel agents and wholesalers, and signing up with a global distribution system to make the hotel room inventory available to agents worldwide;
• development of programmes and policies to maximise patronage of the facilities of each Hotel;
• collecting charges, rents and other amounts due from guests, patrons and tenants;
• employing, supervising and training the hospitality employees and staff required to operate, manage, market and maintain the Hotel in accordance with the annual budget agreed with each Master Lessee or Tenant;
• establishing the details of the refurbishment plans for each Hotel, in consultation with each Master Lessee or Tenant;
• preparing the annual business plans of the Hotels, including the annual budget and marketing strategy;
• negotiating new or renewing lease/licence agreements;

1 The Master Technical Services Agreement applies in respect of all properties held by FHT for so long as the Sponsor group is to be appointed as the master lessee of such serviced residence. Accordingly, this applies to the Serviced Residences which comprise the Initial Portfolio, as well as future serviced residence assets to be acquired by FHT post-listing. Consequently, it is currently intended that there will be six Individual Technical Services Agreements for the six Serviced Residences comprising the Initial Portfolio. However, the technical services fees shall only be payable when technical services are provided. There will be no double counting of fees, i.e. there will only be one set of fees payable under the individual technical services agreement in respect of one asset. The Master Technical Services Agreement is intended to set out the cap on the fees payable to the Sponsor group appointed as the provider of such technical services. However, the parties are free to agree to any lower fee in the individual technical services agreement itself.
• establishing the cash management and banking arrangements for the Hotels;
• establishing each Hotel’s policy regarding its association with any credit card system; and
• allowing its existing brands to be used on the Hotels.

The Serviced Residence Operators

The Serviced Residence Operators will provide, among others, the following services for the Serviced Residences:

• management services such as the daily running and managing of the Serviced Residences and related activities (e.g. the management of meeting rooms, F&B services, laundry services etc.);
• marketing services, including the planning, preparation and conduct of marketing, advertising, promotion, public relations, publicity and related activities for the purpose of promoting the business and enhancing the reputation of each Serviced Residence;
• sales and distribution activities, including signing corporate accounts, running a central reservation system, managing a booking engine on the internet, contracting with online travel agents and wholesalers, and signing up with a global distribution system to make the serviced residence inventory available to agents worldwide;
• development of programmes and policies to maximise patronage of the facilities of each Serviced Residence;
• collecting charges, rents and other amounts due from guests, patrons and tenants;
• employing, supervising and training the hospitality employees and staff required to operate, manage, market and maintain the Serviced Residences in accordance with the annual budget agreed with each Master Lessee;
• establishing the details of the refurbishment plans for each Serviced Residence, in consultation with each Master Lessee;
• preparing the annual business plans of the Serviced Residences, including the annual budget and marketing strategy;
• negotiating new or renewed lease/licence agreements;
• establishing the cash management and banking arrangements for the Serviced Residences;
• establishing each Serviced Residence’s policy regarding its association with any credit card system; and
• allowing its existing brands to be used on the Serviced Residences.
## CERTAIN FEES AND CHARGES

The following is a summary of the amounts of certain fees and charges payable by Stapled Securityholders in connection with the subscription for the Stapled Securities (so long as the Stapled Securities are listed):

<table>
<thead>
<tr>
<th>Payable by Stapled Securityholders directly</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Subscription fee or preliminary charge</td>
<td>N.A.(^{(1)})</td>
</tr>
<tr>
<td>(b) Realisation fee</td>
<td>N.A.(^{(1)})</td>
</tr>
<tr>
<td>(c) Switching fee</td>
<td>N.A.(^{(1)})</td>
</tr>
<tr>
<td>(d) Any other fee</td>
<td>Investors in the Placement Tranche may be required to pay brokerage of up to 1.0% of the Offering Price. For trading of the Stapled Securities, investors will pay prevailing brokerage commissions (if applicable) and CDP clearing fee for trading of the Stapled Securities on the SGX-ST at the rate of 0.04% of the transaction value, subject to a maximum of S$600.00 per transaction and Goods and Services Tax (&quot;GST&quot;) chargeable thereon.(^{(2)})</td>
</tr>
</tbody>
</table>

### Notes:

1. As the Stapled Securities will be listed and traded on the SGX-ST, and Stapled Securityholders will have no right to request the REIT Manager or the Trustee-Manager to redeem their Stapled Securities (or, for that matter, any corresponding FH-REIT Units and FH-BT Units) while the Stapled Securities are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Stapled Securities.

2. SGX-ST has announced a reduction in CDP clearing fee for trading of the Stapled Securities on the SGX-ST to 0.0325% of the transaction value, subject to applicable GST. The cap of S$600.00 per transaction will also be removed. This revision has taken effect from 1 June 2014.

The following is a summary of certain fees and charges payable by FH-REIT in connection with the establishment and on-going management of the operations of FH-REIT (see “Management and Corporate Governance” for further details):

<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) The REIT Manager’s management fees</td>
<td>Base Fee</td>
</tr>
<tr>
<td></td>
<td>0.3% per annum of the value of gross assets of FH-REIT, including all the Authorised Investments (as defined in the FH-REIT Trust Deed and the Stapling Deed) of FH-REIT for the time being held or deemed to be held by FH-REIT under the FH-REIT Trust Deed (the “FH-REIT Deposited Property”).</td>
</tr>
</tbody>
</table>
Payable by FH-REIT | Amount payable
--- | ---
Performance Fee | 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee).

There should be no double-counting of fees. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee. For the avoidance of doubt, the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

The REIT Manager may elect to receive the Base Fee and the Performance Fee in cash or Stapled Securities or a combination of cash and Stapled Securities (as it may in its sole discretion determine).

For Forecast Period 2014 and Projection Year 2015, the REIT Manager has elected to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Stapled Securities.

For the purpose of calculating the Base Fee, if FH-REIT holds only a partial interest in any FH-REIT Deposited Property, such FH-REIT Deposited Property shall be pro-rated in proportion to the partial interest held.

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In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.
<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) The REIT Trustee’s fee</td>
<td>The REIT Trustee’s fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the FH-REIT Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the REIT Manager and the REIT Trustee from time to time. Under the FH-REIT Trust Deed, the maximum fee which the REIT Trustee may charge is 0.015% per annum of the value of the FH-REIT Deposited Property. Any increase in the REIT Trustee’s fee beyond the current scaled basis but subject to the maximum permitted amount of up to 0.015% per annum of the value of the FH-REIT Deposited Property will be subject to agreement between the REIT Manager and the REIT Trustee.</td>
</tr>
<tr>
<td>(c) Any other substantial fee or charge (i.e. 0.1% or more of the value of the FH-REIT Deposited Property)</td>
<td></td>
</tr>
<tr>
<td>(i) Acquisition fee (payable to the REIT Manager)</td>
<td>0.5% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting): (i) the acquisition price of any real estate purchased by FH-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more special purpose vehicles (“SPVs”), plus any other payments(^2) in addition to the acquisition price made by FH-REIT or its SPV to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-REIT’s interest);</td>
</tr>
</tbody>
</table>

1. No acquisition fee is payable for the transfer of assets from FH-BT.
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.
<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii) the underlying value(^1) of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-REIT whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs (plus any other payments made by FH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable to the proportion of FH-REIT’s interest); or</td>
<td></td>
</tr>
<tr>
<td>(iii) the acquisition price of any investment purchased by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.</td>
<td></td>
</tr>
</tbody>
</table>

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any price or value adjustment to be made post-completion (and the acquisition fee payable to the REIT Manager will be adjusted upwards or downwards, as applicable).

No acquisition fee is payable for the acquisition of the Properties.

The acquisition fee is payable to the REIT Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-REIT Units (as the REIT Manager may elect) provided that in respect of any acquisition of real estate assets from Related Parties, such a fee should be in the form of Stapled Securities or, as the case may be, FH-REIT Units at prevailing market price(s) instead of cash.

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\(^1\) 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.
<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Stapled Securities or, as the case may be, FH-REIT Units issued to the REIT Manager as its acquisition fee should not be sold within one year from the date of their issuance. Any payment to third party agents or brokers in connection with the acquisition of any assets of FH-REIT shall be paid to such persons out of the FH-REIT Deposited Property or the assets of the relevant entity and not out of the acquisition fee received or to be received by the REIT Manager.</td>
<td></td>
</tr>
</tbody>
</table>

(ii) Divestment fee (payable to the REIT Manager)\(^1\)  
0.5% of each of the following as is applicable (subject to there being no double-counting):

(i) the sale price of any real estate sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments\(^2\) in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);

(ii) the underlying value\(^3\) 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 the 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

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\(^1\) No divestment fee is payable for the transfer of assets to FH-BT.

\(^2\) “other payments” refer to additional payments to FH-REIT or its SPVs for the sale of the real estate, for example, where FH-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale 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 sells or divests 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 received by FH-REIT as sale price and any debt of the special purpose company.
<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(iii) the sale price of the 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.</td>
<td></td>
</tr>
</tbody>
</table>

For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any price or value adjustment to be made post-completion (and the divestment fee payable to the REIT Manager will be adjusted upwards or downwards, as applicable).

The divestment fee is payable to the REIT Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-REIT Units (as the REIT Manager may elect) provided that in respect of any sale or divestment of real estate assets to Related Parties, such a fee should be in the form of Stapled Securities or, as the case may be, FH-REIT Units at prevailing market price(s) instead of cash.

The Stapled Securities or, as the case may be, FH-REIT Units issued to the REIT Manager as its divestment fee should not be sold within one year from the date of their issuance.

Any payment to third party agents or brokers in connection with the acquisition of any assets of FHT shall be paid to such persons out of the FH-REIT Deposited Property or the assets of the relevant entity and not out of the acquisition fee received or to be received by the REIT Manager.
<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
</table>
| (iii) Development management fee (payable to the REIT Manager)                   | The REIT Manager is entitled to receive development management fees equivalent to 3.0% of the Total Project Costs incurred in a Development Project (each as defined herein) undertaken by the REIT Manager on behalf of FH-REIT. FH-REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments).

“Development Project”, in relation to FH-REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FH-REIT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development.

When the estimated Total Project Costs are greater than S$200.0 million¹, the REIT Trustee and the REIT Manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the REIT Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the REIT Manager’s view, materially lower than the development management fee, the REIT Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of FH-REIT.

No acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project. For the avoidance of doubt, as land costs will not be included in the computation of Total Project Costs, the REIT Manager shall be entitled to receive an acquisition fee on the land costs.

¹ The threshold of S$200.0 million is derived by the Managers based on industry estimates that the development costs of hospitality real estate assets are generally greater than development costs compared to other types of real estate asset class.
<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(d) Fees payable to other asset managers</td>
<td>In the event that the REIT Manager appoints or, the REIT Trustee or any entity which is held by FH-REIT (whether wholly or partially) at the recommendation of the REIT Manager, appoints an asset manager, investment managers or any other entities (including related entities of the Managers) (the “FH-REIT Relevant Entity”) to provide asset management services or investment management services in respect of any asset of FH-REIT, the FH-REIT Relevant Entity shall be entitled to receive out of the FH-REIT Deposited Property, a fee for its services to be paid either directly (by the REIT Trustee) or indirectly (by the entity which is held by FH-REIT) (the “FH-REIT Relevant Fee”), provided that the relevant fee payable to the REIT Manager shall be reduced by the FH-REIT Relevant Fee to the extent that such FH-REIT Relevant Fee relates to asset management fee, acquisition fee, divestment fee and development management fee. The terms and mechanics for the payment of the FH-REIT Relevant Fee shall be set out in the agreement appointing the FH-REIT Relevant Entity. For the avoidance of doubt, any other relevant fee not related to asset management fee, acquisition fee, divestment fee and development management fee shall not reduce the fees payable to the REIT Manager. The fees which reduce the fees payable to the REIT Manager relate primarily to fees arising from the performance of services which is within the scope of duties of the REIT Manager so as to prevent the double-charging of fees.</td>
</tr>
</tbody>
</table>
| (i) The Australian Properties (payable to FHT Australia Management Pty Ltd and reducing the fees paid to the REIT Manager) | The fees payable to FHT Australia Management Pty Ltd (the “MIT Manager”) under the Investment Management Agreement for MIT Australia comprises the following:  
(i) a base fee of 0.3% per annum of the total value of MIT Australia’s trust property;  
(ii) a performance fee of 5.5% per annum of MIT Australia’s earnings before interest, taxes, depreciation and amortisation; |
<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(iii) an acquisition fee of 0.5% of the acquisition price or value of acquisitions of real estate and certain other investments (as applicable) acquired by MIT Australia or a MIT Sub-trust from Related Parties and 1.0% for all other cases;</td>
<td></td>
</tr>
<tr>
<td>(iv) a divestment fee of 0.5% of the sale price or underlying value of any real estate and certain other investments sold or divested by MIT Australia or a MIT Sub-trust; and</td>
<td></td>
</tr>
<tr>
<td>(v) a development management fee of 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of MIT Australia or a MIT Sub-Trust.</td>
<td></td>
</tr>
</tbody>
</table>

Except for the development management fee (which may only be paid in cash), the fees are payable to the MIT Manager in the form of cash and/or Stapled Securities (as the MIT Trustee may elect subject to and in accordance with the directions of the REIT Manager and the Trustee-Manager).

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to the Australian Properties” for further details.)

<table>
<thead>
<tr>
<th>(ii) ANA Crowne Plaza Kobe (payable to Secured Capital Investment Management Co., Ltd. and (in the case of the annual management fee only) reducing the fees paid to the REIT Manager)</th>
<th>The fees payable by Kobe Excellence TMK to Secured Capital Investment Management Co., Ltd. in its capacity as the asset manager of ANA Crowne Plaza Kobe (the “Kobe Asset Manager”) in respect of the hotel component under the Asset Management Agreement (as defined herein) are as follows:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) an annual management fee of JPY14.0 million (exclusive of consumption tax); and</td>
<td></td>
</tr>
</tbody>
</table>
(ii) where the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition) occurs, Kobe Excellence TMK shall pay to the Kobe Asset Manager an additional fee ("Additional Fee"), which shall be determined at the time of the disposition based on consultation between the parties on good faith, for the additional services rendered by the Kobe Asset Manager for the disposition, provided that no disposition fee is payable to the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe as part of the Listing; and

(iii) a brokerage services fee for brokerage services (the "Brokerage Services Fee") rendered by the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition), the amount of which shall be determined at the time of the disposition based on consultation between the parties on good faith, payable separately from the Additional Fee, upon the completion of the disposition through the brokerage services provided by the Kobe Asset Manager.

For the avoidance of doubt, the Additional Fee and the Brokerage Services Fee shall not reduce or offset any fees payable to the REIT Manager.

In respect of the retail component, the asset management fees are paid directly by Y.K. Toranomon Properties to the Kobe Asset Manager and will not be paid out of the assets of FH-REIT. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to ANA Crowne Plaza Kobe” for further details.)
<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(iii) The Westin Kuala Lumpur (payable to the REIT Manager as the servicer under the ABS structure (“Servicer”) and reducing the fees paid to the REIT Manager by FH-REIT)</td>
<td>In connection with the ABS structure under which The Westin Kuala Lumpur is held, pursuant to a servicing agreement entered into by the Malaysian SPV, the REIT Manager (as the servicer under the ABS structure) and the bond trustee (in its capacity as trustee for the holders of the MTNs) (the “ABS Servicing Agreement”), a Servicer fee of MYR360,000 per annum is payable to the REIT Manager for the provision of its services as Servicer under the ABS Servicing Agreement. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to The Westin Kuala Lumpur” for further details.)</td>
</tr>
<tr>
<td>(e) Fees payable to other third parties</td>
<td>For the avoidance of doubt, any fees paid by FH-REIT or its subsidiary to the local asset manager shall reduce the final amount of the relevant fees received by the REIT Manager, to the extent that such fees relate to asset management fee, acquisition fee, divestment fee and development management fee.</td>
</tr>
<tr>
<td>(i) The Australian Properties (payable to The Trust Company (Australia) Limited)</td>
<td>The fee payable to The Trust Company (Australia) Limited, which is the trustee of MIT Australia (the “MIT Trustee”), under the trust deed constituting MIT Australia (the “MIT Trust Deed”) is AUD55,000 per annum plus goods and services tax (to be adjusted annually by reference to the Australian CPI). The MIT Trustee is also entitled to recover from the property of MIT Australia all out-of-pocket expenses reasonably and properly incurred in the proper performance of its duties in relation to MIT Australia and may also be entitled to receive additional fees with respect to activities outside the normal day-to-day role of acting as trustee. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to the Australian Properties” for further details.)</td>
</tr>
<tr>
<td>Payable by FH-REIT</td>
<td>Amount payable</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------</td>
</tr>
</tbody>
</table>
| (ii) The Australian Properties (payable to The Trust Company (PTAL) Limited) | The fee payable to The Trust Company (PTAL) Limited, which is the trustee of each of the two MIT sub-trusts (the “MIT Sub-trustee”), is AUD15,000 per annum per sub-trust plus goods and services tax (to be adjusted annually by reference to the Australian CPI).  
  
  The MIT Sub-trustee is also entitled to recover from the property of each MIT Sub-trust all out-of-pocket expenses reasonably and properly incurred in the proper performance of its duties in relation to the relevant MIT Sub-trust and may also be entitled to receive additional fees with respect to activities outside the normal day-to-day role of acting as trustee.  
  
  As there are two MIT sub-trusts, the aggregate fee payable to the MIT Sub-trustee is AUD30,000 per annum plus goods and services tax (subject to annual adjustments for Australian CPI).  
  
  (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to the Australian Properties” for further details.) |
| (iii) ANA Crowne Plaza Kobe (payable to Deutsche Trust Company Limited Japan, (the “ANA Crowne Plaza Kobe Trustee”)) | The annual fees payable to the ANA Crowne Plaza Kobe Trustee (which holds the legal title to ANA Crowne Plaza Kobe in its capacity as trustee), under a trust agreement dated 3 September 2009 (as amended and assigned) between Kobe Excellence TMK and the ANA Crowne Plaza Kobe Trustee (the “Japan Trust Agreement”) is JPY5,400,000 per annum.  
  
  (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to ANA Crowne Plaza Kobe” for further details.) |
<p>| (iv) The Westin Kuala Lumpur (payable under the ABS structure by the Malaysian SPV) | Under the ABS structure, certain other fees, such as credit rating fees payable to the rating agency, fees payable to parties such as the bond trustee, the security trustee, the share trustee, the facility agent, the central depository and paying agent, and the administrator for the respective services provided, amounting to an aggregate of approximately MYR350,000 per annum, are payable by the Malaysian SPV. |</p>
<table>
<thead>
<tr>
<th>Payable by FH-REIT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(f) Fees payable to Serviced Residence Operators</td>
<td>The fees payable to the Serviced Residence Operators under the Serviced Residence Management Agreements are as follows:</td>
</tr>
<tr>
<td>(i) Management Services Fees payable to Serviced Residence Operators</td>
<td>(i) a base management fee of 1.0% per annum of the gross operating revenue of the Serviced Residences;</td>
</tr>
<tr>
<td></td>
<td>(ii) a marketing fee of 1.0% per annum of the gross operating revenue of the Serviced Residences; and</td>
</tr>
<tr>
<td></td>
<td>(iii) an incentive fee of 8.0% per annum of gross operating profit of the Serviced Residences.</td>
</tr>
<tr>
<td></td>
<td>The Serviced Residence Operators may receive the Management Services Fees in cash or Stapled Securities or a combination of cash and Stapled Securities (as the Managers may elect).</td>
</tr>
<tr>
<td></td>
<td>(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Management Agreements” for further details.)</td>
</tr>
<tr>
<td>(ii) Trademark Licence Fees payable to Serviced Residence Operators</td>
<td>The trademark licence fee payable to the Serviced Residence Operators under the Serviced Residences Licence Agreement is 1.0% per annum of the gross operating revenue of the Serviced Residences.</td>
</tr>
<tr>
<td></td>
<td>The Service Residence Operators may receive the Trademark License Fees in cash or Stapled Securities or a combination of cash and Stapled Securities (as the Managers may elect).</td>
</tr>
<tr>
<td></td>
<td>For Forecast Period 2014 and Projection Year 2015, the Service Residence Operators have elected to receive 100% of the Management Services Fees and 100% of the Trademark Licence Fees in the form of Stapled Securities.</td>
</tr>
</tbody>
</table>
The following is a summary of certain fees and charges payable by FH-BT in circumstances where FH-BT becomes active:

<table>
<thead>
<tr>
<th>Payable by FH-BT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) The Trustee-Manager’s management fees</td>
<td>Base Fee</td>
</tr>
<tr>
<td></td>
<td>0.3% per annum of the value of the Trust Property (as defined in the BTA) of FH-BT (the “FH-BT Trust Property”).</td>
</tr>
<tr>
<td></td>
<td>Performance Fee</td>
</tr>
<tr>
<td></td>
<td>5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee).</td>
</tr>
<tr>
<td>Payable by FH-BT</td>
<td>Amount payable</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td>There should be no double-counting of fees. In the event that both the Trustee-Manager and the REIT Manager are entitled to the Performance Fee, such fees payable to both the Trustee-Manager and the REIT Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee. For the avoidance of doubt, the maximum Performance Fee payable to both the Trustee-Manager and the REIT Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee). For the purpose of calculating the Base Fee, if FH-BT holds only a partial interest in any FH-BT Trust Property, such FH-BT Trust Property shall be pro-rated in proportion to the partial interest held. The management fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-BT Units (as the Trustee-Manager may elect).</td>
</tr>
<tr>
<td>(b) The Trustee-Manager’s trustee fee</td>
<td>0.1% per annum of the value of the FH-BT Trust Property subject to a minimum fee of S$10,000 per month, provided that the value of the FH-BT Trust Property is at least S$50.0 million. For the purpose of calculating the trustee fee, if FH-BT holds only a partial interest in any of the FH-BT Trust Property, such FH-BT Trust Property shall be pro-rated in proportion to the partial interest held.</td>
</tr>
</tbody>
</table>

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1 In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.
<table>
<thead>
<tr>
<th>Payable by FH-BT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(c) Any other substantial fee or charge (i.e. 0.1% or more of the value of FH-BT Trust Property)</td>
<td></td>
</tr>
<tr>
<td>(i) Acquisition fee (payable to the Trustee-Manager)(^1)</td>
<td>0.5% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double counting):</td>
</tr>
<tr>
<td>(i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments(^2) in addition to the acquisition price made by FH-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-BT’s interest);</td>
<td></td>
</tr>
<tr>
<td>(ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value(^3) of such real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments(^4) made by FH-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of FH-BT’s interest); or</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) No acquisition fee is payable for the transfer of assets from FH-REIT.

\(^2\) “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-BT 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-BT as purchase price and any debt of the special purpose company.

\(^4\) No divestment fee is payable for the transfer of assets to FH-REIT.
<table>
<thead>
<tr>
<th>Payable by FH-BT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(iii) the acquisition price of any investment purchased by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.</td>
<td></td>
</tr>
<tr>
<td>For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any price or value adjustment to be made post-completion (and the acquisition fee payable to the Trustee-Manager will be adjusted upwards or downwards, as applicable).</td>
<td></td>
</tr>
<tr>
<td>The acquisition fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.</td>
<td></td>
</tr>
<tr>
<td>(ii) Divestment fee (payable to the Trustee-Manager)</td>
<td>0.5% of any of the following as is applicable (subject to there being no double-counting):</td>
</tr>
<tr>
<td>(i) the sale price of any real estate sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-BT’s interest);</td>
<td></td>
</tr>
</tbody>
</table>

1  No divestment fee is payable for the transfer of assets to FH-REIT.

2  “Other payments” refer to additional payments to FH-BT or its SPVs for the sale of the real estate, for example, where FH-BT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale 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.
<table>
<thead>
<tr>
<th>Payable by FH-BT</th>
<th>Amount payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii) the underlying value(^1) of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments(^1) received by the FH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-BT’s interest); or</td>
<td></td>
</tr>
<tr>
<td>(iii) the sale price of the investment purchased by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.</td>
<td></td>
</tr>
</tbody>
</table>

For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any price or value adjustment to be made post-completion (and the divestment fee payable to the Trustee-Manager will be adjusted upwards or downwards, as applicable).

The divestment fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.

\(^1\) For example, if FH-BT sells or divests 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 received by FH-BT as sale price and any debt of the special purpose company.
(iii) Development management fee
(payable to the Trustee-Manager)

The Trustee-Manager is entitled to receive development management fees equivalent to 3.0% of the Total Project Costs incurred in a Development Project (as defined herein) undertaken by the Trustee-Manager on behalf of FH-BT.

“Development Project”, in relation to FH-BT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FH-BT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works.

When the estimated Total Project Costs are greater than S$200.0 million\(^1\), the Trustee-Manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the Trustee-Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Trustee-Manager’s view, materially lower than the development management fee, the Trustee-Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of FH-BT.

No acquisition fee shall be paid when the Trustee-Manager receives the development management fee for a Development Project. For the avoidance of doubt, as land costs will not be included in the computation of Total Project Costs, the Trustee-Manager shall be entitled to receive an acquisition fee on the land costs.

\(^1\) The threshold of S$200.0 million is derived by the Managers based on industry estimates that the development costs of hospitality real estate assets are generally greater than development costs compared to other types of real estate asset class.
Payable by FH-BT | Amount payable
--- | ---
(d) Fees payable to other asset managers | In the event that the Trustee-Manager appoints or, any entity which is held by FH-BT (whether wholly or partially) at the recommendation of the Trustee-Manager, appoints an asset manager, investment managers or any other entities (including related entities of the Managers) (the “FH-BT Relevant Entity”) to provide asset management services or investment management services in respect of any asset of FH-BT, the FH-BT Relevant Entity shall be entitled to receive out of the FH-BT Trust Property, a fee for its services to be paid either directly (by the Trustee-Manager) or indirectly (by the entity which is held by FH-BT) (the “FH-BT Relevant Fee”), provided that the relevant fee payable to the Trustee-Manager shall be reduced by the FH-BT Relevant Fee to the extent that such FH-BT Relevant Fee relates to asset management fee, acquisition fee, divestment fee and development management fee.

The terms and mechanics for the payment of the FH-BT Relevant Fee shall be set out in the agreement appointing the FH-BT Relevant Entity.

In the event that FH-BT puts into place a managed investment scheme similar to that of FH-REIT, any fees payable to the investment manager will reduce the corresponding fees payable to the Trustee-Manager.

For the avoidance of doubt, any other relevant fee not related to asset management fee, acquisition fee, divestment fee and development management fee shall not reduce the fees payable to the Trustee-Manager. The fees which reduce the fees payable to the Trustee-Manager relate primarily to fees arising from the performance of services which is within the scope of duties of the Trustee-Manager so as to prevent the double-charging of fees.
<table>
<thead>
<tr>
<th><strong>THE OFFERING</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FHT</strong></td>
</tr>
<tr>
<td><strong>FH-REIT</strong></td>
</tr>
<tr>
<td><strong>FH-BT</strong></td>
</tr>
<tr>
<td><strong>The REIT Manager</strong></td>
</tr>
<tr>
<td><strong>The REIT Trustee</strong></td>
</tr>
<tr>
<td><strong>The Trustee-Manager</strong></td>
</tr>
<tr>
<td><strong>The Sponsor</strong></td>
</tr>
<tr>
<td><strong>The Offering</strong></td>
</tr>
<tr>
<td><strong>The Placement Tranche (including Reserved Stapled Securities)</strong></td>
</tr>
<tr>
<td><strong>The Public Offer</strong></td>
</tr>
<tr>
<td><strong>Stapled Securities</strong></td>
</tr>
<tr>
<td><strong>Clawback and Re-allocation</strong></td>
</tr>
</tbody>
</table>
Reserved Stapled Securities

8,597,000 Stapled Securities reserved for subscription by the directors, management, employees and business associates of the Sponsor and the REIT Manager and persons who have contributed to the success of FHT.

In the event that any of the Reserved Stapled Securities are not fully subscribed for, they will be made available to satisfy excess applications (if any) under the Public Offer and/or the Placement Tranche.

FCL Consideration Stapled Securities

Concurrently with, but separate from the Offering, the vendor of Fraser Suites Singapore, will receive 262,377,999 Stapled Securities in part satisfaction of the purchase consideration for Fraser Suites Singapore and will direct the FCL Consideration Stapled Securities to be issued to FCL Investments Pte. Ltd., a wholly-owned subsidiary of the Sponsor.

TCC Stapled Securities

Concurrently with, but separate from the Offering, the vendors of the Hotels will receive 474,009,091 Stapled Securities in part satisfaction of the purchase consideration for the Hotels and will apply part of the cash consideration towards the subscription of additional Stapled Securities to give an aggregate number of 512,238,000 Stapled Securities, and direct the TCC Stapled Securities collectively to be issued to TCC Hospitality which is wholly-owned by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi in equal proportions.

Subscription by the Cornerstone Investors

Concurrently with, but separate from the Offering, each of DBS Bank Ltd., DBS Bank Ltd. (on behalf of certain private banking customers), Fortress Capital Asset Management (M) Sdn Bhd, Meren Pte. Ltd, Mr Gordon Tang & Family and Wealthy Fountain Holdings Inc. (the “Cornerstone Investors”) has entered into a subscription agreement to subscribe for an aggregate of 232,949,000 Stapled Securities at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the date on which the Stapled Securities are issued as settlement under the Offering (the “Settlement Date”).

(See “Ownership of the Stapled Securities – Subscription by the Cornerstone Investors – Information on the Cornerstone Investors” for further details.)

Offering Price

S$0.88 per Stapled Security.

1 The vendor in respect of Park International London will enter into an agreement with the Managers, pursuant to which the vendor of the Hotel will pay S$33,641,440 out of the cash consideration due to it to FHT for its subscription of 38,228,909 Stapled Securities.
### Subscription for Stapled Securities in the Public Offer

Investors applying for the Stapled Securities by way of Application Forms or Electronic Applications (both as referred to in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”) will pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom) where:

- an application is rejected or accepted in part only; or
- the Offering does not proceed for any reason.

For illustrative purposes, an investor who applies for 1,000 Stapled Securities by way of an Application Form or, as the case may be, an Electronic Application under the Public Offer will have to pay S$880, which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), upon the occurrence of any of the foregoing events.

The minimum initial subscription is for 1,000 Stapled Securities. An applicant may subscribe for a larger number of the Stapled Securities in integral multiples of 1,000.

Investors in Singapore must follow the application procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”. Subscriptions under the Public Offer must be paid for in Singapore dollars. No fee is payable by applicants for the Stapled Securities, save for an administration fee for each application made through automated teller machines (“ATMs”) and the internet banking websites of OCBC Bank, DBS Bank Ltd. (including POSB) and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (the “Participating Banks”).

### The Stapled Security Lender

TCC Hospitality Limited.
**Over-Allotment Option**

In connection with the Offering, the Joint Bookrunners have been granted the Over-Allotment Option by the Stapled Security Lender. The Over-Allotment Option is exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), in consultation with the other Joint Bookrunners, in full or in part, on one or more occasions, only from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 35,737,000 Stapled Securities, representing 19.3% of the total number of Stapled Securities in the Offering, to undertake stabilising actions. Unless indicated otherwise, all information in this document assumes that the Joint Bookrunners do not exercise the Over-Allotment Option. (See “Plan of Distribution” for further details.)

The total number of Stapled Securities in issue immediately after the close of the Offering will be 1,192,628,000 Stapled Securities. The exercise of the Over-Allotment Option will not increase this total number of Stapled Securities in issue.

**Lock-ups**

The Sponsor, the Sponsor Entity, TCC Hospitality, DBS Bank Ltd. and each of the shareholders of TCC Hospitality have each agreed to a lock-up arrangement during the Lock-up Period in respect of the effective interest in the relevant Lock-up Stapled Securities held by them on the Listing Date, subject to certain exceptions.

The Managers have also undertaken not to offer, issue or contract to issue any Stapled Securities, and the making of any announcements in connection with any of the foregoing transactions, during the Lock-up Period, subject to certain exceptions.

(See “Plan of Distribution – Lock-up Arrangements” for further details.)

**Capitalisation**

S$1,778.1 million

(See “Capitalisation and Indebtedness” for further details).

**Use of Proceeds**

See “Use of Proceeds” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties” for further details.
Listing and Trading

Prior to the Offering, there has been no market for the Stapled Securities. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST:

- all the Stapled Securities comprised in the Offering;
- all the Sponsor Stapled Securities;
- all the TCC Stapled Securities;
- all the Cornerstone Stapled Securities;
- all the Stapled Securities which may be issued to the Managers from time to time in full or part payment of fees payable to the Managers (See “Management and Corporate Governance – FH-REIT – Fees Payable to the REIT Manager” and “Management and Corporate Governance – FH-BT – Fees Payable to the Trustee-Manager” for further details.);
- all the Stapled Securities which may be issued to the Serviced Residence Operators from time to time in full or part payment of fees payable to the Serviced Residence Operators; and
- all the Stapled Securities which may be issued to the MIT Manager from time to time in full or part payment of fees payable to the MIT Manager.

Such permission will be granted when FHT is admitted to the Official List of the SGX-ST.

The Stapled Securities will, upon their issue, listing and quotation on the SGX-ST, be traded in Singapore dollars under the book-entry (scripless) settlement system of the Central Depository (Pte) Limited (“CDP”). The Stapled Securities will be traded in board lot sizes of 1,000 Stapled Securities.

Stabilisation

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the Joint Bookrunners and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Stapled Securities at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action.
Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence on or after the Listing Date, and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 35,737,000 Stapled Securities, representing 19.3% of the total number of Stapled Securities in the Offering, to undertake stabilising actions.

(See “Plan of Distribution – Over-Allotment and Stabilisation” for further details.)

**No Redemption**

Stapled Securityholders have no right to request the REIT Manager or the Trustee-Manager to redeem their Stapled Securities while the Stapled Securities are listed on the SGX-ST. Stapled Securityholders may only deal in their listed Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

**Distribution Policy**

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

FH-REIT’s distribution policy is to distribute 100.0% of FH-REIT’s Distributable Income for the Forecast Period 2014 and Projection Year 2015 and at least 90.0% of its Distributable Income thereafter. The distribution will be made on a semi-annual basis for the six-month periods ending 31 March, and 30 September. Distributions, when paid, will be in Singapore dollars. (See “Distributions” for further details.)

FH-BT will be dormant as at the Listing Date and no distributions will be made during the period that FH-BT remains dormant. It is assumed that FH-BT will have no revenue for the Forecast Period 2014 and Projection Year 2015. In the event that FH-BT becomes active and profitable, FH-BT’s distribution policy will be 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. There is no assurance that FH-BT would make any distributions to Stapled Securityholders.
<table>
<thead>
<tr>
<th><strong>Payment Top-Up Arrangement</strong></th>
<th>Under the Payment Top-Up Arrangement, BCH Hotel Investment Pte Ltd (vendor of InterContinental Singapore) and River Valley Apartments Pte Ltd (one of the vendors of Fraser Suites Singapore) will deposit the respective amounts of S$8.05 million and S$1.65 million in escrow, which the REIT Trustee will be able to draw down upon if the Gross Operating Profit of the relevant Property falls below certain thresholds, subject to the terms of the respective Top-Up Deeds. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Payment Top-Up Deeds” for further details.)</th>
</tr>
</thead>
</table>
| **Singapore Tax Considerations** | For Singapore income tax purposes, the components making up a Stapled Security are recognised separately, i.e. as one FH-REIT Unit and one FH-BT Unit. Accordingly, distributions from FHT are recognised separately as distributions from FH-REIT and distributions from FH-BT for the purpose of determining the applicable Singapore tax treatment.  

*Distributions by FH-REIT*  

For InterContinental Singapore and Fraser Suites Singapore (collectively, the “Singapore Properties”), FH-REIT has obtained a tax ruling (the “Tax Transparency Ruling”) from the Inland Revenue Authority of Singapore (the “IRAS”) on the Singapore taxation of certain income from such properties (the “Specified Taxable Income”).  

Subject to the terms and conditions of the Tax Transparency Ruling, the REIT Trustee will not be taxed on Specified Taxable Income distributed to the Stapled Securityholders. Instead, the Stapled Securityholders will be subject to tax on the distributions made out of such Specified Taxable Income, either directly, by way of tax deduction at source, or exempt from tax, depending on their own individual tax status. One of the key conditions of the Tax Transparency Ruling is that FH-REIT distributes at least 90.0% of its Specified Taxable Income in the year in which such income is derived.  

For the Properties located outside Singapore, FH-REIT has obtained tax rulings (“Foreign Sourced Income Tax Exemption Rulings”) from IRAS on the Singapore taxation of certain income originating from the properties located in Australia, the United Kingdom, Japan and Malaysia. |
Subject to the terms and conditions of the Foreign Sourced Income Tax Exemption Rulings, certain income received by FH-REIT and the Singapore Subsidiaries\(^1\) originating from the properties located in Australia, the United Kingdom, Japan and Malaysia will be tax exempt in Singapore. Distribution of such income to Stapled Securityholders will not be subject to any further tax in Singapore.

**Distributions by FH-BT**

Any distribution made by FH-BT to Stapled Securityholders will be exempt from Singapore income tax in the hands of Stapled Securityholders, regardless of whether they are individuals or non-individuals.

(See “Taxation” and Appendix F, “Independent Taxation Report” for further information on the Singapore income tax consequences of the purchase, ownership and disposition of the Stapled Securities.)

**Unstapling**

FHT can be terminated when stapling becomes unlawful or prohibited by the listing manual of the SGX-ST (the “Listing Manual”), or when either FH-REIT or FH-BT is terminated or wound up respectively. Termination can also occur if Extraordinary Resolutions (as defined herein) from the holders of FH-REIT Units and the holders of FH-BT Units are obtained and with prior approval from the SGX-ST for such unstapling.

**Termination**

FH-REIT may, under certain circumstances specified in the FH-REIT Trust Deed, be terminated by either the REIT Manager or the REIT Trustee. (See “The Formation and Structure of FHT, FH-REIT and FH-BT – FH-REIT – Termination of FH-REIT” for further details.)

FH-BT may, under certain circumstances specified in the FH-BT Trust Deed, be wound up by the Trustee-Manager. (See “The Formation and Structure of FHT, FH-REIT and FH-BT – The Formation and Structure of FH-BT – Winding-up of FH-BT” for further details.)

**Governing Law**

The Stapling Deed, the FH-REIT Trust Deed and the FH-BT Trust Deed, pursuant to which FHT, FH-REIT and FH-BT are respectively constituted, are governed by Singapore law.

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\(^1\) “Singapore Subsidiaries” refer to Excellence Prosperity TMK Pte. Ltd., FHT Japan Pte. Ltd. (which are part of the holding structure for ANA Crowne Plaza Kobe), FHT Malaysia Pte. Ltd. (which is part of the holding structure for The Westin Kuala Lumpur), FHT Australia Pte. Ltd. (which is part of the holding structure for the Australian Properties) and FHT UK Pte. Ltd. (which is part of the holding structure for the UK Properties).
Underwriting, Selling and Management Commission Payable by FHT to the Joint Bookrunners

The REIT Manager, on behalf of FH-REIT, and the Trustee-Manager, on behalf of FH-BT, have agreed to pay the Joint Bookrunners for their services in connection with the offering of the Stapled Securities under the Offering, the TCC Stapled Securities that are the subject of the exercise of the Over-allotment Option, an underwriting, selling and management commission (including incentive fees) of up to S$8.0 million, assuming that the Over-allotment Option is fully exercised, excluding GST based on the Offering Price of S$0.88 per Stapled Security.

(See “Plan of Distribution – Issue Expenses” for further details.)

Risk Factors

Prospective investors should carefully consider certain risks connected with an investment in the Stapled Securities, as discussed under “Risk Factors”.
An indicative timetable for the Offering and trading in the Stapled Securities is set out below for the reference of applicants for the Stapled Securities:

<table>
<thead>
<tr>
<th>Indicative Date and Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 2014, 9.00 a.m.</td>
<td>Opening date and time for the Public Offer.</td>
</tr>
<tr>
<td>10 July 2014, 12:00 p.m.</td>
<td>Closing date and time for the Public Offer.</td>
</tr>
<tr>
<td>11 July 2014</td>
<td>Balloting of applications under the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.</td>
</tr>
<tr>
<td>14 July 2014, at or before 2.00 p.m.</td>
<td>Completion of the acquisition of the Properties.</td>
</tr>
<tr>
<td>14 July 2014, 2.00 p.m.</td>
<td>Commence trading on a “ready” basis.</td>
</tr>
<tr>
<td>17 July 2014</td>
<td>Settlement Date for all trades done on a “ready” basis on 14 July 2014.</td>
</tr>
</tbody>
</table>

The above timetable is only indicative and is subject to change. It assumes:

- that the closing of the application list for the Public Offer (the “Application List”) is 10 July 2014;
- that the Listing Date is 14 July 2014;
- compliance with the SGX-ST’s Stapled Securities holding spread requirement; and
- that the Stapled Securities will be issued and fully paid up prior to 2.00 p.m. on 14 July 2014.

All dates and times referred to above are Singapore dates and times.

Trading in the Stapled Securities on a “ready” basis is expected to commence at 2.00 p.m. on 14 July 2014 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Stapled Securities on a “ready” basis have been fulfilled), as the completion of the acquisition of the Properties is expected to take place at or before 2.00 p.m. on 14 July 2014. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties” for further details.)

If FH-REIT is terminated, or FH-BT is wound up, or the Stapled Securities are unstapled under the circumstances specified in the FH-REIT Trust Deed, FH-BT Trust Deed and the Stapling Deed respectively prior to, or if the acquisition of the Properties is not completed by, 2.00 p.m. on 14 July 2014 (being the time and date of commencement of trading in the Stapled Securities), the Offering will not proceed and the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom and at each applicant’s own risk and without any right or claim against FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-
Manager, the Sponsor, the Global Coordinator or the Joint Bookrunners. (See “The Formation and Structure of FHT, FH-REIT and FH-BT – The Formation and Structure of FH-REIT – Termination of FH-REIT” for further details.)

In the event of an early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Managers will publicly announce the same:

• via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: http://www.sgxnet.sgx.com; and

• in one or more major Singapore newspapers, such as *The Straits Times, The Business Times* and *Lianhe Zaobao*.

Investors should consult the SGX-ST announcement on the “ready” trading date on the internet (at the SGX-ST website http://www.sgx.com), or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

The Managers will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers, such as *The Straits Times, The Business Times* and *Lianhe Zaobao*.

The Managers reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Stapled Securities, without assigning any reason for it, and no enquiry and/or correspondence on the decision of the Managers will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Stapled Securities to a reasonable number of applicants with a view to establishing an adequate market for the Stapled Securities.

Where an application is rejected or accepted in part only or if the Offering does not proceed for any reason, the full amount or, as the case may be, the balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator or the Joint Bookrunners.

Where an application is not successful, the refund of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant, is expected to be completed, at his own risk within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”).
Where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days\(^1\) after the close of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”).

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days\(^1\) after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore”).

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\(^1\) “Market Day” means any day on which the SGX-ST is open for trading in securities.
The following tables are only an extract from, and should be read together with, “Unaudited Pro Forma Financial Information” as set out in Appendix C, and “Independent Reporting Auditor’s Report on the Compilation of Unaudited Pro Forma Financial Information” as set out in Appendix B.

The unaudited pro forma financial information for FH-REIT, based on the Offering Price, assuming that the Over-Allotment Option is fully exercised, is as follows:

### Unaudited Pro Forma Statements of Total Return for FH-REIT

<table>
<thead>
<tr>
<th></th>
<th>FY2011 (S$’000)</th>
<th>FY2012 (S$’000)</th>
<th>FY2013 (S$’000)</th>
<th>Q1 FY2013 (S$’000)</th>
<th>Q1 FY2014 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross revenue</strong></td>
<td>84,843</td>
<td>93,880</td>
<td>97,583</td>
<td>25,752</td>
<td>26,034</td>
</tr>
<tr>
<td><strong>Property operating expenses</strong></td>
<td>(16,046)</td>
<td>(17,014)</td>
<td>(17,254)</td>
<td>(4,269)</td>
<td>(4,359)</td>
</tr>
<tr>
<td><strong>Net property income</strong></td>
<td>68,797</td>
<td>76,866</td>
<td>80,329</td>
<td>21,483</td>
<td>21,675</td>
</tr>
<tr>
<td><strong>REIT Manager’s management fees</strong></td>
<td>(6,499)</td>
<td>(6,959)</td>
<td>(7,055)</td>
<td>(1,819)</td>
<td>(1,840)</td>
</tr>
<tr>
<td><strong>Other management fees</strong></td>
<td>(1,650)</td>
<td>(1,666)</td>
<td>(1,633)</td>
<td>(432)</td>
<td>(415)</td>
</tr>
<tr>
<td><strong>Trustees’ fees</strong></td>
<td>(481)</td>
<td>(482)</td>
<td>(453)</td>
<td>(118)</td>
<td>(110)</td>
</tr>
<tr>
<td><strong>Other expenses</strong>(1)</td>
<td>(31,631)</td>
<td>(2,327)</td>
<td>(2,201)</td>
<td>(567)</td>
<td>(547)</td>
</tr>
<tr>
<td><strong>Interest and other income</strong>(3)</td>
<td>50</td>
<td>7</td>
<td>8</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Finance costs</strong>(5)</td>
<td>(16,241)</td>
<td>(15,964)</td>
<td>(15,544)</td>
<td>(4,088)</td>
<td>(3,817)</td>
</tr>
<tr>
<td><strong>Total return before tax and distribution</strong></td>
<td>12,345</td>
<td>49,475</td>
<td>53,451</td>
<td>14,459</td>
<td>14,946</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>(2,975)</td>
<td>(1,801)</td>
<td>(2,297)</td>
<td>(703)</td>
<td>(825)</td>
</tr>
<tr>
<td><strong>Total return after tax</strong></td>
<td>9,370</td>
<td>47,674</td>
<td>51,154</td>
<td>13,756</td>
<td>14,121</td>
</tr>
<tr>
<td><strong>Non-tax deductible items and other adjustments</strong>(4)</td>
<td>43,573</td>
<td>14,593</td>
<td>15,264</td>
<td>3,811</td>
<td>4,046</td>
</tr>
<tr>
<td><strong>Income available for distribution to holders of Stapled Securities</strong></td>
<td>52,943</td>
<td>62,267</td>
<td>66,418</td>
<td>17,567</td>
<td>18,167</td>
</tr>
</tbody>
</table>

**Notes:**

1. Other expenses comprise operating expenses such as compliance expenses, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, insurance fees, commission fees, costs associated with the preparation and distribution of reports to the holders of the Stapled Securities, investor communication costs and other miscellaneous costs.

2. In FY2011, in addition to the expenses referred to in (1) above, it includes stamp duty in relation to the acquisition of United Kingdom & Australia properties and non-capitalised listing fees.

3. Interest and other income comprise mainly interest earned on cash and bank balances. There is no payment top-up recognised in the pro forma financial statements because such top-up relates to specific conditions in the future that are not applicable to the historical pro forma periods presented (i.e. up to 30 November 2015 so long as the Property is not sold).

4. Non-tax deductible items and other adjustments comprise the REIT Manager’s management fees paid/payable in Stapled Securities, MIT Manager’s management fees paid/payable in Stapled Securities, REIT Trustee’s fees, amortisation of debt-related transaction costs/insurance fee, serviced residences management fees and trademark licence fees which are paid/payable in Stapled Securities, stamp duty and non-capitalised listing fees.

5. Finance costs comprise interest expense and amortisation of debt-related transaction costs.
### Unaudited Pro Forma Balance Sheets of FH-REIT

<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2013</th>
<th>As at 31 December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($’000)</td>
<td>($’000)</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties (1)</td>
<td>1,648,798</td>
<td>1,645,015</td>
</tr>
<tr>
<td>Deferred tax assets(2)</td>
<td>317</td>
<td>89</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>27,117</td>
<td>27,330</td>
</tr>
<tr>
<td>Tax recoverable(3)</td>
<td>62,942</td>
<td>65,798</td>
</tr>
<tr>
<td>Other current assets</td>
<td>270</td>
<td>261</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,739,444</td>
<td>1,738,493</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>1,288</td>
<td>1,386</td>
</tr>
<tr>
<td>Borrowings(5)</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security deposits(4)</td>
<td>23,717</td>
<td>23,861</td>
</tr>
<tr>
<td>Deferred tax liabilities(2)</td>
<td>4,393</td>
<td>4,813</td>
</tr>
<tr>
<td>Borrowings(5)</td>
<td>664,232</td>
<td>662,807</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>743,630</td>
<td>742,867</td>
</tr>
<tr>
<td><strong>Net assets attributable to holders of Stapled Securities</strong></td>
<td>995,814</td>
<td>995,626</td>
</tr>
<tr>
<td>Number of Stapled Securities in issue (’000)(6)</td>
<td>1,192,628</td>
<td>1,192,628</td>
</tr>
<tr>
<td>Net asset value per Stapled Securities ($)</td>
<td>0.83</td>
<td>0.83</td>
</tr>
</tbody>
</table>

**Notes:**

1. Assumes that costs of the investment properties remain unchanged from S$1,649 million at 30 September 2013 and S$1,645 million at 31 December 2013.
2. Deferred tax assets and deferred tax liabilities arose from the acquisition of the entities by FH-REIT in relation to ANA Crowne Plaza Kobe.
3. Tax recoverable relates to recoverable UK value added tax and Singapore goods and services tax paid for the acquisition of certain investment properties. It also includes the tax receivable amount which arose from the acquisition of the entities by FH-REIT in relation to ANA Crowne Plaza Kobe.
4. Cash security deposits are collected from master lessees as part of the lease agreements (except for master lessee in Japan and tenant in Malaysia). In Japan and Malaysia, the equivalent security deposits are being provided by master lessee and tenant in the form of banker’s guarantee. The use of such cash from security deposits are disclosed under “Use of Proceeds”.
5. Comprises principal amount of borrowings of S$714 million, after deducting unamortised debt upfront costs of S$7 million at 30 September 2013 and comprises principal amount of borrowings of S$713 million, after deducting unamortised debt upfront costs of S$7 million at 31 December 2013.
6. Based on the Offering Price of S$0.88 per Stapled Security.
### Unaudited Pro Forma Cash Flow Statements of FH-REIT

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>Q1 FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(S$'000)</td>
<td>(S$'000)</td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income before income tax</td>
<td>24,211</td>
<td>14,946</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation expense&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>1,588</td>
<td>398</td>
</tr>
<tr>
<td>REIT Manager's management fees paid or payable in Stapled Securities&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>7,043</td>
<td>1,840</td>
</tr>
<tr>
<td>Other management fees paid or payable in Stapled Securities&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>1,301</td>
<td>336</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>14,205</td>
<td>3,420</td>
</tr>
<tr>
<td>Serviced Residences Management Fees and Trademark License Fees paid or payable in Stapled Securities&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>5,008</td>
<td>1,401</td>
</tr>
<tr>
<td>Other expenses</td>
<td>29,014</td>
<td>8</td>
</tr>
<tr>
<td><strong>Operating income before working capital changes</strong></td>
<td>82,370</td>
<td>22,349</td>
</tr>
<tr>
<td>Changes in receivables</td>
<td>(8,132)</td>
<td>(546)</td>
</tr>
<tr>
<td>Changes in payables</td>
<td>246</td>
<td>(4)</td>
</tr>
<tr>
<td>Cash security deposits received&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>24,095</td>
<td>–</td>
</tr>
<tr>
<td><strong>Cash flows from operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(1,297)</td>
<td>(1,386)</td>
</tr>
<tr>
<td><strong>Net cash inflows generated from operating activities</strong></td>
<td>97,282</td>
<td>20,413</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investment properties</td>
<td>(1,525,858)</td>
<td>–</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>(26,453)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net cash outflow on acquisition of subsidiaries&lt;sup&gt;(6)&lt;/sup&gt;</strong></td>
<td>(169,661)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Cash flows used in investing activities</strong></td>
<td>(1,721,972)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issue of Stapled Securities</td>
<td>1,049,513</td>
<td>–</td>
</tr>
<tr>
<td>Issue expenses</td>
<td>(28,542)</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>742,046</td>
<td>–</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(50,000)</td>
<td>–</td>
</tr>
<tr>
<td>Payment of upfront debt and arrangement costs</td>
<td>(7,232)</td>
<td>–</td>
</tr>
<tr>
<td>Distribution to holders of Stapled Securities</td>
<td>(32,593)</td>
<td>(33,617)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(14,164)</td>
<td>(3,420)</td>
</tr>
<tr>
<td><strong>Cash flows generated from/(used in) financing activities</strong></td>
<td>1,659,028</td>
<td>(37,037)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>34,338</td>
<td>(16,624)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year/period</td>
<td>–</td>
<td>34,338</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year/period</strong></td>
<td>34,338</td>
<td>17,714</td>
</tr>
</tbody>
</table>
Notes:
(1) This relates to the amortisation of the debt upfront costs.
(2) The REIT Manager has elected to receive 100% of the Base Fee and Performance Fee in the form of Stapled Securities.
(3) The MIT Trustee has elected to pay the MIT Manager 100% of the Base Fee and Performance Fee in the form of Stapled Securities.
(4) The Managers have elected that the Serviced Residences Operator receive 100% of the Serviced Residences Management Fees and Trademark License Fees in the form of Stapled Securities.
(5) Cash security deposits are collected from master lessees as part of the lease agreements (except for master lessee in Japan and tenant in Malaysia). In Japan and Malaysia, the equivalent security deposits are being provided by master lessee and tenant in the form of banker’s guarantee. The use of such cash from security deposits are disclosed under “Use of Proceeds”.
(6) The effect of acquisition of the entities by FH-REIT in the pro forma cash flows for the year ended 30 September 2013 is set out below:

<table>
<thead>
<tr>
<th>FY2013</th>
<th>(S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Investment property</td>
<td>176,406</td>
</tr>
<tr>
<td>Others</td>
<td>417</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>176,823</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>3,922</td>
</tr>
<tr>
<td>Others</td>
<td>337</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>181,082</strong></td>
</tr>
<tr>
<td><strong>Less: Non-current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Less: Non-current liabilities</td>
<td>(38,730)</td>
</tr>
<tr>
<td>Less: Current liabilities</td>
<td>(5,781)</td>
</tr>
<tr>
<td><strong>Fair value of subsidiaries net assets acquired</strong></td>
<td><strong>136,571</strong></td>
</tr>
<tr>
<td><strong>Purchase price</strong></td>
<td><strong>136,571</strong></td>
</tr>
<tr>
<td>Less: Cash acquired</td>
<td>(3,922)</td>
</tr>
<tr>
<td>Add: Bank borrowings assumed</td>
<td>37,012</td>
</tr>
<tr>
<td><strong>Net cash outflow</strong></td>
<td><strong>169,661</strong></td>
</tr>
</tbody>
</table>

**Significant Non-Cash Transactions**

During the year ended 30 September 2013 and the three months ended 31 December 2013, respectively, 15,114,000 and 3,978,000 Stapled Securities at S$0.88 per unit, were issued and accrued as payment for the followings:

(1) The REIT Manager’s management fees which are payable in the form of Stapled Securities (see Section G Note (1) in Appendix C) amounting to approximately S$7.0 million and S$1.8 million, respectively, during the year ended 30 September 2013 and the three months ended 31 December 2013;

(2) The MIT Manager’s management fees which are payable in the form of Stapled Securities (see Section G Note (2) in Appendix C) amounting to approximately S$1.3 million and S$0.3 million, respectively, during the year ended 30 September 2013 and the three months ended 31 December 2013; and

(3) The Serviced Residences Management Fees and Trademark License Fees which are payable in the form of Stapled Securities amounting to approximately S$5.0 million and S$1.4 million, respectively, during the year ended 30 September 2013 and the three months ended 31 December 2013.
PROFIT FORECAST AND PROFIT PROJECTION

The following is an extract from the “Profit Forecast and Profit Projection” section. Statements contained in the “Profit Forecast and Profit Projection” section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out in this section of this Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator, the Joint Bookrunners or any other person, or that these results will be achieved or are likely to be achieved (see “Forward-looking Statements” and “Risk Factors”). Prospective investors in the Stapled Securities are cautioned not to place any undue reliance on these forward-looking statements that are valid only as at the date of this Prospectus.

None of FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator or the Joint Bookrunners guarantees the performance of FHT, FH-REIT and FH-BT, the repayment of capital or the payment of any distributions, or any particular return on the Stapled Securities.

The following tables show the forecast and projected statements of total return for Forecast Period 2014 (from 1 April 2014 to 30 September 2014) and Projection Year 2015 (from 1 October 2014 to 30 September 2015) of FH-REIT. The forecast and projected yields stated in the following tables are calculated based on:

- the Offering Price; and
- the forecast and projected statements of total returns for the Forecast Period 2014 and Projection Year 2015 of FH-REIT.

Such yields will vary accordingly to the extent that the Listing Date is later than 1 April 2014, or for investors who purchase the Stapled Securities in the secondary market at a market price that differs from the Offering Price.

The financial year-end of FH-REIT is 30 September. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of the Stapled Securities is later than 1 April 2014. The Profit Forecast and Profit Projection are based on the assumptions set out in “Profit Forecast and Profit Projection” and have been examined by the Independent Reporting Auditor and should be read together with the report set out in Appendix A, “Independent Reporting Auditor’s Report on the Profit Forecast and Profit Projection”, as well as the assumptions and the sensitivity analysis set out in this section of the Prospectus.

While profit forecasts have been prepared for Forecast Period 2014, being the period commencing from 1 April 2014 and ending 30 September 2014, it should be noted that due to the seasonal nature of the hospitality business, the financial performance of hospitality entities and properties is generally better in the second half of the financial year as compared to the first half of the financial year. Hence, comparisons between the annualised financial performance of the hospitality entities and properties from Forecast Period 2014 and Projection Year 2015 are unlikely to provide accurate reflections of the expected changes in financial performance from 2014 to 2015.
### FH-REIT Forecast and Projected Statements of Total Return

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 to</td>
<td>October 2014 to</td>
</tr>
<tr>
<td></td>
<td>September 2014</td>
<td>September 2015</td>
</tr>
<tr>
<td></td>
<td>(S$’000)</td>
<td>(S$’000)</td>
</tr>
<tr>
<td><strong>Gross revenue</strong></td>
<td>51,557</td>
<td>103,039</td>
</tr>
<tr>
<td><strong>Property operating expenses</strong></td>
<td>(10,021)</td>
<td>(19,953)</td>
</tr>
<tr>
<td><strong>Net property income</strong></td>
<td>41,536</td>
<td>83,086</td>
</tr>
<tr>
<td><strong>REIT Manager’s management fees</strong></td>
<td>(3,995)</td>
<td>(7,974)</td>
</tr>
<tr>
<td><strong>Other management fees</strong>(1)</td>
<td>(772)</td>
<td>(1,553)</td>
</tr>
<tr>
<td><strong>Trustees’ fees</strong></td>
<td>(227)</td>
<td>(445)</td>
</tr>
<tr>
<td><strong>Other expenses</strong>(2)</td>
<td>(30,241)</td>
<td>(2,215)</td>
</tr>
<tr>
<td><strong>Payment Top-Up</strong>(4)</td>
<td>2,800</td>
<td>6,900</td>
</tr>
<tr>
<td><strong>Interest and other income</strong></td>
<td>27</td>
<td>92</td>
</tr>
<tr>
<td><strong>Finance costs</strong>(6)</td>
<td>(7,756)</td>
<td>(14,980)</td>
</tr>
<tr>
<td><strong>Total return before tax and</strong></td>
<td>1,372</td>
<td>62,911</td>
</tr>
<tr>
<td><strong>distribution</strong></td>
<td>(2,996)</td>
<td>(5,776)</td>
</tr>
<tr>
<td><strong>Total (loss)/return after tax and</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>before distribution adjustments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-tax deductible items and other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>adjustments</strong>(7)</td>
<td>(1,624)</td>
<td>57,135</td>
</tr>
<tr>
<td><strong>Income available for distribution</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>to holders of Stapled Securities</strong></td>
<td>36,496</td>
<td>74,824</td>
</tr>
</tbody>
</table>

**Notes:**

(1) Other management fees comprise MIT Manager fees, Kobe Asset Manager fees and ABS Servicer fees.

(2) Other expenses comprise operating expenses such as compliance expenses, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, insurance fees, commission fees, costs associated with the preparation and distribution of reports to the holders of the Stapled Securities, investor communication costs and other miscellaneous costs.

(3) In Forecast Period 2014, in addition to the expenses referred to in (2) above, it includes stamp duty in relation to the acquisition of United Kingdom and Australia properties and non-capitalised listing fees.

(4) BCH Hotel Investment Pte Ltd, the vendor of InterContinental Singapore and River Valley Apartments Pte Ltd, one of the vendors of Fraser Suites Singapore, will provide Payment Top-Up to FHT for the period from the Listing Date to 30 November 2015. No amortisation is applied to the Payment Top-Up as the Payment Top-Up is expected to be received in each of the relevant periods in Forecast Period 2014 and Projection Year 2015.

(5) Although the maximum amounts that FH-REIT can receive in respect of the first payment period from the Listing Date up to 30 September 2014 (assuming the respective Properties are not sold) under the two Top-Up Deeds is S$2.5 million, S$2.8 million is assumed to be received by FH-REIT under the Top-Up Deeds as the Forecast Period 2014 (being from 1 April 2014 to 30 September 2014) is for a longer period as compared to the period from the actual Listing Date to 30 September 2014 covered by the Top-Up Deeds. Accordingly, the additional S$0.3 million represents the amount of cashflows in respect of InterContinental Singapore and Fraser Suites Singapore that would have been affected from 1 April 2014 to the Listing Date.

(6) Finance costs comprise interest expense and amortisation of debt-related transaction costs.

(7) Non-tax deductible items and other adjustments comprise the REIT Manager’s management fees paid/payable in Stapled Securities, the MIT Manager’s management fees paid/payable in Stapled Securities, REIT Trustee’s fees, amortisation of upfront debt-related transaction costs/insurance fee, serviced residences management fees and trademark licence fees which are paid/payable in Stapled Securities, stamp duty and non-capitalised listing fees.
### FH-REIT Forecast and Projected Statements of Distribution

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 to</td>
<td>October 2014 to</td>
</tr>
<tr>
<td></td>
<td>September 2014</td>
<td>September 2015</td>
</tr>
<tr>
<td>Total number of issued and issuable Stapled</td>
<td>1,201,759</td>
<td>1,215,085</td>
</tr>
<tr>
<td>Securities at end of period/year ('000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution per Stapled Security (cents)</td>
<td>3.04</td>
<td>6.16</td>
</tr>
<tr>
<td>Distribution per Stapled Security (without Payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top-Up) (cents)</td>
<td>2.86</td>
<td>5.72</td>
</tr>
<tr>
<td>Offering Price (S$)</td>
<td>0.88</td>
<td>0.88</td>
</tr>
<tr>
<td>Distribution yield (%)</td>
<td>6.90&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>7.00</td>
</tr>
<tr>
<td>Distribution yield (without Payment Top-Up)(%)</td>
<td>6.50&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>6.51</td>
</tr>
</tbody>
</table>

Note:

(1) Annualised by extrapolating the Forecast Period 2014 figures for a full financial year.

### Gross Revenue and Net Property Income Contribution of Individual Property

The forecast and projected contribution of the Properties to Gross Revenue is as follows:

#### Hotels

<table>
<thead>
<tr>
<th>Property</th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(S$’000)</td>
<td>%</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>9,501</td>
<td>18.4</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>2,739</td>
<td>5.3</td>
</tr>
<tr>
<td>Park International London&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>3,323</td>
<td>6.4</td>
</tr>
<tr>
<td>Best Western Cromwell&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>1,471</td>
<td>2.9</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>6,797</td>
<td>13.2</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>5,404</td>
<td>10.5</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>29,235</strong></td>
<td><strong>56.7</strong></td>
</tr>
</tbody>
</table>

#### Serviced Residences

<table>
<thead>
<tr>
<th>Property</th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(S$’000)</td>
<td>%</td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>7,432</td>
<td>14.4</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>4,716</td>
<td>9.2</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>3,052</td>
<td>5.9</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>4,387</td>
<td>8.5</td>
</tr>
<tr>
<td>Fraser Suites Glasgow&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>1,347</td>
<td>2.6</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>1,388</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>22,322</strong></td>
<td><strong>43.3</strong></td>
</tr>
</tbody>
</table>

#### Total

|                                            | **51,557** | **100.0** | **103,039** | **100.0** |
### Gross Revenue of Geographical segments

The forecast and projected contribution of the geographical segments to Gross Revenue is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2014</th>
<th></th>
<th>Projection Year 2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 to</td>
<td></td>
<td>October 2014 to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>September 2014</td>
<td></td>
<td>September 2015</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>16,933</td>
<td>32.8</td>
<td>35,105</td>
<td>34.0</td>
</tr>
<tr>
<td>Australia</td>
<td>7,455</td>
<td>14.5</td>
<td>15,342</td>
<td>14.9</td>
</tr>
<tr>
<td>The United Kingdom</td>
<td>14,968</td>
<td>29.0</td>
<td>26,711</td>
<td>26.0</td>
</tr>
<tr>
<td>Japan</td>
<td>6,797</td>
<td>13.2</td>
<td>14,815</td>
<td>14.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5,404</td>
<td>10.5</td>
<td>11,066</td>
<td>10.7</td>
</tr>
</tbody>
</table>

|                      | 51,557               | 100.0            | 103,039              | 100.0            |

The forecast and projected contribution of the Properties to Net Property Income is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2014</th>
<th></th>
<th>Projection Year 2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 to</td>
<td></td>
<td>October 2014 to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>September 2014</td>
<td></td>
<td>September 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(S$’000)</td>
<td>%</td>
<td>(S$’000)</td>
<td>%</td>
</tr>
<tr>
<td><strong>Hotels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>8,341</td>
<td>20.1</td>
<td>16,943</td>
<td>20.4</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>2,074</td>
<td>5.0</td>
<td>4,453</td>
<td>5.4</td>
</tr>
<tr>
<td>Park International London</td>
<td>2,964</td>
<td>7.1</td>
<td>5,024</td>
<td>6.0</td>
</tr>
<tr>
<td>Best Western Cromwell</td>
<td>1,282</td>
<td>3.1</td>
<td>2,165</td>
<td>2.6</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>5,491</td>
<td>13.2</td>
<td>12,167</td>
<td>14.6</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>5,093</td>
<td>12.3</td>
<td>10,458</td>
<td>12.6</td>
</tr>
</tbody>
</table>

|                      | 25,245               | 60.8             | 51,210               | 61.6             |

| **Serviced Residences** |                      |                  |                      |                  |
| Fraser Suites Singapore | 5,580                | 13.4             | 12,005               | 14.5             |
| Fraser Suites Sydney   | 3,339                | 8.0              | 6,809                | 8.2              |
| Fraser Place Canary Wharf | 2,136               | 5.1              | 4,228                | 5.1              |
| Fraser Suites Queens Gate | 3,349                | 8.1              | 6,042                | 7.3              |
| Fraser Suites Glasgow  | 984                  | 2.4              | 1,430                | 1.7              |
| Fraser Suites Edinburgh | 903                  | 2.2              | 1,362                | 1.6              |

|                      | 16,291               | 39.2             | 31,876               | 38.4             |

| **Total**            | 41,536               | 100.0            | 83,086               | 100.0            |

**Note:**

(1) Annualised Gross Revenue and Net Property Income for Forecast Period 2014 are comparatively higher than Projection Year 2015 mainly due to seasonality impact.
RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Stapled Securities. The risks described below are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the REIT Manager and/or the Trustee-Manager or which may not be material now but could turn out to be material in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on FHT or impair the business operations of FHT. The market price of the Stapled Securities could decline due to any of these risks and Stapled Securityholders may lose all or part of their investment. In addition, this Prospectus does not constitute advice to you relating to investing in the Stapled Securities and investors should make their own judgment or consult their own investment advisers before making any investment in the Stapled Securities.

This Prospectus also contains forward-looking statements (including profit forecasts and profit projections) that involve risks, uncertainties and assumptions. The actual results of FHT, FH-REIT and/or FH-BT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by FHT as described below and elsewhere in this Prospectus.

Due to the fact that FHT comprises FH-REIT and FH-BT, risk factors for FHT include considerations relevant to the Stapled Securities, collective investment schemes and business trusts.

As an investment in the Stapled Securities is meant to produce returns over the long-term, investors should not expect to obtain short-term gains.

Investors should be aware that the price of the Stapled Securities, and the income from them, might fall or rise. Investors should note that they might not get back their original investment.

Before deciding to invest in the Stapled Securities, prospective investors should seek professional advice from their own investment or other advisers about their particular circumstances.

RISKS RELATING TO THE PROPERTIES

The loss of a Master Lessee or Tenant, a down-turn in the business of a Master Lessee or Tenant or any breach by a Master Lessee or Tenant or the Corporate Guarantors of their respective obligations under the relevant Master Lease and Tenancy Agreement and the Corporate Guarantee could have an adverse effect on the financial condition, results of operations and prospects of FHT.

On the Listing Date, the Properties will be leased to the Master Lessees and Tenant. FH-REIT is dependent upon rental payments from the Master Lessees and Tenant. The business, financial condition, results of operations and prospects of FHT will depend substantially upon the Master Lessees’ and the Tenant’s ability to make timely rental payments.

Except for the Retail Master Lessee, the relevant Master Lessees and Tenant have appointed the Hotel Managers and the Serviced Residence Operators to manage the Properties. The performance of the Master Lessees and Tenant and their ability to pay rent may be affected by factors beyond their control, such as the performance of the Hotel Managers and the Serviced Residence Operators, as well as changes in general economic conditions, the level of demand for the Properties, competition in the hospitality and hospitality-related industries and other factors relating to the operations of the Properties.
FH-REIT has been granted a corporate guarantee in respect of each of the Master Lease and Tenancy Agreements (the “Corporate Guarantees”). However, there is no assurance that FCL, in its capacity as guarantor of the Corporate Guarantees and TCC Land International Limited, in its capacity as guarantor of the Corporate Guarantee in respect of the master lease for the retail component of ANA Crowne Plaza Kobe (collectively, the “Corporate Guarantors”), will be able to fulfil their obligations under the Corporate Guarantees. As such, the financial condition and results of operations of FHT may be adversely affected by the bankruptcy, insolvency or downturn in the business of any Master Lessee, Tenant or the Corporate Guarantor. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties” for further details.)

If any Master Lessee or Tenant terminates or does not renew the Master Lease Agreement or Tenancy Agreement on expiry, the financial performance of FH-REIT, and consequently the distributions which FHT may be able to make to Stapled Securityholders, may be adversely affected. The amount of rental and the terms on which each Master Lease Agreement or Tenancy Agreement is renewed may be less favourable than the current Master Lease Agreement or Tenancy Agreement. The replacement of a master lessee or tenant on satisfactory terms may not be carried out in a timely manner or at all. Although FH-BT will, as a last resort, step in as the master lessee or tenant, there can be no assurance that FH-BT will be able to provide a similar amount of income from such Property.

FH-REIT has utilised the security deposits as part of its cashflow management to finance working capital and the acquisition of assets and accordingly may not be able to repay the Master Lessees their security deposits.

FH-REIT will utilise the security deposits which it would receive in the form of cash from the Master Lessees (save in respect of ANA Crowne Plaza Kobe and The Westin Kuala Lumpur where the security deposits are provided by way of banker’s guarantee) as part of its cashflow management to finance working capital and the acquisition of assets. FH-REIT would be required to return the security deposits to the Master Lessees (without interest and subject to proper deductions by FH-REIT) within one month after the relevant Master Lease expires or is terminated in accordance with the terms of the relevant Master Lease, whichever is the earlier, if the Master Lessee has then paid all sums owing and performed all obligations in the relevant Master Lease to the reasonable satisfaction of FH-REIT. FH-REIT may not be able to repay the Master Lessees their security deposits if, at such point of time, FH-REIT is unable to obtain sufficient funds. In those circumstances, FH-REIT may be subject to legal proceedings for breach of the terms of the relevant Master Lease.

There is no assurance that the level of Distributable Income attributable to InterContinental Singapore and Fraser Suites Singapore can be sustained at the forecast and projected levels once the payment top-up arrangement entered into (in respect of InterContinental Singapore) with the vendor and (in respect of Fraser Suites Singapore) with River Valley Apartments Pte Ltd expires.

The REIT Trustee will, on Listing Date, enter into (i) a payment top-up arrangement with BCH Hotel Investment Pte Ltd, the vendor of InterContinental Singapore, and (ii) a payment top-up arrangement with River Valley Apartments Pte Ltd, one of the vendors of Fraser Suites Singapore. Under the foregoing payment top-up arrangements, BCH Hotel Investment Pte Ltd and River Valley Apartments Pte Ltd will deposit the respective amounts of S$8.05 million and S$1.65 million in escrow.

The payment top-up arrangement starts from the date of the relevant Top-Up Deed and covers four payment periods, with the last ending on the earlier of (a) 30 November 2015 and (b) the sale completion date of the Property in the event FH-REIT sells its interest in the Property and the sale completion date falls within the fourth payment period. Under the terms of each of the Top-Up Deeds, if the Gross Operating Profit of the relevant Property for each of the first three payment
periods falls below the agreed thresholds for each such payment period, the REIT Trustee will be able to draw down from the escrow account such sum as it shall determine, subject to an agreed ceiling in each instance. In relation to the fourth and last payment period, if the Gross Operating Profit of the relevant Property falls below the agreed threshold or if the aggregate of the Gross Operating Profit for the first and second payment period falls below an agreed aggregate threshold, the REIT Trustee will be able to draw down the balance of the escrow sum.

Following the expiry or withdrawal of the escrow sum, there is no assurance that InterContinental Singapore and Fraser Suites Singapore will be able to generate a level of Distributable Income commensurate with the levels attained with the provision of the payment top-up. Further, where the difference between the Gross Operating Profit and the respective agreed thresholds for the relevant periods exceeds the agreed ceiling amount that the REIT Trustee is able to draw down, the Distributable Income attributable to InterContinental Singapore and Fraser Suites Singapore (as the case may be) for the relevant periods may be adversely affected. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to the Singapore Properties – Payment Top-Up Deeds” for further details.)

**Portions of InterContinental Singapore are within the railway protection and safety zone and certain activities may not be carried out in such zone unless the prior approval of the Land Transport Authority of Singapore is obtained.**

Certain parts of InterContinental Singapore are within the railway protection zone and railway safety zone such that FH-REIT would be required to obtain the prior approval of the Land Transport Authority of Singapore before carrying out restricted activities within the railway protection zone and where applicable, the railway safety zone, and any restricted activity being carried out on the railway protection zone and the railway safety zone shall be subject to the regulation under the Rapid Transit Systems (Railway Protection, Restricted Activities) Regulations. Such restricted activities include the use of any crane, piling equipment, excavator or any other mechanical equipment or vehicle, the storage of materials and the erection of temporary structures such as maintenance towers and hoardings or other similar temporary structures. In addition, FH-REIT will not be allowed to carry out any restricted activity within six metres of the railway and any person contravening such restriction shall be guilty of an offence. If FH-REIT intends to develop and carry out engineering works within the railway corridor or railway protection zone, FH-REIT is required to submit their proposal to the Land Transport Authority of Singapore for its approval under the Rapid Transit System (Development & Building Works within Railway Corridor and Railway Protection Zone). In view of the aforesaid restrictions, any future asset enhancement or other redevelopment or rectification works in respect of InterContinental Singapore are required to be carefully planned and carried out under close supervision and diligence to avoid damaging or affecting the MRT structures and the safety of railway operation. If FH-REIT intends to carry out any restricted activity within the railway protection zone or where applicable, the railway safety zone, or engineering works within the railway corridor or railway protection zone, there is no guarantee that the Land Transport Authority would grant its permission. The Land Transport Authority may impose terms and conditions as it thinks fit in granting its permission. This may affect the ability of FH-REIT to carry out asset enhancement or other development or rectification works in respect of InterContinental Singapore.

**Renovation work, repair and maintenance or physical damage to the Properties may disrupt FH-REIT’s operations.**

The quality and design of the Properties influence the RevPAR and the demand for hotel rooms or serviced residence units. The Properties may need to undergo renovation works from time to time to retain their attractiveness to guests and may also require *ad hoc* maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations, such that there may be periodic capital expenditure beyond what is budgeted. The costs of maintaining the Properties and the risk of unforeseen maintenance or repair requirements tend to
increase over time as the Properties age. The business and operations of the Properties may be disrupted as a result of renovation works and it may not be possible to collect the full rate of, or, as the case may be, any rental income on the space affected by such renovation works. This may affect the performance of the Master Lessees or Tenant of the affected Properties and their ability to make timely rental payments under the Master Lease and Tenancy Agreements.

The due diligence on the Properties, leases, buildings and equipment and on the existing holding structure of Kobe Excellence TMK may not have identified all material defects, breaches of laws and regulations inherent or historical tax liabilities and other deficiencies.

While the Managers believe that reasonable due diligence investigations with respect to the Properties have been conducted and the Managers have commissioned technical consultants to carry out physical inspections on the Properties, there is no assurance that the due diligence investigations and technical inspections will uncover all defects or deficiencies relating to the Properties including defects which require repair or maintenance (such as design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair or maintenance expenses) or will uncover all non-compliance with the laws and regulations in relation to the Properties or their holding entities. The experts’ reports that the Managers rely on as part of their due diligence investigations of the Properties are subject to uncertainties or limitations as to their scopes. Such undisclosed defects or deficiencies may require significant capital expenditures to rectify defects or deficiencies or may involve additional obligations to third parties which may have a material adverse effect on FH-REIT’s results of operations, earnings and cash flows. Should any of the Properties or their holding entities not be in compliance with certain laws and regulations, FH-REIT may also incur financial or other obligations in relation to such breaches or non-compliance.

Some examples of the potential limitations of the due diligence process on the Properties are described below:

In general, the scope of legal due diligence on the Properties is limited only to (i) the information, documents and results specifically disclosed in the course of due diligence and the due diligence confirmations provided and (ii) results of searches obtained of publicly available information on certain public registers. There is no assurance that all material documents and relevant information have been disclosed and therefore reviewed during due diligence. Accordingly, the legal due diligence may not have uncovered all non-compliance with the laws, regulations and terms of all contracts relevant to the Properties.

In relation to ANA Crowne Plaza Kobe, some trees on the site of the Property may encroach on adjacent land and the site on which of the Property is situated may be encroached upon by objects such as trees and fence foundations. To date, there have been no disputes between any party in respect of such encroachments. While nothing has been disclosed in the due diligence investigation in respect of ANA Crowne Plaza Kobe that would lead the Managers to believe the aforementioned encroachments issues to be material, there can be no assurance that FH-REIT will not have significant unidentified liabilities or obligations in the future as a result of such encroachment issues. If such encroachment issues result in significant capital expenditures or obligations to third parties, the results of operations of ANA Crowne Plaza Kobe may be adversely affected.

In connection with its acquisition of ANA Crowne Plaza Kobe, FH-REIT will be acquiring Excellence Prosperity TMK Pte. Ltd. and Excellence Prosperity Japan K.K. (collectively, the “ANA Crowne Plaza Holding Entities”) each of which has been in operation since 2009. Accordingly, FH-REIT will be exposed to the historical and future liabilities and obligations of these entities following the completion of the acquisition, as FH-REIT will be ultimately responsible for satisfying these liabilities and obligations. These liabilities would include ordinary course-type liabilities and obligations relating to the operations of the entities in the past or the future, as well as liabilities
or obligations arising from such entities being operated other than in compliance with real estate, tax, financial services and other laws and regulations and/or obligations to third parties (including unidentified historic liabilities or obligations). While the Managers have not identified from their due diligence specific material liabilities relating to the historical operations of the entities which appear significant and outside the ordinary course of business and which are not otherwise factored into the disclosures in this Prospectus, there can be no assurance that FH-REIT will not have significant unidentified liabilities or obligations or operations or operational deficiencies (including debt or trade payables, unknown or defective contracts) other than those disclosed in this Prospectus. Such undisclosed defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on FH-REIT’s net assets, earnings and cash flows.

FH-REIT will be acquiring ANA Crowne Plaza Kobe through its existing holding structure. Although FH-REIT has engaged tax advisers to conduct due diligence for this indirect acquisition, there is no assurance that the due diligence exercise would have identified all inherent or historical tax liabilities incurred (or to be incurred) by the entities in the existing holding structure (as the relevant tax authorities may not agree with an entity’s tax computation and may make certain adjustments which may result in tax liabilities for past tax computations/returns). FH-REIT has obtained tax indemnities from the vendor of ANA Crowne Plaza Kobe but such indemnities are subject to limitations such as the quantum of a claim and the time period for making a claim. If the entities in the existing holding structures taken over by FH-REIT are subject to tax liabilities which were previously not identified or the tax indemnity is insufficient to cover the liabilities incurred, this may have a material adverse effect on the business, financial condition, results of operations and prospects of FH-REIT.

The representations, warranties and indemnities granted in favour of FH-REIT by the vendors of the Properties are subject to limitations as to their scope and the amount and timing of claims which can be made thereunder.

The representations, warranties and indemnities granted in favour of FH-REIT by the vendors of the Properties are subject to limitations as to their scope and amount and timing of claims which can be made thereunder. There can be no assurance that FH-REIT will be reimbursed under such representations, warranties and indemnities for all losses or liabilities suffered or incurred by it as a result of its acquisition of the Properties. A specific example of one such limitation is set out below.

In relation to The Westin Kuala Lumpur, there are limitations to the representations, warranties and indemnities made in favour of the Malaysian SPV by the Originator (being JBB Hotels Sdn Bhd), the vendor of The Westin Kuala Lumpur. The Originator has limited its liability arising from a breach of any representations and warranties in the sale and purchase agreement of The Westin Kuala Lumpur on both the overall maximum quantum of any claim (which is the aggregate net proceeds to be received by the Originator as respective consideration for its sale of The Westin Kuala Lumpur) and the time period (where all claims (other than claims in relation to tax or the title or rights of The Westin Kuala Lumpur) which are not notified in writing to the Originator before the expiry of 15 months from the legal completion of the sale and purchase of The Westin Kuala Lumpur will be time-barred). In the event that any claim (save for the potential claim by Dewan Bandaraya Kuala Lumpur against the Originator for outstanding rentals of MYR558,100.00 from August 2010 to July 2013 arising from the The Westin Kuala Lumpur’s use of a piece of land beside the hotel for purposes of a sidewalk café) notified to the Originator is time-barred or is in excess of the aggregate net proceeds to be received by the Originator as respective consideration for its sale of The Westin Kuala Lumpur, the Malaysian SPV will not be compensated for its loss to the extent that such loss extends beyond the limitations and this will adversely affect the financial condition of the Malaysian SPV.
The appraisals of the Properties are based on various assumptions and the price at which FH-REIT is able to sell a Property in future may be different from the initial acquisition value of the Property.

The valuation of each of the Properties prepared by the Independent Valuers is contained in Appendix D, “Independent Property Valuation Summary Reports”. The appraisals of the Properties are based on different methodologies. Primarily, the discounted cash flow method and the income capitalisation method were employed and there can be no assurance that the assumptions relied on are accurate measures of the market. The appraisals of the Properties by the Independent Valuers may have included a subjective determination of certain factors relating to the Properties, such as their relative market positions, financial and competitive strengths and physical condition. Accordingly, the values of the Properties may have been evaluated inaccurately and such valuations may not reflect actual sale prices even where any such sales occur shortly after the valuation date. The appraised value of any of the Properties or any future acquisitions is not an indication of, and does not guarantee, a sale price at that value at present or in future. The price at which FHT may be able to sell a Property may be lower than its appraised value or the initial acquisition price of the Property.

FHT may invest in properties through investments in various property-owning vehicles, and may in the future utilise a variety of investment structures for the purpose of investing in property. Where a property or an interest in a property is acquired through a company or investment structure, the value of the company or investment structure may not be the same as the value of the underlying property due to, for example, environmental, contingent, and contractual or other liabilities, or structural considerations. As a result, there can be no assurance that the value of investments made through those structures will fully reflect the value of the underlying property.

FH-REIT may suffer material losses in excess of insurance proceeds or in respect of losses which are uninsured.

The Properties face the risk of suffering physical damage caused by fire, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties.

Earthquake insurance will not generally be maintained for properties in Japan, except where the probable maximum loss (“PML”) for a property is in excess of 15% of current building replacement construction cost. PML is defined as the probable maximum loss (i.e. repair and reprocurement expenses) that would be incurred if a major earthquake struck. Specifically, it means the loss generated by the largest earthquake that has a 10% probability of occurring during a 50 year assumed service life of a building corresponds to earthquakes that have a probability of occurrence once every 475 years.

In addition, certain types of risks (such as terrorism, outbreak of war or other hostilities, losses caused by the withholding of supply of utilities by a supply authority and contamination or other environmental breaches) may be or become uninsurable in certain jurisdictions or the cost of insurance may be prohibitive when compared to the risk. For instance, in Japan, losses resulting from earthquakes are only insurable in relation to residential buildings and up to a certain limit of cover for hotel buildings.

Currently, FH-REIT’s insurance policies for the Properties do not cover certain types of risks such as acts of war, contamination or other environmental breaches including biological, chemical or radioactive contaminations.
Should an uninsured loss or a loss in excess of insured limits occur, FH-REIT could be required to pay compensation and/or lose capital invested in the affected Property as well as anticipated future revenue or rental payment from that Property. There can be no assurance that material losses in excess of insurance proceeds or in respect of losses which are uninsured will not occur in the future.

**FHT may suffer losses and be liable for the damage suffered by third parties as a result of contamination or other environmental issues in the event that contaminants are found on the land on which the Properties or other assets of FHT are located.**

The Properties and other assets acquired in the future by FHT may be affected by contamination or other environmental issues which may not previously have been identified and/or rectified at the time of acquisition or which may subsequently occur after acquisition. This gives rise to a number of risks, including:

- the risk of prosecution by environmental authorities;
- the requirement for unbudgeted additional expenditure to remedy such issues;
- the adverse impact on the hotel operations at the affected property which may in turn adversely affect the revenue of FHT, or where the affected property is leased to other lessees, the revenue of these lessees which may in turn affect their abilities to meet their obligations under the lease agreements with FHT; and
- the adverse impact on the value of the affected property.

While FHT may not be aware of such contamination or environmental issues at the time of acquisition or be responsible for such contamination or environmental issues, FHT may still be liable to bear the costs of remediying or removing such contamination and there is no guarantee that FHT will be able to recover such costs from other parties which might have contributed to or are responsible for such contamination. Furthermore, if a third party is injured due to any contaminant or environmental issue arising from properties owned by FHT from time to time, FHT may be liable for the damage suffered by the third party. Accordingly, in the event that any of the properties of FHT is affected by contamination or other environmental issues, this may have an adverse effect on the business, financial condition, results of operations and prospects of FHT.

**Planned amenities and transportation infrastructure near the Properties may not be implemented as planned, or may be closed, relocated, terminated, delayed or not completed.**

There is no assurance that amenities, transportation infrastructure and public transport services near the Properties will be implemented as planned or will not be closed, relocated, terminated, delayed or completed. If such an event were to occur, it will adversely impact the accessibility of the relevant Property and the attractiveness and marketability of the relevant Property to guests and tenants. This may then have an adverse effect on the demand and the rental rates for the relevant Property and adversely affect the business, financial condition and results of operations of FHT.

**FHT may be involved in disputes arising from boundary disputes which may result in costs and require payments.**

In relation to The Westin Kuala Lumpur, there is a potential claim by the local authority of Kuala Lumpur, Dewan Bandaraya Kuala Lumpur (“DBKL”), against the Originator for outstanding rentals of MYR558,100.00 from August 2010 to July 2013 arising from the Originator’s use of a piece of land beside the hotel building for purposes of a sidewalk cafe. It is the Originator’s belief that the
piece of land is part of the entire hotel lot which belongs to the Originator. However, DBKL in its letter dated 9 April 2013 claimed that the piece of land is a piece of reserved land for public purposes of which DBKL has authority over. The Originator is currently in the process of negotiating with DBKL with a view to resolving this matter. If it is resolved in the future that DBKL has authority over the piece of land, FHT will be required to pay the outstanding rentals and rent the piece of land should it intend to utilise the same. In the event FHT decides not to rent the piece of land, DBKL has the right to require The Westin Kuala Lumpur to vacate the land.

Notwithstanding that the Originator will be providing an indemnity to FHT in the event it incurs any cost or penalty or any sum in respect of the above dispute, should FHT be required to pay damages or rectify any encroachment in any other way, this may adversely affect FHT's business, financial condition, results of operations and/or prospects.

FHT may be required by relevant authorities to demolish certain wooden balconies at the rear of Best Western Cromwell London.

In relation to Best Western Cromwell London, certain wooden balconies at the rear of the Property were built without obtaining planning permission from the relevant authorities. Planning permission was previously applied for but had not been granted as it would affect the appearance of the Property and result in overlooking of other properties in the area. At the time of purchase of Best Western Cromwell London by the vendor, Global-Link Investments Limited, the relevant authorities had threatened action but no recent communications in relation to the action have been received.

There is a risk that a further notice from the relevant authorities in relation to enforcement might be served and as a consequence, the relevant balconies may have to be demolished.

Notwithstanding that Global-Link Investments Limited has (i) agreed to, at its own cost and expense, cause to be demolished the wooden balconies and make good the portion of the building thereby affected, if required by government or statutory authorities and (ii) provided an indemnity to FHT in the event it incurs any payment imposed by the government or statutory authorities (including any fines, penalties, charges, fees, expenses or other sum) in relation to the wooden balconies, should FHT be required to rectify the issue in relation to the wooden balconies, this may adversely affect FHT's business, financial condition, results of operations and/or prospects as the rooms may also become less attractive to occupiers as a result of the demolition of these wooden balconies and may result in a loss of revenue in respect of Best Western Cromwell London. Accordingly, the variable rent payable under the Master Lease Agreement may be reduced, adversely affecting FHT's business and results of operations.

The Singapore Land Authority, on behalf of the President of the Republic of Singapore, may as lessor re-enter the Properties upon breach of terms and conditions of the State lease.

Each of the Singapore Properties is held under a registered State Lease issued by the President of the Republic of Singapore as lessor. Each State lease contains terms and conditions commonly found in State leases in Singapore, including the right of the lessor to re-enter the Properties and terminate the lease (without compensation) in the event the lessee fails to observe or perform the terms and conditions set out in the relevant State lease.
RISKS RELATING TO FHT’S OPERATIONS

FH-REIT may be required to contribute towards the capital expenditure incurred in respect of the common property of the respective developments in which Fraser Suites Singapore and InterContinental Singapore are comprised.

Fraser Suites Singapore is comprised in the development Valley Point, subdivided into three separate strata lots. Fraser Suites Singapore is comprised in one such strata lot, and the retail and office components of Valley Point are separately comprised in the remaining two strata lots. The Management Corporation of Valley Point has been constituted and the subsidiary proprietor of Fraser Suites Singapore has to pay periodic contributions to, amongst other things, a sinking fund maintained by the Management Corporation of Valley Point.

InterContinental Singapore is comprised in a strata lot and title to InterContinental Singapore is held under a subsidiary strata certificate of title. The Management Corporation of the development in which InterContinental Singapore is comprised, has been constituted and the subsidiary proprietor of InterContinental Singapore has to pay periodic contributions to, amongst other things, a sinking fund maintained by the Management Corporation of the development in which InterContinental Singapore is comprised.

The sinking fund is intended to cover capital expenditure incurred in respect of common property in a strata-titled development. If the sinking fund accounts do not contain substantial amounts of sinking fund contributions, when capital expenditure is required to be incurred for Valley Point and/or the development in which InterContinental Singapore (as the case may be) is comprised, FH-REIT, as the subsidiary proprietor of Fraser Suites Singapore and InterContinental Singapore, will be required to contribute towards the capital expenditure in proportion to the share value the strata lots in which these properties are comprised bear to the total share value of all strata lots comprised in Fraser Suites Singapore and InterContinental Singapore, as the case may be. This may have an adverse impact on the operating results of FH-REIT.

There is no assurance that other subsidiary proprietors will co-operate on matters concerning the common property of Fraser Suites Singapore and InterContinental Singapore.

FH-REIT will own 53.85% of the total share value of strata lots comprised in Valley Point and cannot therefore deal with the common property in Valley Point as if Valley Point is entirely owned by it.

InterContinental Singapore is a subdivided strata development comprising four strata lots, one held by BCH Hotel Investment Pte Ltd (the vendor of InterContinental Singapore) and the remaining three strata lots held separately by other registered subsidiary proprietors. All four subsidiary proprietors of that development, which constitute the Management Corporation, jointly own the common property of the development as tenants-in-common in proportion to the share values attributable to their respective strata lots. FH-REIT will, on being registered as the subsidiary proprietor of InterContinental Singapore, own only 18.54% of the total share value of strata lots in that development and cannot therefore deal with the common property in that development as if that development is entirely owned by it.

Under the Land Titles (Strata) Act and Building Maintenance and Strata Management Act, certain matters concerning the common property, such as the installation or provision of additional facilities or the making of improvements to the common property of a development, and the acceptance of transfers of land to add to the common property, require a special resolution, that is, a resolution passed at a general meeting of a management corporation, in favour of which at least 75.0% in value of votes of subsidiary proprietors present at such meeting is cast. Certain other matters concerning the common property, such as the creation of easements and
restrictions affecting common property, require a unanimous resolution, that is, a resolution passed at a general meeting of a management corporation, in favour of which all votes of subsidiary proprietors present at such meeting are cast.

There is no assurance that even ordinary resolutions concerning the common property of the development in which InterContinental Singapore forms part, can be passed as FH-REIT will own only 18.54% of the total share value of strata lots in that development.

FH-REIT will own only 53.85% of the total share value of strata lots comprising Valley Point. There is thus no assurance that resolutions other than ordinary resolutions concerning the common property of Valley Point can be passed. If FH-REIT’s strategy or plan in relation to Fraser Suites Singapore involves the common property of the development and requires the passing of a special or unanimous resolution at a general meeting of the Management Corporation, there is no assurance that the registered proprietors of the other strata lots of Valley Point will not vote against such resolution and hence prevent such resolution from being passed. In particular, FH-REIT’s ability to carry out improvements or enhancement works may be restricted where such works involve the common property and require an unanimous or special resolution to be passed at a general meeting of the Management Corporation.

**Fraser Suites Sydney has to contribute to a sinking fund for capital expenditure on shared facilities.**

Fraser Suites Sydney is a stratum lot forming part of a mixed-use development.

The Strata Management Statement for the mixed-use development which, amongst other things, sets out the rights and responsibilities of the owners of the mixed-use development, provides that each stratum lot owner must pay contributions to the sinking fund.

A building management committee is established under the Strata Management Statement. Under the terms of the Strata Management Statement, each stratum lot owner of this mixed-use development is a member of the building management committee.

A sinking fund has been established by the building management committee. The sinking fund is intended to cover capital expenditure incurred in respect of shared facilities in this mixed-use development.

FH-REIT, once it is the registered proprietor of Fraser Suites Sydney, will be required to contribute towards the capital expenditure in accordance with a range of percentages referable to different types of shared facilities as set out in the Strata Management Statement.

A risk factor is that the percentages specified for contributions to expenditure on shared facilities may now or in the future not reflect a fair contribution.

If that should be the case there is no assurance that the other registered proprietors of lots in this mixed-use development will not vote against matters where FH-REIT could wish to change the arrangements relating to the shared facilities which require the unanimous resolution of the building management committee. The Strata Management Statement does not provide for any shared facilities for which FH-REIT bears 100% of the cost, and accordingly can pass the necessary resolution by itself.

A further risk is that another stratum lot owner could fail to pay contributions required, leaving a shortfall.
The Sponsor and TCC Hospitality, which will be controlling Stapled Securityholders (as defined herein), will be able to exercise influence over certain activities of FHT.

The Sponsor, its respective subsidiaries, related corporations and/or associates are engaged in, among other things, real estate fund management. Immediately following the Offering, it is intended that the Sponsor will hold 262,378,000 Stapled Securities. This is equivalent to 22.0% of the total number of Stapled Securities expected to be in issue at the Listing Date. The Sponsor will therefore be in a position to exercise influence in matters which require the approval of the Stapled Securityholders.

Immediately following the Offering, it is intended that TCC Hospitality will hold 512,238,000 Stapled Securities (assuming the Over-Allotment Option is not exercised), equivalent to 43.0% of the total number of Stapled Securities expected to be in issue at the Listing Date. TCC Hospitality will therefore be in a position to exercise influence in matters which require the approval of the Stapled Securityholders.

The operations of FHT may be adversely affected by economic and real estate market conditions, as well as changes in regulatory, fiscal and other governmental policies in the countries in which the assets of FHT are located.

The assets in FHT’s Initial Portfolio are located in Singapore, Australia, the United Kingdom, Japan and Malaysia. FHT’s investment strategy envisages investments in hospitality and hospitality-related assets located anywhere in the world except Thailand. As a result, FHT’s results of operations depend, to a large extent, on the performance of the local, regional and/or global economy.

An economic decline in the countries in which the assets of FHT are located could adversely affect FHT’s results of operations and future growth. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. There remains a concern that the debt crisis in Europe will impinge upon the health of the global financial system. These events could adversely affect FHT insofar as they result in:

- a negative impact on the ability of the tenants to pay their rents in a timely manner or continuing their leases, thus reducing FHT’s cash flow;

- an increase in counterparty risk; and/or

- an increased likelihood that one or more of (i) FHT’s banking syndicates (if any), (ii) banks or insurers, as the case may be, providing bankers’ guarantees or performance bonds for the rental deposits or other types of deposits relating to or in connection with the Properties or FHT’s operations or (iii) FHT’s insurers, may be unable to honour their commitments to FHT.

There is also uncertainty as to the scale in the event of a downturn in the global economy, the decrease in consumer demand and the impact of the global downturn on the economy of the countries in which FHT’s properties operate.

Investment in hospitality and hospitality-related assets in other countries will expose FHT to additional local real estate market conditions.

Other real estate market conditions which may adversely affect the performance of FHT include the attractiveness of competing hospitality and hospitality-related assets or an oversupply or reduced demand for such hospitality and hospitality-related assets.
Further, FHT will be subject to foreign real estate laws, regulations and policies as a result of its property investments in foreign countries. Measures and policies adopted by the relevant foreign governments and regulatory authorities at national, provincial or local levels, such as government control over property investments or foreign exchange regulations, might negatively impact FHT’s properties in foreign countries. Legal protection and recourse available to FHT in certain countries may be limited.

In addition, the income and gains derived from investment in hospitality and hospitality-related assets will be subject to various types of taxes in the countries where the assets are located, including income tax, withholding tax, capital gains tax and any other taxes that may be imposed specifically for ownership of real estate. All of these taxes, which are subject to changes in laws and regulations that may lead to an increase in tax rates or the introduction of new taxes, could adversely affect and erode the returns from these hospitality and hospitality-related assets and hence affect the distribution yield to Stapled Securityholders. There is also no assurance that FHT will be able to repatriate to Singapore the income and gains derived from investment in hospitality and hospitality-related assets outside Singapore on a timely and regular basis. Any inability to repatriate the income and gains to Singapore will adversely affect FHT’s ability to make distributions to Stapled Securityholders out of such income and gains.

Acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases (such as the human avian flu and severe acute respiratory syndrome (“SARS”)) and other events beyond the control of FHT may adversely affect the business, financial condition, results of operations and prospects of FHT.

The hospitality and hospitality-related industries and FHT may be adversely affected by acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases (such as the human avian flu and SARS) and other events beyond the control of FHT. The Managers cannot predict the occurrence of these events and the extent to which they will, directly or indirectly, impact distributions to the Stapled Securityholders, the hospitality and hospitality-related industries or the business, financial condition, results of operations and prospects of FHT in the future.

An increased threat of terrorism, terrorist events, airline strikes, hostilities between countries or natural disasters may affect travel patterns and reduce the number of business and commercial travellers and tourists, in general or any other countries in which the hospitality and hospitality-related assets of FHT may be located in the future.

The outbreak of an infectious disease such as Influenza A (H1N1-2009), avian influenza or SARS in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and elsewhere and could thereby adversely impact the revenues and results of FHT. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. Upon the outbreak of SARS, other widespread communicable diseases, or dangerous levels of radioactive contamination, the World Health Organisation and certain governments may issue travel advisories against nonessential travel to affected regions, or even impose travel restrictions. Travel advisories or restrictions are likely to have a material adverse effect on the number of international visitor arrivals to the affected countries (which could include countries in which FHT has assets) and therefore the corresponding demand for hotel rooms under FHT’s portfolio of assets. Accordingly, the spread of the human avian flu or any other contagious or virulent disease, and any consequential travel advisories or restrictions may adversely affect the business, financial condition, results of operations and prospects of FHT.
Possible change of investment strategies may affect the Stapled Securityholders’ investments in FHT.

The Managers may from time to time amend the investment strategies of FHT if they determine that such change is in the best interest of FHT and its Stapled Securityholders subject to the approval of the Stapled Securityholders if such change occurs within the first three years following the Listing Date. Following the expiry of three years from the Listing Date, the Managers may, subject to the requirements under the relevant laws, regulations and rules (including the Listing Manual) and within the limits of the Deeds (as defined herein), alter such investment strategies (subject to the requirements under the relevant laws, regulations and rules (including the Listing Manual) and within the limits of the Deeds) without the approval of the Stapled Securityholders by giving not less than 30 days’ prior notice of the change to the REIT Trustee and the Stapled Securityholders by way of an announcement on SGXNET. The methods of implementing FHT’s investment strategies may vary as new investment and financing techniques are developed or otherwise used. Such changes may adversely affect the Stapled Securityholders’ investment in FHT.

FH-REIT has no direct control over the Hotel Managers and the Serviced Residence Operators.

The financial performance of FH-REIT, including the distributions which may be made to Stapled Securityholders, is dependent upon the rental payments from the Master Lessees or Tenant. The ability of the Master Lessees or Tenant to make such rental payments is dependent on the Gross Operating Revenue and Gross Operating Profit of each of the Properties. FH-REIT has entered into long-term master lease agreements and a Tenancy Agreement¹ with each of the Master Lessees and Tenant (as the case may be) which generally have, subject to certain limitations, full discretion in the operation of the Properties. The Master Lessees and Tenant have in turn each entered into a hospitality management agreement with the Hotel Managers or the Serviced Residence Operators. Although FH-REIT has the right, under certain limited circumstances, to approve the replacement of the Hotel Managers or the Serviced Residence Operators, there is no direct contractual relationship between FH-REIT and the Hotel Managers. While the REIT Trustee and the Managers are parties to the Serviced Residence Management Agreements, this is for the purposes of their payment of fees² to the Serviced Residence Operators in cash and/or Stapled Securities, as may be elected by the Managers. Accordingly, the financial performance of FH-REIT is dependent on the performance of the Master Lessees, the Tenant, the Hotel Managers and the Serviced Residence Operators, even though FH-REIT has no control over the operations, management, branding or marketing of the Properties. There is therefore no assurance that the Properties will continue to be operated, managed, maintained, branded or marketed well in the future and this may consequently affect the business, financial condition, results of operations and prospects of FHT.

¹ Within 14 business days from the commencement date of the Tenancy Agreement, the Tenant is obliged to apply for the approval of the relevant state authority on the conversion of the tenancy into a lease for 20 years with an option for the lessee to obtain an additional lease for a further 20 years. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to The Westin Kuala Lumpur – Tenancy Agreement”.)

² FH-REIT is responsible for payment of the fees to the Serviced Residence Operators as the payments due from the Master Lessees to FH-REIT under the respective Master Lease Agreements in respect of the Serviced Residences are made gross of such fees because such fees are not included as part of the Master Lessee’s operating expenses.
If the CMS Licence of the REIT Manager is cancelled or not renewed by the MAS or the authorisation of FH-REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of FH-REIT will be adversely affected.

The CMS Licence issued to the REIT Manager is subject to conditions and is valid unless otherwise cancelled or renewed. If the CMS Licence of the REIT Manager is cancelled by the MAS, it will not be able to continue to be the manager of FH-REIT and the operations of FH-REIT will be adversely affected if no suitable manager is found or can be found in a timely manner.

FH-REIT was authorised as a collective investment scheme on 30 June 2014 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of FH-REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

There is no assurance that FHT will be able to leverage on the Sponsor’s experience in the operation of hospitality properties.

Upon completion of the Offering, the Sponsor will hold an effective interest in 22.0% of the Stapled Securities, and accordingly be a controlling holder of FH-REIT Units and FH-BT Units. (See “Ownership of the Stapled Securities” for further details.) The Sponsor has agreed to the Lock-up Period in respect of its effective interest in the Lock-up Stapled Securities held by it on the Listing Date. There is no assurance that the Sponsor will not dispose of all or part of its effective interest in the Stapled Securities following the expiry of the Lock-up Period. In the event that the Sponsor decides to transfer or dispose of its effective interest in the Stapled Securities, FHT may no longer be able to leverage on the Sponsor’s experience in the ownership and operation of hospitality properties, market research and network of contacts in the hospitality and hospitality-related industries to further its growth. This may have a material and adverse impact on FHT’s results of operations and financial condition which may, as a consequence, affect FHT’s ability to make distributions to Stapled Securityholders.

FH-REIT’s strategy of investing mainly in hospitality and hospitality-related assets may entail a higher level of risk compared to trusts with a more diverse range of investments.

FH-REIT is a Singapore-based REIT established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate located anywhere in the world except Thailand which is used primarily for hospitality and/or hospitality-related purposes, as well as real estate-related assets in connection with the foregoing. A concentration of investments in a portfolio of such specific real estate assets may cause FH-REIT to be susceptible to a downturn in the real estate market as well as the global hospitality industry. This may lead to a decline in occupancy and room rates for the Properties and/or a decline in the capital value of FH-REIT’s portfolio, which will have an adverse impact on FHT’s distributions to the Stapled Securityholders and/or on the business, financial condition, results of operations and prospects of FHT.
Future acquisitions may not yield the returns expected, may result in disruptions to FHT’s business, may strain management resources and may result in dilution of holdings.

FHT’s external growth strategy and its market selection process may not be successful and may not provide positive returns to Stapled Securityholders. There are risks associated with pursuing further acquisitions of hospitality related assets and successfully integrating them into FH-REIT’s portfolio. For example, the expected benefit, synergies or efficiencies from such acquisitions may take longer than expected to be achieved or may not be achieved at all. In addition, acquisitions may cause disruptions to the operations of FHT and divert the management’s attention away from day-to-day operations. New Stapled Securities issued as consideration for or otherwise in connection with any new acquisition could also be dilutive to existing Stapled Securityholders.

FHT may be subject to liability in connection with any future disposal of investments.

FHT may dispose of investments in certain circumstances and may be required to give representations and warranties or be subject to defect liabilities in connection with a disposal of such investments. In the event that any such representations or warranties are inaccurate or any defects are found, FHT may be exposed to damages and other claims. Any liability in respect of any such representations or warranties or defect liabilities may adversely affect the business, financial condition, results of operations and prospects of FHT and in turn, its ability to make distributions to Stapled Securityholders.

In relation to The Westin Kuala Lumpur, FH-REIT has entered into a lease non-disturbance agreement with the Hotel Manager which provides that FH-REIT shall procure that the Hotel Manager continues to manage the Property in the event of a sale of the Property and/or a termination of the Tenancy Agreement. In this regard, this may adversely affect the ability of FH-REIT to dispose of The Westin Kuala Lumpur.

In relation to ANA Crowne Plaza Kobe, the Retail Master Lease Agreement has a perpetual lease term and cannot be unilaterally terminated by FH-REIT. In this regard, this may adversely affect the ability of FH-REIT to dispose of ANA Crowne Plaza Kobe or its ability to obtain a more favourable price as a purchaser will have to buy the Property, subject to the Retail Master Lease Agreement, unless FH-REIT and the Retail Master Lessee mutually agree to terminate the Retail Master Lease Agreement. Pursuant to the EPTMK Share Purchase Agreement in respect of the acquisition of the entire issued share capital of Excellence TMK Pte. Ltd.¹, in the event of the termination of Retail Master Lease Agreement, the REIT Trustee shall pay to Excellence Prosperity (Singapore) Pte. Ltd. a sum of a value to be mutually agreed between the parties and the value shall take into consideration the discounted cash-flow valuation of the underlying retail leases. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to ANA Crowne Plaza Kobe – Share Purchase Agreements” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to ANA Crowne Plaza Kobe – Retail Master Lease Agreement” for further details.)

¹ Excellence TMK Pte. Ltd. holds 49.5% of the preferred shares and 100.0% of the specified shares issued by Kobe Excellence TMK. Kobe Excellence TMK holds the TBI in ANA Crowne Plaza Kobe.
The amount FH-REIT may borrow is subject to the aggregate leverage limit set out in the Property Funds Appendix, which may affect the operations of FHT.

Under the Property Funds Appendix, FH-REIT’s total borrowings, including deferred payments for assets whether to be settled in cash, FH-REIT Units or, as the case may be, Stapled Securities, may not exceed 35.0% of the value of the FH-REIT Deposited Property at the time the borrowing is incurred (the “Aggregate Leverage”). The Aggregate Leverage limit may be increased up to a maximum of 60.0% only if FH-REIT obtains and discloses to the public a credit rating from Fitch Ratings (“Fitch”), Moody’s Investors Service (“Moody’s”) or Standard & Poor’s (“S&P”). As at the Listing Date, FH-REIT will have an Aggregate Leverage of 41.7% based on the Offering Price. The REIT Manager has obtained, in respect of FH-REIT, a provisional credit rating of (P) Baa2 (stable outlook) from Moody’s. (See “Capitalisation and Indebtedness – Indebtedness” for further details.)

FHT may, from time to time, require further debt financing to achieve its investment strategies. In the event that FHT decides to incur additional borrowings in the future, FHT may face adverse business consequences of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to FH-REIT’s existing portfolio or in relation to FH-REIT’s future acquisitions of additional hospitality and/or hospitality-related assets to expand its portfolio;
- a decline in the value of the FH-REIT Deposited Property may cause the borrowing limit to be exceeded, thus affecting FH-REIT’s ability to incur further borrowings; and
- cash flow shortages (including with respect to distributions) which FH-REIT might otherwise be able to resolve by borrowings.

FHT may be affected by adverse developments or negative publicity affecting the brands of the Hotel Managers.

The Hotels in the Initial Portfolio will be managed by different Hotel Managers under different brand names. Any degradation or adverse market developments relating to the brand names of these Hotel Managers and their respective affiliated brands could adversely affect the business, financial condition, results of operations and prospects of FHT as such degradation or adverse market developments may adversely affect the reputation of the Properties and their attractiveness to guests and customers, thereby affecting the occupancy rates of the Properties.

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1 The provisional credit rating assumes the listing of FHT on the SGX-ST, the drawdown of debt facilities of S$728.6 million and the acquisition of the Properties by FH-REIT. The final rating is conditional upon the successful completion of all the events described in the foregoing sentence. The REIT Manager expects Moody’s to assign its final rating of FH-REIT on the Listing Date and will make an announcement on SGXNET of the final rating when it has been assigned to FH-REIT. All ratings are subject to revision or withdrawal at any time. Moody’s has not provided its consent, for the purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the credit rating information and is therefore not liable for such information under Sections 253 and 254 (read with Section 302) of the SFA and Sections 282N and 282O of the SFA. While the REIT Manager has taken reasonable action to ensure that the information has been reproduced in its proper form and context, and that it has been extracted fairly and accurately, neither the REIT Manager nor any other party has conducted an independent review of, nor verified the accuracy of, such information. The provisional credit rating obtained from Moody’s is current and Moody’s will be paid by FH-REIT to provide the credit rating. The credit rating is not a recommendation to invest in any securities. Issuer credit ratings express Moody’s opinion of an entity’s creditworthiness and ability to meet its senior financial obligations. More information on Moody’s and its ratings are available on its website www.moodys.com.
The right of FH-REIT and FH-BT to use the “Frasers” brand name may cease.

A licence agreement dated 25 June 2014 has been entered into between Frasers Hospitality Asset Management Pte. Ltd., Frasers Hospitality Trust Management Pte. Ltd. and the Sponsor (the “FHT Licence Agreement”) to allow FH-REIT and FH-BT to use, inter alia, the “Frasers” names and related trademark for, inter alia, activities relating to FHT and for so long as until either Frasers Hospitality Asset Management Pte. Ltd. ceases to be the manager of FH-REIT or Frasers Hospitality Trust Management Pte. Ltd. ceases be to the trustee-manager of FH-BT for whatever reasons. If FH-REIT and FH-BT cease to have the right to use the “Frasers” brand name, this may adversely affect the marketing activities and operations of FHT.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – FHT Licence Agreement” for further details.)

FHT may be affected by adverse developments or negative publicity affecting the “Frasers” brand name.

FHT is closely associated with the “Frasers” brand name. Any degradation or adverse market developments relating to the “Frasers” brand name or any negative publicity affecting the “Frasers” hospitality properties could adversely affect the results of operations of the Properties. Furthermore, any adverse developments, negative publicity and future financial challenges experienced by the Sponsor may directly result in negative perceptions of FHT due to FHT’s close association with the Sponsor, which could have a material adverse effect on the financial condition and results of operations of FHT and, in turn, its ability to make distributions to Stapled Securityholders.

FHT does not have an established operating history.

FH-REIT and FH-BT were constituted on 12 June 2014 and 20 June 2014 respectively. The REIT Manager was incorporated on 20 November 2013, while the Trustee-Manager was incorporated on 13 January 2014. As such, FH-REIT, FH-BT and the Managers do not have operating histories by which their respective past performances may be judged. This will make it more difficult for prospective investors to assess their likely future performance. There can be no assurance that (i) FH-REIT and FH-BT (in the event it is activated) will be able to generate sufficient rental revenues and cashflows from operations to make distributions, (ii) such distributions will be in line with those set out in “Profit Forecast and Profit Projection”, or (iii) FH-BT will generate sufficient cash flow to meet its rental payment obligations to FH-REIT if it becomes a master lessee of any of the Properties when required.

In addition, the MIT Manager was incorporated on 18 June 2014 and has been appointed to act as manager of MIT Australia with the MIT Trustee. The MIT Manager is required to provide investment management services to MIT Australia and there is no assurance that the MIT Manager will be able to comply with all of its obligations.

FHT may depend on certain key personnel, and the loss of any key personnel may adversely affect its operations.

The performance of FHT may depend, in part, upon the continued service and performance of members of the senior management team and certain key senior personnel of the Managers. These key personnel may leave the Managers in the future or compete with the Managers and FHT. The loss of any of these individuals or of one or more of the Managers’ other key employees and the inability to find suitable replacements on a timely basis could have a material adverse effect on the financial condition and results of operations of FHT and in turn, its ability to make distributions to Stapled Securityholders.
The Master Lessees and Tenant may not maintain the Properties properly.

The Master Lessees and Tenant may not maintain the Properties properly, resulting in substantial capital expenditure that may be required to be incurred in the future. Lack of capital or insufficient cash flow may adversely impact future operations and profitability of the Properties, thereby adversely affecting the ability of the Master Lessees and Tenant to fund costs of repairs, maintenance, renewals of FF&E, operating equipment\(^1\) and inventories and/or to make rental payments to FHT.

In addition, should the Master Lessees or the Tenant or the Hotel Managers or the Serviced Residence Operators fail to provide adequate management and maintenance, the value of the Properties may be adversely affected. Inadequate management and maintenance of the Properties may also result in a loss of tenants and rental income from the Properties, which may in turn adversely affect distributions to Stapled Securityholders.

**FH-REIT may be adversely affected by a delay in the completion of asset enhancement works currently in progress or contemplated.**

Asset enhancement works are intended to be carried out at InterContinental Singapore in 2014 and are expected to be completed by 2015. Any delay in the completion of such asset enhancement works may result in a potential loss in revenue, thereby adversely affecting the financial condition and results of operations of the relevant Properties and the rental payments made to FH-REIT. All this will in turn affect FHT’s financial condition, results of operations and ability to make distributions to Stapled Securityholders.

The REIT Manager may from time to time initiate asset enhancement on some of the Properties. There is no assurance that such plans for asset enhancement will materialise, and even in the event that they do materialise, they may incur substantial costs to FHT and yet not achieve their desired results.

**The Sponsor ROFR or the TCC ROFR will be terminated if the conditions to the Sponsor ROFR or the TCC ROFR remaining in full force and effect are not satisfied.**

To facilitate acquisition growth, the Sponsor has granted the Sponsor ROFR to FHT over any future sales by a Relevant Entity (as defined herein) of income-producing properties located anywhere in the world except Thailand, which are primarily used for hospitality and/or hospitality-related purposes. Similarly, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi have granted the TCC ROFR to FHT.

The rights under the Sponsor ROFR are granted to FHT with effect from the Listing Date and will cease immediately upon the occurrence of any of the following events: (i) the REIT Manager or any of its related corporations (as defined in the Companies Act) ceasing to be the manager of FH-REIT, (ii) the Trustee-Manager or any of its related corporations ceasing to be the trustee-manager of FH-BT, (iii) the Sponsor and/or any of its related corporations, alone or in aggregate, ceasing to be a controlling shareholder of the Managers, or (iv) the Sponsor and/or any of its related corporations, alone or in aggregate, ceasing to be a controlling unitholder of FH-REIT and FH-BT. Similarly, the rights under the TCC ROFR are granted to FHT with effect from the Listing Date and will cease immediately upon the occurrence of any of the following events: (i) the REIT Manager or any of its related corporations ceasing to be the manager of FH-REIT, (ii) the Trustee-Manager or any of its related corporations ceasing to be the trustee-manager of FH-BT,

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\(^1\) Items customarily referred to as “operating equipment” in the hotel industry include, but are not limited to, glassware, silverware, cutlery, chinaware, crockery, linen and uniforms as well as all those items generally required for the day-to-day operation of a hotel.
(iii) any TCC Group Entity\(^1\) and/or any of its related corporations, alone or in aggregate, ceasing to be a controlling shareholder of the Managers\(^2\), or (iv) any TCC Group Entity and/or any of its related corporations, alone or in aggregate, ceasing to be a controlling unitholder of FH-REIT and FH-BT.

If any of the conditions to the Sponsor ROFR or the TCC ROFR ceases to be enforced, the Sponsor ROFR or the TCC ROFR will terminate and FHT will not be able to benefit from the Sponsor ROFR or the TCC ROFR. This may adversely affect FHT’s ability to implement its acquisition growth strategy.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Right of First Refusal Agreements” for further details.)

If FH-BT steps in as a master lessee for any of the Properties, it may be required to indemnify the Hotel Manager or the Serviced Residence Operator.

In the event that FH-BT steps in as a master lessee for any of the Properties, it may be required to indemnify the Hotel Manager or the Serviced Residence Operator against any claims arising from the managing of the relevant Property, as the industry standard is for hotel or serviced residence operators to act merely as agents of the owner/lessee of the hospitality property. Accordingly, FH-BT may be required to indemnify the Hotel Manager or the Serviced Residence Operator for all claims from employees working at the relevant Property as well as former employees of the Property. There can be no assurance that any such claims will not adversely impact FH-BT’s financial condition thereby affecting its ability to perform its duties as a master lessee, as well as its ability to make distributions (if any) to Stapled Securityholders.

**Hospitality and hospitality-related businesses are capital intensive and the growth of FHT may be affected if it is unable to obtain financing on favourable terms or at all.**

The Properties will require periodic capital expenditures, refurbishments, renovation and improvements to remain competitive. The acquisition or development of additional hospitality and hospitality-related assets will require significant capital expenditures. There is no assurance that FHT will be able to fund capital improvements or acquisitions solely from cash generated by its operating activities. Additional equity or debt financing is subject to prevailing conditions in the equity and debt markets, and may not be available on favourable terms or be available at all. Further, the reserves for FF&E set aside by FHT may not be sufficient.

(See also the risk factor “FHT faces risks associated with debt financing” for further details.)

**FHT faces risks associated with debt financing.**

Both FH-REIT and FH-BT will be subject to risks associated with debt financing, including the risk that their cash flow will be insufficient to meet required payments of principal and interest under such financing and that past payment of the required principal and interest may leave FHT with insufficient cash resources to properly make distributions to Stapled Securityholders.

The ability of FH-REIT or FH-BT to obtain additional debt or equity financing or both is dependent on a number of factors outside its control such as local and global economic conditions, capital and credit market and political stability. There can be no assurance that such financing will be available on favourable terms or at all.

\(^1\) “TCC Group Entity” refers to any entity within the TCC Group or a private fund managed by the TCC Group.

\(^2\) As at the Latest Practicable Date, the Sponsor is approximately 87.9% directly owned by InterBev Investment Limited and TCC Assets Limited, which are members of the TCC Group. Each of the Managers is wholly-owned by the Sponsor. This condition under the TCC ROFR is therefore met.
Both FH-REIT and FH-BT will also be subject to the risk that the terms of any refinancing of borrowings may not be as favourable and this may include an increase in interest expense. This may adversely affect both FH-REIT’s and FH-BT’s cash flow and the amount of distributions they could make to Stapled Securityholders.

(See “Risk Factors – Risks Relating to an Investment in the Stapled Securities – FHT’s distribution policy may cause FHT to face liquidity constraints” and “Capitalisation and Indebtedness” for further details.)

The Managers may not be able to successfully implement their investment strategy and/or asset enhancement strategy for FHT.

There is no assurance that the Managers will be able to implement their investment strategy for FHT successfully or that they will be able to expand the portfolio of FHT at any specified rate or to any specified size. The Managers may not be able to make acquisitions or investments on favourable terms or within a desired time frame. Consequently, FHT’s ability to make new property acquisitions under its acquisition growth strategy may be adversely affected. Even if FHT is able to successfully acquire property or investments, there is no assurance that FHT will achieve its intended return on such acquisitions or investments.

In addition, FHT’s investment strategy involves a higher level of risk as compared to a portfolio which has a more diverse range of investments.

There may also be significant competition for attractive investment opportunities from other property investors, including other REITs, commercial property companies and private investment funds. Potential sellers of real estate assets may view the necessity of raising equity capital to fund an acquisition negatively and may prefer other purchasers. There is no assurance that FHT will be able to compete effectively against other property investors.

The proposed acquisition by FHT of the Sponsor ROFR Properties and/or the TCC ROFR Properties may require third party consents and there can be no assurance that such third parties will give such consent. For example, consents from regulatory authorities, financial institutions pursuant to covenants against sale or mortgages under the financing terms to the vendor, the managers or operators of the hotels/ serviced residences and/or suppliers may not be obtained at all or on terms that are satisfactory to the Managers.

Further, the Managers may from time to time initiate asset enhancement plans for some of the Properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs to FHT.

FHT may engage in hedging transactions, which can limit gains and increase exposure to losses, and not offer full protection against interest rate and exchange rate fluctuations.

FHT may enter into hedging transactions to protect itself from the effects of interest rate fluctuations on floating rate debt and exchange rate fluctuations. Hedging transactions may include entering into interest rate hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements. However, it may not always be possible for FHT to enter into hedging activities and hedging may not always have the desired beneficial effect on the results of operations or financial condition of FH-REIT and/or FH-BT (as the case may be). No hedging activity can completely insulate FH-REIT or FH-BT from risks.

\[1\] For the purposes of part of the purchase consideration for the Properties, FH-REIT has entered on 27 June 2014 into forward contracts to hedge the Singapore dollar equivalent to approximately JPY3,911 million, AUD71 million, GBP44 million and MYR362 million to convert Singapore dollars to the respective currencies.
associated with changes in interest rates and exchange rates, and changes in foreign exchange rates for example, may negatively affect FH-REIT’s asset value. Moreover, interest rate hedging could fail to protect FHT or adversely affect FHT because, among other things:

- the available hedging may not correspond directly with the risk for which protection is sought;
- the duration or nominal amount of the hedge may not match the duration of the related liability;
- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs the ability of FH-REIT and/or FH-BT (as the case may be) to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments and the significant loss in value of hedging instruments due to a write down to fair value would reduce the net asset value (“NAV”) of FHT.

Hedging involves risks and typically involves costs, including transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distributions to the Stapled Securityholders. The Managers will regularly monitor the feasibility of engaging in such hedging transactions taking into account the cost of such hedging transactions.

(See “Capitalisation and Indebtedness” and “Strategy” for further details.)

Property operation costs and expenses of the Properties may not decrease even if occupancy rate declines.

Operating a hotel or a serviced residence involves a significant amount of fixed costs and such costs will not vary significantly with high or low occupancy rates over a week, month or season. As such, significant fixed costs may limit the ability of the operators of the Properties to respond to adverse market conditions by minimising costs. Such limitations may have an impact on profitability when the hospitality industry is weak. This may adversely affect the ability of the Master Lessees and Tenant to make rental payments to FH-REIT and consequently, the ability of FHT to make distributions to the Stapled Securityholders.

RISKS RELATING TO THE HOSPITALITY INDUSTRY

The financial performance of FHT is dependent on the condition and outlook of the hospitality and hospitality-related industries, which are in turn susceptible to cyclicality and other factors outside the control of FHT and the Managers.

Both the hospitality and hospitality-related businesses are cyclical and sensitive to external and economic changes. There are a number of factors which are common to the regional and global hospitality and hospitality-related industries and beyond the control of FHT and the Managers.

These factors could affect the financial performance of FHT, including the following but not limited to:

- the condition of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as the political landscape, environmental conditions and
epidemics that result from the spread of infectious diseases that may result in reduced occupancy rates, room rates, visitors and demand for the hospitality or hospitality-related assets of FHT;

• unexpected increase in new supply of hotels and hence increased competition in the markets in which FHT operates, which could adversely impact the occupancy levels and revenue of the Properties or future hospitality or hospitality-related assets of FHT;

• changes in FHT’s relationships with, and the performance and reputation of the lessees, hotel managers, service providers, lenders and other companies with whom FHT may contract;

• changes in government laws and regulations, fiscal policies and zoning ordinances, labour laws and the related costs of compliance with laws and regulations, fiscal policies and ordinances affecting FHT;

• increased competition in hospitality and hospitality-related industries in countries in which FHT’s assets are located;

• changes in business, commercial and leisure travel and tourism patterns, which may fluctuate and tend to be seasonal;

• changes in frequency of events or conferences in the surrounding vicinity of each Property or future hospitality or hospitality-related assets of FHT;

• unexpected increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather conditions that could affect travel demand;

• increases in operating costs due to inflation, labour costs (including the impact of unionisation), workers’ compensation and healthcare-related costs, maintenance costs, utility costs, insurance and unanticipated costs such as those resulting from acts of nature;

• changes in exchange rates that may adversely affect FHT’s operating results, asset value, liabilities or ability to finance its operations;

• changes in interest rates and in the availability, cost and terms of debt financing and other changes that may adversely affect FHT’s ability to source capital to fund capital expenditures, acquisitions and other general corporate purposes or to comply with debt financing covenants;

• changes to the fees charged by hotel operators or serviced residence operators;

• difficulties in identifying hospitality and hospitality-related assets to acquire and difficulties in completing and integrating acquisitions;

• the nature and length of a typical hotel guest’s stay as hotel guests typically stay on a short-term basis and there is no assurance of long-term occupancy for hotel rooms;

• the time that it may take to construct, develop or complete the refurbishments of properties and receive registrable title to such properties;

• any restrictions in the ability to renovate the Properties and future assets of FHT in order to preserve or expand demand for the Properties and such assets;

• unfavourable publicity in relation to the Properties;
• the reputation and standing of the service providers, including restaurants located within the Properties, future hotels and hospitality and hospitality-related assets of FHT;

• the financial condition and liquidity of FHT;

• risks relating to investments in hospitality and hospitality-related assets; and

• other matters not yet known to the Managers or not currently considered material by the Managers.

These factors could lead to deterioration in the ability of the Hotel Managers and the Serviced Residence Operators to generate income and the amount of the rental payments from the Master Lessees and Tenant. This would have adverse effects on the business, financial condition, results of operations and prospects of FHT and reduce its ability to make distributions to the Stapled Securityholders.

The hospitality industry is competitive and the performance of FHT may be affected by increasing supply of hospitality assets in its key markets.

The hospitality industry is highly competitive and on-going completion of new hotels or renovations of competing hotel properties can reduce the competitiveness of older or existing properties. The Properties and future assets of FHT will experience competition primarily from similar grade hotels in their immediate vicinity, and also with other hotels in their geographical market. The level of competition is affected by various factors, including (i) changes in local, regional and global economic conditions, (ii) changes in local, regional and global populations, (iii) the supply and demand for hospitality properties and (iv) changes in patterns and preferences or customs. The success of a hotel or a serviced residence will largely depend on its ability to compete in areas such as quality of accommodation, room rates, level of service, brand recognition, convenience of location and the quality of lobby areas, F&B facilities and other amenities. Competing hotels may offer more facilities at their premises at similar or more competitive prices compared to the facilities offered at the Properties. Competitors may also significantly lower their rates or offer greater convenience, services or amenities to attract more customers. If these efforts are successful, the results of operations at the Properties may be adversely affected. (See “Business and Properties – Outlook for the Hospitality Sector” for details of the competition.)

A general inability of the Properties to compete effectively could adversely affect the business, financial condition, results of operations and prospects of FHT and in turn, its ability to make distributions to Stapled Securityholders.

The hospitality industry is service-oriented and FHT may be adversely affected if the Master Lessee and Tenant are unable to compete effectively for skilled hospitality employees.

The hospitality industry is a service-oriented industry and is very labour-intensive. Competitors may compete aggressively for skilled hospitality employees, which would increase the operating cost of the Properties. In addition, the hospitality staff of the Master Lessees and Tenant may be poached by existing or new competitors in the market, which may have an adverse effect on the operations of the affected Property. A shortage of manpower may translate to lower service quality, which may in turn affect guests’ lodging experience and lead existing customers to prefer alternative accommodation from competitors of FHT.
The hospitality business is regulated and operations of the Properties require licences, and any failure to obtain, renew or obtain the transfer of, such licences may adversely affect the operations of FHT.

The operation of hotels is generally subject to various local laws and regulations such as the Hotels Act, Chapter 127 of Singapore (the “Hotels Act”) and the Innkeepers Act, Chapter 139 of Singapore, which hotels in Singapore are required to be licensed under. In addition, the countries in which the Properties are located (such as Australia and the United Kingdom) have licensing requirements in relation to the sale of alcohol on the premises. Such laws and regulations may require FH-REIT, FH-BT, their subsidiaries, the Master Lessees, the Tenant and/or the Hotel Managers to be licensed and to obtain other approvals to own, operate and lease the Properties. The withdrawal, suspension or non-renewal of any approvals and/or licences, or the imposition of any penalties, as a result of any infringement or non-compliance with any laws, rules or regulations applicable to the Properties, will have an adverse impact on the businesses at the Properties and their results of operations. Further, any changes in such laws, rules and regulations may also impact the businesses at the Properties and may result in higher costs of compliance. Any failure to comply with new or revised laws, rules and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could have an adverse impact on the revenue and profits of the Properties or otherwise adversely affect their operations.

There can be no assurance that the tourism promotion authorities in Singapore, Australia, the United Kingdom, Japan and Malaysia will succeed in increasing tourism receipts or that such success, if any, will improve the financial performance of FHT.

The financial performance of the Properties may be affected by the tourism industry in the respective countries. In this regard, there can be no assurance that the initiatives taken by the tourism promotion authorities in Singapore, Australia, the United Kingdom, Japan and Malaysia to increase tourism receipts will be successful. Even if these initiatives are successful, it is not certain that an increase in tourism receipts would lead to a corresponding increase in the number of visitors or the length of their stay. Furthermore, an increase in the number of visitors or the length of their stay may not result in an increase in the revenues or gross operating profits of the Properties, or an increase in rental payments received by FHT.

RISKS RELATING TO INVESTING IN REAL ESTATE

FHT may be adversely affected by the illiquidity of its real estate investments.

FHT’s investment strategy is to invest principally in hospitality and hospitality-related assets. This involves a higher level of risk as compared to a portfolio which has a diverse range of investments. Real estate investments, particularly investments in high value properties such as the Properties and those in which FHT intends to invest, are relatively illiquid. Such illiquidity may affect FHT’s ability to optimise its investment portfolio or liquidate its assets in response to changes in economic, real estate market or other conditions. For instance, FHT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in price in order to achieve a quick sale. FHT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on FHT’s financial condition and results of operation, with a consequential adverse effect on FHT’s ability to deliver expected distributions to Stapled Securityholders.
The properties owned by FHT or a part of them may be acquired compulsorily by the respective governments in the countries in which such properties are located.

The Initial Portfolio will comprise properties which are located in Singapore, Australia, the United Kingdom, Japan and Malaysia. Under the laws and regulations of each country, there are various circumstances under which the respective governments of each country are empowered to acquire some of the Properties.

In the event that the compensation paid for the compulsory acquisition of any Property is less than the market value of the Property, such compulsory acquisitions would have an adverse effect on the gross revenue of FHT and the value of its asset portfolio.

FHT may in future acquire hospitality and hospitality-related assets located in other countries. The laws of these countries may also provide for a right by the governments of these countries to compulsorily acquire any land or property with no compensation to the owner, or for compensation below market value. Such compulsory acquisitions would have an adverse effect on the revenue, results of operations and value of FHT’s asset portfolio.

As an example, pursuant to the provisions of the applicable legislation (including the Land Acquisition Act 1960), the Government of Malaysia has the power to compulsorily acquire any land in Malaysia for public interest considerations. In the event of any compulsory acquisition of property in Malaysia, the amount of compensation to be awarded is based on the market value of a property and is assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. If The Westin Kuala Lumpur were acquired compulsorily by the Government of Malaysia, the level of compensation paid to the Malaysian SPV might be less than the price which the Malaysian SPV paid for such property or less than the market price of such property upon its sale in the open market or that the compensation received may be insufficient to pay off the Class A Senior MTNs, Class B Junior MTNs and Class C Junior MTNs issued by the Malaysian SPV under the MTN Programme. Such compulsory acquisition could have an adverse effect on the financial condition, results of operations and prospects of FHT and in turn, its ability to make distributions to Stapled Securityholders.

There may also be a delay between the compulsory acquisition and the payment of compensation, and this may also have an adverse effect on FH-REIT’s cash flow position.

**FHT’s ability to make distributions to Stapled Securityholders may be adversely affected by increases in its property expenses and other operating expenses.**

FHT’s ability to make distributions to Stapled Securityholders could be adversely affected if its property expenses and other operating expenses increase (save for such expenses which FHT is not responsible for pursuant to the Master Lease and Tenancy Agreements) without a corresponding increase in revenue or rental payments.

Factors that could increase property expenses and other operating expenses include:

- increase in property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies that increase the cost of compliance with such laws, regulations or policies;
- change in direct or indirect tax policies;
- increase in sub-contracted service costs;
- increase in labour costs;
• increase in repair and maintenance costs;
• increase in cost of utilities
• increase in insurance premiums;
• increase in the rate of inflation; and
• defects affecting, or environmental pollution in connection with, FHT’s properties that need to be rectified, leading to unforeseen capital expenditure.

The gross revenue earned from the Properties and the value of the Properties may be adversely affected by a number of factors.

The gross revenue earned from the Properties and the value of the Properties may be adversely affected by a number of factors, including, but not limited to:

• FHT’s ability to collect rent from the Master Lessees and Tenant on a timely basis or at all;
• the amount and extent to which FHT is required to grant rental rebates to the Master Lessees and Tenant;
• defects affecting the Properties which could affect the operations of the Hotel Managers or the Serviced Residence Operators resulting in the inability of the Master Lessees and Tenant to make timely payment of rent or at all;
• the sub-lessees or operators seeking the protection of bankruptcy or insolvency laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the lease, or which could hinder or delay the re-letting of the space in question or the sale of the relevant property;
• the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for space, changes in market rental rates and operating expenses for the Properties);
• vacancies following the expiry or termination of leases (with or without cause) that lead to reduced occupancy rates;
• terms agreed under new master leases (or sub-leases) and tenancies being less favourable than those under current master leases (or sub-leases) or tenancies;
• the Managers’ ability to provide adequate management and maintenance or to purchase or put in place adequate insurance;
• competition from other hotels for customers;
• changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the Properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and
• acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases, natural disasters and other events beyond the control of the Managers.
RISKS RELATING TO AN INVESTMENT IN THE STAPLED SECURITIES

The actual performance of FHT and the Properties could differ materially from the forward-looking statements in this Prospectus.

This Prospectus contains forward-looking statements including, among other things, the forecast and projected distribution levels for the period from the Forecast Period 2014 to the Projection Year 2015. These forward-looking statements are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside FHT’s control (see “Profit Forecast and Profit Projection – Assumptions” for further details).

Some or all of the events and circumstances contained in these forward-looking statements may not occur as expected, or events and circumstances which are not currently anticipated may arise. Actual results and performances of FHT and the Properties may differ materially from that forecast in these forward-looking statements.

FH-BT will be dormant as at the Listing Date. The forecast and projected distributions of FHT in this Prospectus are based on (i) the forecast and projected distribution of FH-REIT and (ii) FH-BT remaining dormant during Forecast Period 2014 and Projection Year 2015. In the event that FH-BT becomes active, it is likely that the actual distributions of FHT for Forecast Period 2014 and Projection Year 2015 will differ materially from the forecast and projected distributions of FHT in this Prospectus.

Further, while profit forecasts are prepared for Forecast Period 2014, it should be noted that due to the seasonal nature of the hospitality business, the financial performance of hospitality properties is generally better in the second half of the year as compared to the first half of the year.

Activities carried out by FH-BT may affect the returns of FHT.

As at the Listing Date, FH-BT will be dormant. It will, however, become active if FH-REIT is unable to appoint a master lessee for any of the Properties in its portfolio at the expiry of the relevant master lease agreement or for a hospitality property newly acquired by FH-REIT. In such circumstances, FH-BT will be appointed by FH-REIT as a master lessee for that property, and FH-BT will in turn appoint the Hotel Manager or the Serviced Residence Operator to manage the day-to-day operations and marketing of the hospitality property. FH-BT exists primarily as a “master lessee of last resort”.

FH-BT may also become active if it undertakes certain hospitality or hospitality-related development projects, acquisitions and investments which may be unsuitable for FH-REIT. In this regard, FH-BT will generally be considered to be active in the event that it carries out on any business activity other than:

- activities which FH-BT is required to carry out under any applicable law, regulation, rule or directive of any agency, regulatory or supervisory body;
- the lending or use of the initial S$10,000 working capital raised from the Offering; or
- equity fund-raising activities and issue of new FH-BT Units carried out in conjunction with FH-REIT which are solely for the purposes of funding FH-REIT’s business activities.

When FH-BT becomes active, it will face additional risks including, but not limited to, material losses suffered as a result of business or commercial risks, downturns in the relevant economies or markets, a lack of demand for its products and services and an inability to compete effectively against other competitors. Should FH-BT suffer losses, or should its relative returns based on criteria such as capital or equity employed be lower than that of FH-REIT, the returns of FHT may
be adversely affected since such returns comprise an aggregate of returns from both FH-REIT and FH-BT. Such risks will be different from the risk profile of FHT as at the Listing Date, which is essentially that of a property owner deriving mainly rental income from the Master Lessees and Tenant.

**Fluctuation of the Australian dollar, the Pound Sterling, the Japanese Yen or the Malaysian Ringgit could adversely affect the value of distributions paid in respect of the Stapled Securities.**

Since the income and profit of FHT from its assets are denominated in the currencies of the countries in which the Properties are located, any fluctuation in the value of these currencies may adversely affect the value of distributions paid in respect of FHT in Singapore dollars. For instance, as the UK Properties constitute a significant portion of the Initial Portfolio, its earnings and cash flow position (including its NAV per Stapled Security) may be adversely affected if the Pound Sterling weakens against the Singapore dollar.

**The Stapled Securities may be subsequently unstapled.**

The Stapled Securities may be unstapled for various reasons as set out in the Stapling Deed. In particular, the Stapled Securityholders may, for various reasons, after the Listing Date, decide that the Stapled Securities should be unstapled, subject to the Stapling Deed, the FH-BT Trust Deed and any relevant legislation. In the event that unstapling should occur, the structure of FHT may be undermined and there may be ramifications and adverse effects to Stapled Securityholders. As the letter of eligibility issued by the SGX-ST to FHT for the listing and quotation on the Main Board of the SGX-ST is in relation to the Stapled Securities and does not extend to the listing and quotation of the individual components of the Stapled Securities, being FH-REIT Units and FH-BT Units, upon unstapling, the Stapled Securities will be de-listed from the SGX-ST. As a result, investors’ ability to liquidate their investments in FH-REIT Units and/or FH-BT Units in response to changes in economic, real estate market or other conditions may be adversely affected and the realisable value of FH-REIT Units and FH-BT Units may be less than their fair values.

(See “The Formation and Structure of FHT, FH-REIT and FH-BT – The Formation and Structure of FHT – Unstapling” for further details.)

**The market price of the Stapled Securities may be adversely affected by a sale or possible sale of a substantial number of Stapled Securities by the Sponsor, TCC Hospitality or the Cornerstone Investors in the public market following the lapse of any applicable lock-up arrangements.**

Following the Offering, FHT will have 1,192,628,000 issued Stapled Securities of which 22.0% of the total number of Stapled Securities in issue immediately after the Listing will be held by the Sponsor, 43.0% will be held by TCC Hospitality (assuming the Over-Allotment Option is not exercised) and 19.5% Stapled Securities will be held by the Cornerstone Investors. If any of the Sponsor, the Sponsor Entity, TCC Hospitality, the shareholders of TCC Hospitality and/or their transferees of the Stapled Securities (following the lapse of the relevant respective lock-up arrangement, or pursuant to any applicable waivers) or any of the Cornerstone Investors sells or is perceived as intending to sell a substantial amount of its Stapled Securities, or if a secondary offering of the Stapled Securities is undertaken in connection with an additional listing on another securities exchange, the market price for the Stapled Securities could be adversely affected.

(See “Plan of Distribution – Lock-up Arrangements” and “Ownership of the Stapled Securities” for further details.)
The NAV per Stapled Security may be diluted if further issues are priced below the current NAV per Stapled Security.

New Stapled Securities may be issued at a subscription price at or below the current NAV per Stapled Security. Where new Stapled Securities, including Stapled Securities which may be issued to the REIT Manager and/or the Trustee-Manager’s management fees, are issued at less than the current NAV per Stapled Security, the NAV of each existing Stapled Security will be diluted.

**FHT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting Registered Business Trusts and/or REITs.**

FHT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting business trusts registered with the MAS (“Registered Business Trusts”) and/or REITs. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect Registered Business Trusts in general, REITs in general or FHT specifically.

**FHT may not be able to comply with the terms of the Tax Transparency Ruling and the Foreign Sourced Income Tax Exemption Rulings (collectively, the “Tax Rulings”), or the Tax Rulings may be revoked or amended.**

FH-REIT and the Singapore Subsidiaries have obtained the Tax Rulings from the IRAS under which tax transparency in respect of the Specified Taxable Income and Singapore tax exemption on certain foreign sourced trust distributions, interest income and dividend income received by FH-REIT and Singapore Subsidiaries have been granted on stipulated terms and conditions. The Tax Rulings are subject to FH-REIT and the Singapore Subsidiaries satisfying the stipulated conditions. They may also be revoked either in part or in whole or the terms may be reviewed and amended by the IRAS at any time. Further, the Tax Rulings are granted based on the facts represented to the IRAS and where such facts turn out to be different from those represented to the IRAS, or where there is a subsequent change in the tax laws or interpretation thereof, the Tax Rulings may not apply.

If either or both of the Tax Rulings are revoked or if FH-REIT is unable to comply with the terms thereof, the tax transparency or exemption may not apply, in which case, FHT’s tax liability may be affected which in turn could affect the amount of distributions made to Stapled Securityholders.

(See “Taxation – Singapore Taxation” and Appendix F, “Independent Taxation Report” for further details.)

**Foreign Stapled Securityholders may not be permitted to participate in future rights issues and preferential offerings by FHT.**

The FH-REIT Trust Deed and the FH-BT Trust Deed provide that in relation to any rights issue, the Managers may, in their absolute discretion, elect not to extend an offer of the Stapled Securities under a rights issue or preferential offering to those Stapled Securityholders whose addresses, as registered with CDP, are outside of Singapore. The rights or entitlements to the Stapled Securities to which such Stapled Securityholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Managers may determine, subject to such other terms and conditions as the REIT Trustee and the Trustee-Manager may impose. The proceeds of any such sale, if successful, will be paid to the Stapled Securityholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Stapled Securityholders are less than S$10.00, the Managers are entitled to retain such proceeds as part of the FH-REIT Deposited Property and the FH-BT
Trust Property respectively. The holding of the relevant Stapled Securityholder may be diluted as a result of such non-participation or not being able to participate in any rights issue or preferential offering.

**FHT’s distribution policy may cause FHT to face liquidity constraints.**

FH-REIT is required by the Tax Transparency Ruling to distribute at least 90.0% of its Specified Taxable Income. If FH-REIT’s Specified Taxable Income is greater than its cash flow from operations, there may be liquidity constraints and it may have to borrow to meet on-going cash flow requirements in order to distribute at least 90.0% of its Specified Taxable Income since it may not have any reserves to draw on. FH-REIT’s ability to borrow is, however, limited by the Property Funds Appendix. Failure to make distributions would result in a breach of the terms of the Tax Transparency Ruling and the REIT Trustee would be liable to pay income tax on its Specified Taxable Income. Should FH-BT be active and profitable, the declaration and payment of distributions by FH-BT will be at the sole discretion of the Trustee-Manager Board. FH-BT is not compulsorily required to make any distributions to Stapled Securityholders. If any such distributions are made to Stapled Securityholders, FH-BT may have to borrow in order to meet outgoing cash flow requirements.

(See “Taxation” and Appendix F, “Independent Taxation Report” for further details.)

**FHT may not be able to make distributions to Stapled Securityholders or the level of distributions may fall.**

The income which FH-REIT earns from its real estate investments depends upon, among other factors,

- the amount of rental income received; and
- the level of property and other operating expenses incurred.

If the investments held by FH-REIT do not generate sufficient income, FHT’s cash flow and ability to make distributions to the Stapled Securityholders will be adversely affected. As such, FH-REIT is highly reliant on the continued good performance of its investments to maintain distributions.

In addition, as FHT’s investment in the Properties is through the entities held by FH-REIT, in order to make distributions to the Stapled Securityholders, FHT will rely on the receipt of dividends/distributions/interest/shareholder’s loan repayment (or other forms of repatriation), from the entities held by FH-REIT.

There can be no assurance that the initial distribution will be as forecast and there can be no assurance that FHT will have sufficient distributable or realised profits or surplus in any future period to make distributions, pay interest, or make advances. The ability of the entities held by FHT to pay dividends/distributions, make interest payments and repay shareholder’s loans may be affected by a number of factors including, among other things:

- their respective businesses and financial positions;
- insufficient cash flows received from the assets;
- applicable laws and regulations, which may restrict the payment of dividends/distributions by the entities held by FHT;
- operating losses incurred by the entities held by FHT in any financial year;
• changes in accounting standards, taxation laws and regulations, laws and regulations in respect of foreign exchange repatriation of funds, corporation laws and regulations relating thereto in Singapore, Australia, the United Kingdom, Jersey, Japan and/or Malaysia;

• trapped cash in the entities held by FHT (as a result of depreciation being a mandatory accounting expense under the applicable accounting standards), which cannot be effectively utilised; and

• the terms of agreements to which they are, or may become, a party.

Further changes in the applicable laws in Singapore, Australia, the United Kingdom, Jersey, Japan and/or Malaysia may limit FHT’s ability to pay or maintain distributions to the Stapled Securityholders. There is no assurance that the level of distributions to the Stapled Securityholders will not be adversely affected in the future. No assurance can be given as to FHT’s ability to pay or maintain distributions. Neither is there any assurance that the level of distributions will increase over time, that there will be contractual increases in rent under the Master Lease and Tenancy Agreements or increases in the operating revenue of the Properties or that the receipt of rental or (as the case may be) operating revenue in connection with any expansion of the Properties or further acquisitions of assets will increase FHT’s income available for distribution to Stapled Securityholders.

(See “Distributions” for further details.)

**Market and economic conditions may affect the market price and demand for the Stapled Securities.**

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of and demand for the Stapled Securities.

An increase in market interest rates may have an adverse impact on the market price of the Stapled Securities if the annual yield on the price paid for the Stapled Securities gives investors a lower return as compared to other investments.

**Certain provisions of the Singapore Code on Take-overs and Mergers (the “Take-over Code”) could have the effect of discouraging, delaying or preventing a merger or acquisition which could adversely affect the market price of the Stapled Securities.**

Under the Take-over Code, an entity is required to make a mandatory offer for all the Stapled Securities not already held by it and/or parties acting in concert with it (as defined in the Take-over Code) in the event that an increase in the aggregate holdings of Stapled Securities of it and/or parties acting in concert with it results in the aggregate holdings of Stapled Securities crossing certain specified thresholds.

While the Take-over Code seeks to ensure an equality of treatment among the Stapled Securityholders, its provisions could substantially impede the ability of Stapled Securityholders to benefit from a change in control and, as a result, may adversely affect the market price of the Stapled Securities and the ability to realise any potential change of control premium.
Neither the REIT Manager nor the Trustee-Manager is obliged to redeem the Stapled Securities.

Stapled Securityholders have no right to request either the REIT Manager or the Trustee-Manager to redeem their Stapled Securities (while the Stapled Securities are listed on the SGX-ST. It is intended that Stapled Securityholders may only deal in their listed Stapled Securities through trading on the SGX-ST.

The Stapled Securities have never been publicly traded and the listing of the Stapled Securities on the Main Board of the SGX-ST may not result in an active or liquid market for the Stapled Securities.

Prior to the Offering, there is no public market for the Stapled Securities and an active public market for the Stapled Securities may not develop or be sustained after the Offering. While a letter of eligibility from the SGX-ST for the listing and quotation of the Stapled Securities on the Main Board of the SGX-ST has been received, listing and quotation does not guarantee that a trading market for the Stapled Securities will develop or, if a market does develop, the liquidity of that market for the Stapled Securities. Prospective Stapled Securityholders should view the Stapled Securities as illiquid and must be prepared to hold their Stapled Securities for an indefinite length of time.

Although it is currently intended that the Stapled Securities will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Stapled Securities. Among other factors, FHT may not continue to satisfy the listing requirements of the SGX-ST.

Further, it may be difficult to assess FHT’s performance against either domestic or international benchmarks.

The market price of the Stapled Securities may decline after the Offering.

The Offering Price of the Stapled Securities has been determined by agreement between the Managers and the Joint Bookrunners. The Offering Price may not be indicative of the market price for the Stapled Securities upon the completion of the Offering. The Stapled Securities may trade at prices significantly below the Offering Price after the Offering. The trading price of the Stapled Securities will depend on many factors, including:

- the perceived prospects of the business and investments of FH-REIT and FH-BT (if any) and the hospitality and hospitality-related real estate markets in Singapore;
- differences between the actual financial and operating results of FHT and those expected by investors and analysts;
- changes in analysts’ recommendations or projection;
- changes in general economic or market conditions;
- the market value of the assets of FHT;
- the perceived attractiveness of the Stapled Securities against those of other equity or debt securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Stapled Securities;
- the future size and liquidity of the Singapore REIT and business trust market;
• any changes from time to time to the regulatory system, including the tax system, both generally and specifically in relation to Singapore REITs and business trusts;

• the ability on the part of FH-REIT to implement successfully its investment and growth strategies;

• broad market fluctuations, including weakness of the equity market and increases in interest rates; and

• foreign exchange rates.

For these reasons, among others, the Stapled Securities may trade at prices that are higher or lower than the NAV per Stapled Security. The issue of Stapled Securities under the Offering will be at a premium to FHT’s NAV. On the Listing Date, there will be a premium of 5.5% to the NAV per Stapled Security based on the Offering Price. To the extent that FH-REIT retains operating cash flow for investment purposes, working capital requirements or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Stapled Securities. Any failure on the part of FHT to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Stapled Securities.

In addition, the Stapled Securities are not capital-safe products. There is no guarantee that Stapled Securityholders can realise a higher amount or even the principal amount of their investment. If FHT, FH-REIT or FH-BT is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Stapled Securities.

Third parties may be unable to recover claims brought against the Managers as the Managers are not entities with significant assets.

Third parties, in particular, Stapled Securityholders, may in future have claims against the Managers in connection with the carrying on of their respective duties as manager of FH-REIT and trustee-manager of FH-BT (including in relation to the Offering and this Prospectus).

Under the terms of the FH-REIT Trust Deed, the REIT Manager is indemnified from the FH-REIT Deposited Property against any actions, costs, claims, damages, expenses or demands to which it may be put as the manager of FH-REIT unless occasioned by the fraud, gross negligence, wilful default or breach of the FH-REIT Trust Deed by the REIT Manager. In the event of any such fraud, gross negligence, wilful default or breach, only the assets of the REIT Manager itself and not the FH-REIT Deposited Property would be available to satisfy a claim.

Under the terms of the FH-BT Trust Deed, the Trustee-Manager is indemnified from the FH-BT Trust Property against any actions, costs, claims, damages, expenses or demands to which it may be put as the trustee-manager of FH-BT unless occasioned by the fraud, wilful default, breach of trust or where the Trustee-Manager fails to exercise the degree of care and diligence required of a trustee-manager of a registered business trust under the BTA (“Due Care”). In the event of any such fraud, wilful default, breach of trust or failure to exercise Due Care, only the assets of the Trustee-Manager itself and not the FH-BT Trust Property would be available to satisfy a claim.
GENERAL RISKS RELATING TO SINGAPORE, AUSTRALIA, THE UNITED KINGDOM, JERSEY, JAPAN AND MALAYSIA

FHT may be exposed to risks associated with changes to laws and policies in Singapore, Australia, the United Kingdom, Jersey, Japan and Malaysia.

FHT will initially be investing, directly or indirectly, in properties located in Singapore, Australia, the United Kingdom, Japan and Malaysia and will be holding the Properties in United Kingdom through Jersey companies. It will therefore be subject to foreign real estate laws, securities laws, tax laws, any applicable laws relating to foreign exchange and related policies, and any unexpected changes to the same. There can be no assurance that FHT’s investments will not be negatively impacted as a result of measures and policies adopted by the relevant foreign governments and authorities at the local and national levels, including the imposition of foreign exchange restrictions. There can also be no assurance that FHT will be able to repatriate the income and gains derived from its investments and other assets in these foreign countries to Singapore. It may also be difficult to obtain legal protection and recourse in some countries.

FHT is exposed to the risks associated with changes in the Japanese tax laws. The legal and regulatory framework governing TMKs continues to evolve and be reviewed by lawmakers and regulators. Additionally, the Japanese taxation system is undergoing significant changes as part of reform measures designed to stimulate the overall economy in Japan. These and other factors could lead to unanticipated changes in the tax laws and regulations relating to TMKs, which may significantly increase the tax burden of Kobe Excellence TMK for any fiscal period and, consequently, reduce the amounts of distribution that FHT may make to Stapled Securityholders. In addition, the application of the reduced withholding tax rates under the Singapore-Japan Avoidance of Double Taxation Agreement (“Singapore-Japan DTA”) on interest and/or dividend income received by the relevant Singapore subsidiaries of FHT is subject to certain conditions. These include the requirement for the recipient of such income to be the beneficial owner of the income and to be a tax resident of Singapore. Under the Singapore-Japan DTA, the optimal withholding tax rate on interest and dividends is 10.0% and 5.0% respectively, while the domestic withholding tax rate on both interest and dividends is 20.0% (from 1 January 2013, for a period of 25 years, a 2.1% surtax will be imposed and this will increase the withholding tax rate to 20.42%).

There can therefore be no assurance that the relevant Singapore subsidiaries of FHT will, on an on-going basis, be able to meet the requisite conditions to benefit from the reduced withholding tax rates provided under the Singapore-Japan DTA. Where the reduced withholding tax rates are not applicable, this would reduce FHT’s income, which may in turn adversely affect the amount available for distribution to Stapled Securityholders.

Further, FHT may be exposed to the risks associated with the changes to laws and policies in other countries (besides Australia, the United Kingdom, Jersey, Japan and Malaysia) which it may invest in, in the future.

FHT may be exposed to various types of taxes in Singapore, Australia, the United Kingdom, Jersey, Japan and Malaysia.

The income and gains derived by FHT, directly or indirectly, from its Properties may be exposed to various types of taxes in Singapore, Australia, the United Kingdom, Jersey, Japan and Malaysia. These include but are not limited to income tax, withholding tax, capital gains tax and other taxes specifically imposed for the ownership of such assets (see “Taxation” and Appendix F, “Independent Taxation Report”). While the Managers intend to manage the taxation in each of these countries efficiently, there can be no assurance that the desired tax outcome will necessarily be achieved. In addition, the level of taxation in each of these countries is subject to changes in
laws and regulations and such changes, if any, may lead to an increase in tax rates or the introduction of new taxes. All these factors may adversely affect the level of distributions paid to Stapled Securityholders.

The laws, regulations and accounting standards in Singapore, Australia, the United Kingdom, Jersey, Japan and Malaysia.

FHT may be affected by the introduction of new or revised legislation, regulations or accounting standards. Accounting standards in Singapore, Australia, the United Kingdom, Jersey, Japan and Malaysia are subject to change as these accounting standards are further aligned with international accounting standards.

The financial statements of FHT may be affected by the introduction of such revised accounting standards. The extent and timing of these changes in accounting standards are unknown and subject to confirmation by the relevant authorities.

There is no assurance that these changes will not:

• have a significant impact on the presentation of FHT’s financial statements;
• have a significant impact on FHT’s results of operations;
• have an adverse effect on the ability of FHT to make distributions to Stapled Securityholders;
• have an adverse effect on the ability of the Managers to carry out FHT’s investment mandate; and/or
• have an adverse effect on the business, financial condition, results of operations and prospects of FHT.

FHT may be exposed to the risks associated with the political and economic conditions in Singapore, Australia, the United Kingdom, Japan, Malaysia and other countries which it may invest in.

FHT will initially be investing, directly or indirectly, in properties located in Singapore, Australia, the United Kingdom, Japan and Malaysia. Therefore, FHT’s financial position and the results of its operations will be affected by the general state of the economy in these countries and changes in their political environments. FHT has limited control over any of these factors. The Japanese economy has also experienced considerable volatility in recent times, and there can be no assurance that such volatility will not occur in the future, which could have a material adverse effect on the business, financial condition, results of operations and prospects of FHT. The value of the Properties may be adversely affected by future policies of these foreign governments, an economic downturn in these countries, including a slowdown of gross domestic product growth, reduced level of employment, inflation, changes in interest rates, political upheavals, natural disasters, insurgency movements, riots, local laws and external tensions with neighbouring countries.

Foreign currencies may be subject to exchange controls.

There can be no assurance that the Australia, the United Kingdom, Jersey, Japan or Malaysia government will not impose restrictive or other exchange controls. Any imposition, variation or removal of exchange controls may adversely affect the value of the Stapled Securities or FH-REIT’s ability to repatriate the proceeds of any distributions out of Australia, the United Kingdom, Jersey, Japan or Malaysia (as the case may be).

(See also the risk factor “The Malaysian Ringgit may be subject to exchange controls” for further details on exchange control risks in relation to Malaysia.)
RISKS RELATING TO AUSTRALIA

Investments by FHT may be subject to Australia’s foreign investment regime.

Australia’s foreign investment regime will apply to subsequent acquisitions of Australian urban land and some acquisitions in Australian corporations and trust estates by FHT. FIRB Clearance may be required for such acquisitions (which may or may not be given or may be given subject to conditions). If FIRB Clearance is required and not given in relation to a proposed investment, FHT may not be able to proceed with that investment.

In this regard, although FHT has obtained FIRB Clearance for its acquisition of the Australian Properties, there can be no assurance that FHT will be able to obtain any required FIRB Clearances in the future. If future FIRB Clearances are required but not obtained, there may be an adverse effect on the business, financial condition, results of operations and prospects of FHT and, in turn, its ability to make distributions to Stapled Securityholders.

Investments in FHT may be subject to Australia’s foreign investment regime.

Following the listing of FHT on the SGX-ST, investors who are foreign persons that acquire Stapled Securities are required under the FATA or the Policy to notify and receive FIRB Clearance of their investment in FHT under Australia’s foreign investment regime from the Australian Treasurer through FIRB in each of the circumstances set out below.

(a) If either FH-REIT or FH-BT is considered to be an AULTE, all investors in Stapled Securities who are foreign persons will require FIRB Clearance.

(b) If FHT has gross Australian assets in excess of a specified threshold prescribed under FATA (as at the date of this Prospectus, the threshold prescribed under FATA is AUD248.0 million), any investors (i) who are foreign persons and (ii) who are acquiring a Substantial Interest in FHT, will require FIRB Clearance.

(c) Any investor that is a Foreign Government Investor making a ‘direct investment’ in FHT will require FIRB Clearance, regardless of whether FHT is considered to be an AULTE or if FHT has gross Australian assets in excess of AUD248.0 million.

There are also some other circumstances in which it may be prudent for an investor to seek FIRB Clearance on a voluntary basis.

In addition to those instances where it is mandatory under the FATA for a foreign person to notify FIRB and seek FIRB Clearance for a particular transaction (eg, acquisition of an interest in an AULTE), there are other instances where, despite there being no mandatory notification obligation, the Australian Treasurer may make adverse orders under the FATA if he or she considers a particular transaction to be “contrary to the national interest”. In addition, FIRB Policy may require a foreign person to notify FIRB and seek FIRB Clearance even where the FATA does not so require (eg, Foreign Government Investors). The issue of a FIRB clearance removes the risk of the exercise of the Australian Treasurer’s powers.

The voluntary clearance regime will relevantly apply if FHT’s gross Australian assets are valued at greater than AUD248 million (indexed annually) and 40% or more of the interests in FHT are already held by foreign persons. In such case, any change to the foreign persons that hold Stapled Securities in FHT without FIRB Clearance could trigger the Treasurer’s power to make adverse orders if the relevant transaction were considered to be contrary to Australia’s national interest.
In these circumstances, clearance may be sought on a voluntary basis. This would then preclude the Treasurer from exercising his powers to make adverse orders in respect of the proposed transaction.

As at the date of this Prospectus, based on the initial portfolio of hotels and serviced residences in FH-REIT and on their current market values relative to the total value of FH-REIT's assets, FH-REIT is not an AULTE on the Listing Date and there are no residential properties comprised in FH-REIT's initial portfolio. As FH-BT is dormant on the Listing Date, FH-BT is not an AULTE on the Listing Date.

If, contrary to the above, either FH-REIT or FH-BT is considered to be an AULTE, each ‘foreign person’ (ie, non-Australian) acquiring a Stapled Security in FHT would need to, as a matter of current law, obtain FIRB Clearance.

In August 2013, an administrative exemption for certain ‘passive investments’ by foreign persons (other than Foreign Government Investors) in an AULTE was announced under the previous Australian Government. Relevantly, the exemption was to apply to acquisitions of interests of less than 10% in a listed trust that was an AULTE with predominantly non-residential properties.

The administrative exemption does not have the force of law and was intended to apply for an interim period only, pending public consultation and clarification of the Australian Government’s position. However, there was a subsequent change of Government in Australia in September 2013, and the current Australian Government has not announced its policy position either way in respect of the exemption.

Nonetheless, FHT understands that the administrative exemption remains operative as at the date of this Prospectus on the basis that the administrative exemption remains published on FIRB’s website and no announcement has been made that it has been revoked. However, there is no definitive clarity at this point as to the continued availability or terms of any such exemption in the future.

If either FH-REIT or FH-BT becomes an AULTE in the future, because of a change in the portfolio of hotels and serviced residences in FH-REIT or FH-BT and/or a change in their future market values, this should not have any impact on FHT’s financial performance.

However, if either FH-REIT or FH-BT becomes an AULTE in the future, this would have an adverse effect on the price and/or liquidity of the Stapled Securities, as prospective buyers may factor into their buying and pricing decisions the possibility that any purchase of Stapled Securities on the secondary market may then require FIRB Clearance.

Based on the unaudited pro forma balance sheet of FH-REIT as at 31 December 2013, FHT has gross Australian assets of approximately AUD170 million, which are not in excess of AUD248 million. However, if the value of the gross Australian assets of FHT increases beyond a value of AUD248.0 million (or such other threshold as may apply at the relevant time), investors will require FIRB Clearance for the acquisition of a Substantial Interest in FHT.

If an investor requires FIRB Clearance to acquire Stapled Securities and they:

- acquire Stapled Securities without first notifying FIRB;
- notify FIRB but proceed to acquire the Stapled Securities before receiving FIRB Clearance;
- notify FIRB and obtain conditional FIRB Clearance, but do not comply with those conditions; or
• notify FIRB and receive notice from FIRB that FIRB Clearance was not provided, but still acquire Stapled Securities,

they may be found guilty of an offence and subject to a penalty. The current penalty for individuals is a fine of up to AUD85,000 or two years imprisonment or both. Currently, corporations may be subject to a fine of up to AUD425,000 and directors and officers of corporations who authorised the conduct may be found guilty of an offence and themselves subject to penalties. The Treasurer may also make an order requiring the investor to dispose of the relevant Stapled Securities within a specified period of time. Failure to comply with such an order can also be an offence and the same penalties specified above also apply.

For further information, see “Overview of Relevant Laws and Regulations in Australia, the United Kingdom, Japan and Malaysia – Relevant Laws and Regulations in Australia – Regulation of Foreign Investment in Australia”.

**FH-REIT is exposed to the risks relating to the Australian taxation regime.**

In Australia, a public unit trust (e.g. trusts beneficially owned by listed trusts) will be taxed as a company where the trust does not engage in “wholly eligible investment business” at any time during an income year. Furthermore, where the public unit trust also qualifies as a managed investment trust (“MIT”), the public unit trust will lose its MIT status if it does not engage in “wholly eligible investment business” at any time during an income year. This is an annual test. While FH-REIT may seek professional advice to ensure that its relevant Australian unit trusts should only engage in “wholly eligible investment business”, there is no assurance that the Australian Taxation Office will not take a different view.

To qualify as an MIT and to enjoy preferential Australian withholding tax rates, there are several conditions that must be met and among other requirements, no individual (who is not a resident of Australia) can directly or indirectly hold, control or have the right to acquire an interest of 10.0% or more in FH-REIT (and therefore, MIT Australia) at any time during the income year. As there are no stipulated limits on how many Stapled Securities an investor may acquire, FH-REIT will monitor investor percentage holdings to determine whether this requirement is met in respect of each year in which MIT Australia wishes to qualify as an MIT. Where MIT Australia does not qualify for MIT treatment, the distributions would be subject to Australian tax at 30.0% (where the unitholder is a company) or 45.0% (where the unitholder is a trust). This will have an adverse impact on the income of FHT which will in turn impact the income available for distribution to the Stapled Securityholders.

**RISKS RELATING TO THE UNITED KINGDOM**

**FH-REIT is exposed to general property risks in the United Kingdom.**

FH-REIT, as the owner of the properties in the United Kingdom, is subject to risks generally affecting interests and investments in real property in the United Kingdom, including: changes in general political and economic conditions or in specific industry segments; declines in property values; changes in valuation yields due to relative attractiveness of property as an asset class; variations in supply of and demand for commercial, industrial, retail and other space (or commercial, industrial, retail and other space of a particular type); obsolescence of properties; declines in rental or occupancy rates; increases in interest rates; changes in rental terms (including the tenants’ responsibility for operating expenses); fluctuations in the availability of financing for the acquisition of properties; changes in governmental rules, regulations and fiscal and other policies; war; terrorism (in particular, this risk is relevant to certain areas where FH-REIT has a high concentration of assets, such as Central London) and acts of God (where not covered
by insurance); changes to the United Kingdom taxation regime in relation to property, in particular, but not limited to, stamp duty land tax; and other factors which are beyond the control of FH-REIT, all of which may affect occupancy and/or valuation levels.

**There can be no absolute assurance that the investigations of title would have identified all the factors affecting title to the Properties in the United Kingdom.**

There is a risk that there may be factors concerning the title to the Properties in the United Kingdom which would, if known, affect their market value. In order to mitigate this risk, the procedures described below have been undertaken.

- The Properties in the United Kingdom have been the subject of a due diligence investigation carried out in order to prepare reports or certificates of title in a form recognisable and generally accepted within the legal profession to evidence and certify thorough title investigations.

- The certificates or reports of title address the quality of the title of such Properties on the basis of a review of the title documents together with usual conveyancing searches and enquiries detailed in the certificates or reports of title.

However, notwithstanding the above, there can be no absolute assurance that such procedures will have identified all relevant factors relating to title. Adjoining owners may be planning alterations not disclosed or revealed by searches and certain over-riding interests are protected and will bind FH-REIT notwithstanding they are not disclosed on the registered title. This would not lead to doubt as to ownership but could mean that the value of the interests owned was reduced or that they were less attractive to potential customers. This could reduce the value of the interest held by FH-REIT or the Variable Rent payable under the Master Lease and Tenancy Agreements.

The United Kingdom has a system of registration of the ownership of title (both freehold and leaseholds other than leaseholds for less than seven years) as well as certain other real property-related rights, restrictions and covenants. It also provides for registration of security taken over land interests. A registered title is therefore guaranteed. In the event that a person suffers a loss because of a mistake or an omission from the register, they may be able to get compensation.

Nevertheless, registration detail is not exhaustive and there are a limited number of rights or restrictions which might not be revealed by title investigations which (by contract or otherwise) may bind or benefit the property or its ownership and may impact upon its value or interfere with its use. These are relatively limited and are generally of a nature that would be apparent on a thorough inspection of the property (such as the rights of a short term tenant in occupation or rights claimed by a person in occupation) and a confirmation has been obtained that no knowledge of such interests exist. Nothing has been disclosed in the due diligence investigation that would lead the Manager to believe such rights exist save the fact that it is known that there are numerous short term occupiers of the serviced residences. Based on the due diligence investigations, the Managers do not believe that such occupiers claim any rights other than their short term occupancy.

In the unlikely event a right existed in favour of a person in occupation, this might restrict the use of the property reducing its value or compromising the business carried on at the property. This could reduce the value of the interest held by FH REIT or the Variable Rent payable under the Master Lease and Tenancy Agreements.
The laws of Scotland may change in future after the referendum in respect of Scottish independence from the United Kingdom.

The Properties located in Scotland are principally subject to the laws and regulations of Scotland, including those relating to health and safety, the environment and property generally. A referendum in respect of Scottish independence from the United Kingdom is to be held on 18 September 2014. It is not clear what the effect of such independence (should it come to pass) will have on the regulatory and tax environment applicable to property in Scotland (if any). Accordingly, the current laws and regulations to which the Properties located in Scotland are subject could change significantly in these circumstances which could potentially have an adverse effect on these Properties.

In addition, with effect from 1 April 2015, Stamp Duty Land Tax will cease to apply to transactions involving land in Scotland and will be replaced by the Land and Buildings Transaction Tax ("LBTT"). LBTT is expected to be introduced regardless of the outcome of the referendum on Scottish independence, and will apply wherever the purchaser is based, so long as the land is located in Scotland. The rates of LBTT are currently unknown and the intention is that these will be announced in September 2014 as part of the budget process. However, the structure is expected to include a nil rate (0%) band and at least two other progressively increasing bands. If the rates of tax are materially higher, this may have an adverse impact on values.

Therefore, there can be no assurance that changes in the relevant laws and regulations (if any) and the LBTT payable in relation to the relevant Properties will not adversely affect the business and operations of the relevant Properties, and consequently, the financial condition, results of operations and prospects of FH-REIT.

RISKS RELATING TO JAPAN

The real property registration system in Japan may not accurately reflect the ownership of the real property-related title or right.

Japan has a system of registering the ownership of real property (which includes land and buildings) as well as certain other real property-related rights, such as security rights over real property and easements, pursuant to which an unregistered owner of real property or an unregistered holder of certain other rights cannot assert its title or such rights against a third party. However, the real property register does not necessarily reflect the true owner of the real property-related title or right. In practice, parties who plan to enter into a real property transaction usually rely upon the register, as it is generally the best indication of the true owner of the real property-related title or right. However, a party has no recourse to anyone but the seller if, relying on the register, it purchases the property or a related right from a seller and the information contained in the register turns out to be incorrect. The purchaser may claim for damages against the seller pursuant to statutory warranties or contractual warranties, but, in general, cannot acquire the ownership of or title to the real property. In this regard, the validity of the acquisition of ANA Crowne Plaza by Kobe Excellence TMK could be challenged in cases where the relevant real property register had not, at the time of said acquisition, properly reflected the true and accurate ownership of ANA Crowne Plaza Kobe. Although based on the due diligence conducted, the Managers have no reason to believe that Kobe Excellence TMK has imperfect title to ANA Crowne Plaza Kobe, any imperfection in relation to the title to ANA Crowne Plaza Kobe could have a material adverse effect on the business, financial condition, results of operations and prospects of FH-REIT.
Japan has experienced a number of major natural catastrophes over the years, most notably earthquakes, which, if they were to recur, may materially disrupt and adversely affect the business and operations of ANA Crowne Plaza Kobe.

Japan has experienced a number of earthquakes over the years, most notably the recent massive earthquake of 9.0 on the Richter scale which struck the eastern seaboard of Japan in March 2011. The widespread devastation of this massive earthquake was aggravated by the resulting tsunami and radioactive contamination from an affected nuclear plant. Similar natural catastrophes and disasters such as earthquakes and tsunamis may adversely affect the operations of ANA Crowne Plaza Kobe. These events may cause substantial structural and physical damage to ANA Crowne Plaza Kobe, resulting in the incurrence of expenses in order to repair the damage caused. Furthermore, such environmental conditions may result in a decreased demand for the services provided by ANA Crowne Plaza Kobe. This will affect the market value of ANA Crowne Plaza Kobe and may have an adverse effect on the results of operations of ANA Crowne Plaza Kobe. The environmental conditions may also cause disruptions, affect investments and result in various other adverse effects on the Japanese economy in general. This may lead to a decreased demand for the services provided by ANA Crowne Plaza Kobe, and the market value and results of operations of ANA Crowne Plaza Kobe may also be adversely and materially affected. This could materially and adversely affect the business and financial conditions and the results of operations of FH-REIT.

Kobe Excellence TMK may fail to satisfy the requirements for dividend distribution deduction and consequently incur higher tax costs in Japan.

For a TMK to avail itself of the dividend distribution deduction tax treatment, there are several requirements that must be complied with under the Special Taxation Measures Law of Japan. One of the requirements for each fiscal year is that the TMK must distribute more than 90.0% of its distributable profit (the “TMK Distribution Requirement”). The TMK Distribution Requirement is based on the amount of profit of the TMK before taxation as calculated for accounting purposes, with certain additional adjustments. Kobe Excellence TMK may bear excessive tax costs due to the differences between tax and accounting treatments, in which case Kobe Excellence TMK may not have sufficient distributable profit to declare the dividends necessary to satisfy the TMK Distribution Requirement.

If Kobe Excellence TMK fails to meet the TMK Distribution Requirement or any of the other requirements, it would not be able to deduct its dividend distributions from its taxable income as deductible expenses. Instead, Kobe Excellence TMK would have to make dividend distributions after its taxable income has been subject to Japanese corporate income tax at the regular rate. This will reduce the amount of distributions that FHT can make to the Stapled Securityholders.

The Japanese tax authorities may also, from time to time, carry out tax audits to determine if the relevant Japanese tax laws and regulations have been fully complied with. If the tax audit determines that the dividend distribution deduction requirements are not fully satisfied, then deductions claimed in prior periods may be reclassified as taxable income. In such a case, Kobe Excellence TMK’s tax burden would be increased for the fiscal periods in which Kobe Excellence TMK recognises this additional taxable income. Consequently, the amount of profits distributable by Kobe Excellence TMK could be reduced significantly, thereby adversely affecting the amount of distributions that FHT can make to the Stapled Securityholders.

The success of Kobe Excellence TMK depends on the abilities of the Kobe Asset Manager, Secured Capital Investment Management Co., Ltd. to operate ANA Crowne Plaza Kobe.

Kobe Excellence TMK depends on Secured Capital Investment Management Co., Ltd., the Kobe Asset Manager, for the oversight of the day-to-day operations, and the administration and management and the monitoring of property management, of ANA Crowne Plaza Kobe. Kobe
Excellence TMK also depends on third party property managers to run the day-to-day operations of ANA Crowne Plaza Kobe. Any failure by the Kobe Asset Manager and the third party property managers to properly manage the operations of ANA Crowne Plaza Kobe may adversely affect the underlying value of and/or income from ANA Crowne Plaza Kobe.

Kobe Excellence TMK’s dependence on third parties to conduct its business activities exposes it to potential risks. These third parties may not provide adequate services or may not remain in business. Further, if the asset management agreement with the Kobe Asset Manager is terminated, Kobe Excellence TMK could face a substantial disruption to its operations and an increase in costs incurred for the management of ANA Crowne Plaza Kobe. Kobe Excellence TMK would also lose the benefit of the extensive expertise and experience of the Kobe Asset Manager in managing and operating ANA Crowne Plaza Kobe.

The Kobe Asset Manager owes Kobe Excellence TMK fiduciary duties under the Asset Management Agreement. However, potential conflicts of interest between the Kobe Asset Manager and Kobe Excellence TMK could adversely affect Kobe Excellence TMK through the Kobe Asset Manager’s performance. Moreover, the Kobe Asset Manager may be retained as asset manager by other funds or entities. If the Kobe Asset Manager acts in its own interest or that of a third party, to the detriment of Kobe Excellence TMK, the financial condition or results of operations of Kobe Excellence TMK could be adversely materially affected.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to ANA Crowne Plaza Kobe” for further details.)

**Kobe Excellence TMK and the Kobe Asset Manager are subject to supervision by the Japanese regulatory authorities.**

Kobe Excellence TMK is subject to supervision by the Japanese regulatory authorities in particular under the Asset Liquidation Act of Japan (Act No. 105 of 1998, as amended) (the “Asset Liquidation Act”). The Kobe Asset Manager is also subject to supervision by the Japanese regulatory authorities under various laws and regulations including the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended). In the event of any administrative order or other sanction being imposed on Kobe Excellence TMK or the Kobe Asset Manager as a result of any inappropriate action taken with respect to the management of ANA Crowne Plaza Kobe, the management of Kobe Excellence TMK and/or the Kobe Asset Manager could be adversely affected, and there could be harm to the reputation of all of FH-REIT, Kobe Excellence TMK and the Kobe Asset Manager, which could adversely affect the financial condition, business, results of operations and prospects of FH-REIT.

**ANA Crowne Plaza Kobe is subject to various environmental risks that may result in unanticipated costs.**

ANA Crowne Plaza Kobe is subject to various environmental laws, including those relating to soil contamination, health and hygiene, air pollution control, water pollution control, waste disposal and noise pollution control and storage of hazardous materials. For example, under the Soil Contamination Countermeasures Act of Japan (Act No. 39 of 1970, as amended) (the “Soil Contamination Countermeasures Act”) and related regulations, landowners in Japan are responsible for removal or remedy of several hazardous substances. The costs of removal or remediation of such substances could be substantial. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of hazardous substances. It cannot be assured that potential environmental liabilities, which could have a material adverse effect on FH-REIT’s results of operations, earnings and cash flows, do not exist or will not arise in the future.
Decreases in security deposits may increase FH-REIT’s funding costs.

Consistent with industry practice in the real estate sector in Japan, the tenant leases of ANA Crowne Plaza Kobe generally require the tenants to make security deposits (shiki-kin). These security deposits are generally interest-free. Therefore, to the extent that Kobe Excellence TMK decides to use such deposits, such deposits may effectively reduce the cost of capital of FH-REIT. In such case, if the size of these deposits decreases, or if Kobe Excellence TMK needs to repay them more quickly, Kobe Excellence TMK may be required to obtain funding at a higher effective cost.

Kobe Excellence TMK owns ANA Crowne Plaza Kobe through a TBI and may suffer losses as a trust beneficiary.

ANA Crowne Plaza Kobe is held through a TBI, in the form of a beneficiary interest in a Japanese trust that holds ownership title to ANA Crowne Plaza Kobe. As such, Kobe Excellence TMK may suffer certain trust-related liabilities and losses that would not arise if Kobe Excellence TMK had direct ownership of ANA Crowne Plaza Kobe, including compensation of the trustee, property defects or losses due to unauthorised disposition or collateralisation of a trust property by the trustee or losses arising from breach of the trust agreement by the trustee. In addition, the relevant trustee’s consent is generally required to transfer a beneficiary interest.

FH-REIT may lose its rights in a property in Japan if the purchase of the property is recharacterised as a secured financing.

Depending on the underlying facts and circumstances surrounding the purchase of a Japanese property, the purchase may not be construed as a “true sale” under Japanese law and may instead be recharacterised as a secured financing. In such a case, the relevant Japanese property would be deemed to be an asset of the seller, and FH-REIT would lose its ownership interest in the Japanese Property. FH-REIT would instead hold only a security interest in the Japanese property. Recharacterisation could occur when the seller becomes insolvent by way of bankruptcy, corporate reorganization or civil rehabilitation proceedings. Under Japanese law, whether a purchase may be recharacterised as a secured financing is determined through a consideration of various factors, including, without limitation, the intention of the seller and purchaser, whether the seller transferred the economic risk to the purchaser, and whether the seller and purchaser contracted a buy-back arrangement permitting the seller to reacquire the property. Although FH-REIT has no reason to believe that ANA Crowne Plaza Kobe or any of the Japanese properties FH-REIT may acquire in Japan in the future would be recharacterised as a secured financing, any such acquisition may be so recharacterised following a legal or regulatory proceeding.

RISKS RELATING TO MALAYSIA

The Westin Kuala Lumpur is held indirectly via an ABS structure.

FH-REIT does not directly own The Westin Kuala Lumpur and it only holds The Westin Kuala Lumpur indirectly via an ABS structure. FH-REIT wholly owns a Singapore special purpose vehicle (the “Singapore SPV”) which will in turn hold Class B Junior MTNs and Class C Junior MTNs (the “Junior MTNs”) issued by the Malaysian SPV under the MTN Programme pursuant to an ABS structure. The ordinary shares in the Malaysian SPV will be held by a trustee for the benefit of charitable organisations. Consequently, FH-REIT may not directly exercise its rights as the land owner in respect of The Westin Kuala Lumpur and may only exercise its rights vis-à-vis The Westin Kuala Lumpur through the Singapore SPV, acting as a holder of the Junior MTNs of the Malaysian SPV only.
In order to mitigate the risks arising from FH-REIT’s indirect ownership of the Property, it is a term of the Junior MTNs that approval of the Singapore SPV as holder of the Junior MTNs would be required in relation to the key operational issues set out in paragraph 6.5(b) of the Property Funds Appendix, save that in the case of sub-paragraph (ix) (transfer or disposal of the assets), approval will not be required in the occurrence of certain events of default under the terms of the Class A Senior MTNs, in which case the holders of the Class A Senior MTNs may unilaterally dispose of the assets of the Malaysian SPV. As a further mitigatory measure, the FH-REIT would be given a call option to buy The Westin Kuala Lumpur and such property call option could be exercised prior to the expected maturity of the Class A Senior MTNs or the occurrence of certain trigger events or a declaration of an event of default under the terms of the MTN Programme.

(See “Overview of the Acquisition of the Properties – Acquisition of The Westin Kuala Lumpur” and “Capitalisation and Indebtedness – Indebtedness – Asset-backed Securitisation of The Westin Kuala Lumpur”.)

The Malaysian Ringgit may be subject to exchange controls.

From 1998 to 2005, the Central Bank of Malaysia maintained a fixed exchange rate of MYR3.80 to US$1.00. In 2005, the Central Bank of Malaysia removed the peg and allowed the Malaysian Ringgit to operate in a managed float, with the value of the currency being determined by various economic factors. There can be no assurance that the Central Bank of Malaysia will, or would be able to, intervene or maintain this managed float system in the future or that any such intervention or managed float system would be effective. Further, there can be no assurance that the Malaysian government will not impose more restrictive or other exchange controls. Any further imposition, variation or removal of exchange controls may adversely affect the value of the Stapled Securities or FH-REIT’s ability to repatriate the proceeds of any distributions out of Malaysia.

Foreign investment in Malaysian properties may be subject to further controls.

Foreign investment in Malaysian properties is regulated and monitored by the Economic Planning Unit of the Prime Minister’s Department. Currently there is no restriction imposed on foreign investment in REITs which have invested in Malaysian assets. However, there can be no assurance that the Economic Planning Unit of the Prime Minister’s Department and/or the Malaysian government will not impose any restrictive or other controls relating to foreign investment in Malaysian assets. Any imposition or variation of such controls may affect Stapled Securityholders’ ability to sell the Stapled Securities to foreign parties and may affect the liquidity of the Stapled Securities. Such conditions may also limit FH-REIT’s access to future foreign sources of equity capital.

There is no assurance that Malaysian law, tax or administrative practice will not change or that such change will not adversely impact the holding structure of The Westin Kuala Lumpur or the operations of FHT.

The structure of the transaction and the tax treatment of the Malaysian SPV are based on Malaysian law, tax and administrative practice in effect at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practice. There can be no assurance that Malaysian law, tax or administrative practice will not change after the date hereof or that such change will not adversely impact the structure of the transaction, the holding structure of The Westin Kuala Lumpur, the tax treatment of the Malaysian SPV and the operations of FHT.
The Malaysian SPV is subject to the political, economic and social developments and prevailing market conditions in the property sector in Malaysia.

Historically, the Malaysian property market has been cyclical and Malaysian property values have been affected by, among other factors, supply of and demand for comparable properties, the rate of economic growth in Malaysia, interest rates and inflation. An economic decline in Malaysia, a decline in real estate market conditions in Malaysia or political, economic and social developments outside the control of the Malaysian SPV, may have a material adverse effect on its business, financial condition, results of operations and prospects. Other political and economic uncertainties include but are not limited to the natural disasters, risks of war, terrorism, riots, expropriation, nationalism, renegotiations or nullification of existing contracts, and changes in interest rates, foreign exchange rates, methods of taxation and import duties and restrictions. Any change in government policy, changes to senior positions within the government and parliament, or any political instability in Malaysia or other countries that may arise from these changes may have a material adverse effect on the Malaysian SPV.
USE OF PROCEEDS

ISSUE PROCEEDS

The Managers intend to raise gross proceeds of S$367.9 million from the Offering and the issuance of the Cornerstone Stapled Securities, taking into account the amount attributable to the Sponsor Initial Stapled Security, the FCL Consideration Stapled Securities and the TCC Stapled Securities.

FHT will not receive any proceeds from the exercise of the Over-Allotment Option granted by the Stapled Security Lender.

The REIT Manager also intends to draw down (a) an amount of S$612.7 million from the S$615.0 million term loan facilities from DBS Bank Ltd., The Hongkong and Shanghai Banking Limited, Singapore Branch and Bank of China, (b) an amount of JPY2.35 billion (equivalent to approximately S$28.9 million from the Kobe Excellence TMK Series 1 Bonds, (c) an amount of MYR95.0 million (equivalent to approximately S$36.9 million) of senior MTNs and (d) an amount of S$50.0 million from the short-term revolving credit facility from DBS Bank Ltd.) (the “FH-REIT Debt Facilities”).

The total cash proceeds raised from the Offering, the issuance of the Cornerstone Stapled Securities, the Security Deposits, as well as the amount drawn down from the FH-REIT Debt Facilities will be used towards the following:

• consideration for the purchase price of the Properties;

• payment of the related acquisition costs of the Properties;

• payment of issue and debt-related costs; and

• working capital.
The following table, included for the purpose of illustration, sets out the intended sources and applications of the total proceeds from the Offering, the Cornerstone Stapled Securities, the Security Deposits, as well as the FH-REIT Debt Facilities and the amount attributable to the Sponsor Initial Stapled Security, the FCL Consideration Stapled Securities and the TCC Stapled Securities (the “Total Issue Proceeds”) based on the Offering Price assuming that the Over-Allotment Option is fully exercised.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount (S$’000)</th>
<th>Application</th>
<th>Amount (S$’000)</th>
<th>As a dollar amount for each S$ of the Total Issue Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering</td>
<td>194,299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCL Consideration Stapled Securities</td>
<td>230,893</td>
<td>Acquisition of the Properties</td>
<td>1,691,878</td>
<td>0.94</td>
</tr>
<tr>
<td>TCC Consideration Stapled Securities</td>
<td>419,321</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cornerstone Stapled Securities</td>
<td>205,000</td>
<td>Payment of recoverable VAT and GST</td>
<td>66,526</td>
<td>0.04</td>
</tr>
<tr>
<td>FH-REIT Debt Facilities</td>
<td>728,553</td>
<td>Transaction costs(^{(1)})</td>
<td>35,481</td>
<td>0.02</td>
</tr>
<tr>
<td>Cash provided from Security Deposits(^{(2)})</td>
<td>24,233</td>
<td>Working capital(^{(3)})</td>
<td>8,414</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,802,299</strong></td>
<td><strong>Total</strong></td>
<td><strong>1,802,299</strong></td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Notes:**

1. Transaction costs include expenses incurred in relation to the Offering and the FH-REIT Debt Facilities, where appropriate.

2. Refers to the security deposits paid by the Master Lessees (save in respect of ANA Crowne Plaza Kobe and The Westin Kuala Lumpur). Security deposits collected in cash as part of the FHT group’s cash flow management are not maintained in a separate bank account but treated as part of the cash available to the FHT group. The FHT group’s cash is used for numerous purposes including working capital and acquisition of assets.

3. S$10,000 will go to FH-BT as its initial working capital.

As at the Listing Date, FH-REIT will have working capital of at least S$8.4 million. The REIT Manager believes that this working capital balance will be sufficient for FH-REIT’s working capital requirements over the next 12 months following the Listing Date.
ISSUE EXPENSES

The Managers estimate that expenses payable in connection with the Offering and the issuance of the Sponsor Stapled Securities, the TCC Stapled Securities and the Cornerstone Stapled Securities and the application for listing, including the Underwriting, Selling and Management Commission, professional fees and all other incidental expenses relating to the Offering and the issuance of the Sponsor Stapled Securities, the TCC Stapled Securities and the Cornerstone Stapled Securities will be approximately S$28.4 million based on the Offering Price.

A breakdown of these estimated expenses is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (S$'000)</th>
<th>As a dollar amount for each S$ of the Total Issue Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting, Selling and Management Commission(1)</td>
<td>8,535</td>
<td>0.0047</td>
</tr>
<tr>
<td>Professional and other fees(2)</td>
<td>17,200</td>
<td>0.0095</td>
</tr>
<tr>
<td>Miscellaneous Offering expenses(3)</td>
<td>2,633</td>
<td>0.0015</td>
</tr>
<tr>
<td><strong>Total Estimated Expenses of the Offering(4)</strong></td>
<td><strong>28,368</strong></td>
<td><strong>0.0157</strong></td>
</tr>
</tbody>
</table>

Notes:

(1) Such commission represents a maximum of 2.0% of the total amount of the Offering. The amount of total commission payable by the Managers will be pegged to the Offering Price. A commission will be payable in respect of the TCC Stapled Securities only to the extent they are subject to the exercise of the Over-allotment Option.

(2) Includes financial advisory fees, solicitors’ fees and fees for the Independent Reporting Auditor, KPMG Services Pte. Ltd. as the independent tax adviser (the “Independent Tax Adviser”), the Independent Valuers, the Independent Market Research Consultant and other professionals’ fees.

(3) Includes cost of prospectus production, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issuance of the Sponsor Stapled Securities and Cornerstone Stapled Securities.

(4) The total expenses in relation to the Offering will be ultimately borne by the investors subscribing for the Stapled Securities pursuant to the Offering.

The Managers will make periodic announcements on the utilisation of the net proceeds from the Offering and the Cornerstone Stapled Securities via SGXNET as and when such funds are materially utilised. The actual use of such proceeds will be disclosed in the annual report of FHT.

LIQUIDITY

As at the Listing Date, FHT will have a cash balance of approximately S$15.1 million. The Managers believe that this cash balance, in addition to the expected cash flow from operations and the S$50 million revolving credit facility will be sufficient for FHT’s working capital requirements over the next 12 months following the Listing Date.

As at the Listing Date, FH-BT will be dormant and will only require minimal working capital.
OWNERSHIP OF THE STAPLED SECURITIES

EXISTING STAPLED SECURITIES

On 12 June 2014, one FH-REIT Unit was issued to the Sponsor Entity and on 20 June 2014, one FH-BT Unit was issued to the Sponsor Entity. The issue price of each FH-REIT Unit and each FH-BT Unit was S$1.00. No other FH-REIT Units or FH-BT Units have been issued. On 20 June 2014, the REIT Manager, the REIT Trustee and the Trustee-Manager entered into the Stapling Deed. The FH-REIT Unit and the FH-BT Unit are stapled to each other and constitute the Sponsor Initial Stapled Security.

STAPLED SECURITIES TO BE ISSUED TO THE SPONSOR

On the Listing Date, separate from the Offering, 262,377,999 Stapled Securities (representing 22.0% of the total number of Stapled Securities in issue on the Listing Date) will be issued to the Sponsor Entity, a wholly-owned subsidiary of the Sponsor, as the vendor of Fraser Suites Singapore, as part of the purchase consideration payable for the sale of Fraser Suites Singapore to FH-REIT.

STAPLED SECURITIES TO BE ISSUED TO TCC HOSPITALITY

On the Listing Date, separate from the Offering, 512,238,000 Stapled Securities (representing 43.0% of the total number of Stapled Securities in issue on the Listing Date) will be issued to TCC Hospitality, being the part of the purchase consideration payable for the sale of Hotels to FH-REIT.

PRINCIPAL STAPLED SECURITYHOLDERS AND THEIR HOLDINGS

The total number of Stapled Securities in issue immediately after the completion of the Offering will be 1,192,628,000 Stapled Securities.
The following table sets out the principal Stapled Security holders and their holdings after the Offering and the issuance of the Sponsor Stapled Securities, the TCC Stapled Securities and Cornerstone Stapled Securities, based on the Offering Price:

<table>
<thead>
<tr>
<th>Stapled Securities in issue as at the date of this Prospectus</th>
<th>Stapled Securities in issue after the Offering (assuming that the Over-Allotment Option is not exercised)</th>
<th>Stapled Securities in issue after the Offering (assuming the Over-Allotment Option is fully exercised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>('000)</td>
<td>(%)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Frasers Centrepoint Limited</td>
<td>(1)</td>
<td>1</td>
</tr>
<tr>
<td>TCC Hospitality</td>
<td>(2)</td>
<td>–</td>
</tr>
<tr>
<td>Cornerstone Investors</td>
<td>Wealthy Fountain Holdings Inc</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Fortress Capital Asset Management (M) Sdn Bhd</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>DBS Bank Ltd.</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>DBS PB</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Meren Pte Ltd</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Mr Gordon Tang &amp; Family</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Sub-Total</td>
<td>–</td>
</tr>
<tr>
<td>Public and institutional investors</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Notes:

1. The Sponsor is interested in the Stapled Securities held by FCL Investments Pte. Ltd. as FCL Investments Pte. Ltd. is a wholly-owned subsidiary of the Sponsor. Each of InterBev Investment Limited, International Beverage Holdings Limited, Thai Beverage Public Company Limited, TCC Assets Limited, Siriwana Co., Ltd., Maxtop Management Corp., Risen Mark Enterprise Ltd., Golden Capital (Singapore) Limited, MM Group Limited, Charnsirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi is deemed interested in the Stapled Securities held by the Sponsor based on their respective shareholdings (direct or indirect) as at the Latest Practicable Date.

2. TCC Hospitality is a BVI company that is owned equally by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisarat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi in equal proportions. As each of them holds 20.0% of the issued share capital of TCC Hospitality, they are each deemed interested in TCC Hospitality's direct interest in the Stapled Securities.

3. DBS Bank Ltd. (on behalf of certain private banking customers).
LIST OF CERTAIN STAPLED SECURITYHOLDERS

The following table sets out, to the knowledge of the REIT Manager, the REIT Trustee and the Trustee-Manager as at the Latest Practicable Date, the Stapled Securityholders with interests in the Stapled Securities, whether direct or deemed (as defined in Section 4 of the SFA), constituting not less than 5.0% of all the Stapled Securities in issue (the "Substantial Stapled Securityholders"), each Director of the REIT Manager and the Trustee-Manager and the Chief Executive Officer of the Managers and their holdings as at the Latest Practicable Date and immediately and their holdings after the Offering:

<table>
<thead>
<tr>
<th></th>
<th>Stapled Securities owned as at the Latest Practicable Date</th>
<th>Stapled Securities owned after the Offering (assuming that the Over-Allotment Option is not exercised)</th>
<th>Stapled Securities owned after the Offering (assuming the Over-Allotment Option is fully exercised)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct (%) Deemed (%)</td>
<td>Direct (%) Deemed (%)</td>
<td>Direct (%) Deemed (%)</td>
</tr>
<tr>
<td>Substantial Stapled Securityholders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frasers Centrepoint Limited(1)</td>
<td>– – – – – – – –</td>
<td>1 100.0 – – – –</td>
<td>262,378 22.0 – – – –</td>
</tr>
<tr>
<td>TCC Hospitality(2)</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
<td>512,238 43.0 – – – –</td>
</tr>
<tr>
<td>Directors and the Chief Executive Officer of the Managers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Law Song Keng</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
</tr>
<tr>
<td>Mr Chua Phuay Hee</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
</tr>
<tr>
<td>Mr Liew Choon Wei</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
</tr>
<tr>
<td>Mr David Wong See Hong</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
</tr>
<tr>
<td>Mr Choe Peng Sum</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
</tr>
<tr>
<td>Mr Lim Ee Seng</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
</tr>
<tr>
<td>Mr Panote Sirivadhanabhakdi(2)</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
<td>512,238 43.0 – – – –</td>
</tr>
<tr>
<td>Ms Eu Chin Fen</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
<td>– – – – – – – –</td>
</tr>
</tbody>
</table>

Notes:

(1) The Sponsor is interested in the Stapled Securities held by FCL Investments Pte. Ltd. as FCL Investments Pte. Ltd. is a wholly-owned subsidiary of the Sponsor. Each of InterBev Investment Limited, International Beverage Holdings Limited, Thai Beverage Public Company Limited, TCC Assets Limited, Siriwana Co., Ltd., Maxtop Management Corp., Risen Mark Enterprise Ltd., Golden Capital (Singapore) Limited, MM Group Limited, Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi is deemed interested in the Stapled Securities held by the Sponsor based on their respective shareholdings (direct or indirect) as at the Latest Practicable Date.

(2) TCC Hospitality is a BVI company that is owned equally by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvilkul and Panote Sirivadhanabhakdi in equal proportions. As each of them holds 20.0% of the issued share capital of TCC Hospitality, they are each deemed interested in TCC Hospitality’s direct interest in 512,238,000 Stapled Securities (assuming that the Over-Allotment Option is not exercised) or 476,501,600 Stapled Securities (assuming that the Over-Allotment Option is fully exercised).
LOCK-UPS

The Sponsor, FCL Investments Pte. Ltd., TCC Hospitality, DBS Bank Ltd. and each of the shareholders of TCC Hospitality (being Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadh anabhakdi) have each agreed to a lock-up arrangement during the Lock-up Period in respect of its effective interest in the relevant Lock-up Stapled Securities held by it on the Listing Date, subject to certain exceptions.

The Managers have also undertaken not to offer, issue or contract to issue any Stapled Securities, and the making of any announcements in connection with any of the foregoing transactions, during the Lock-up Period, subject to certain exceptions.

(See “Plan of Distribution – Lock-up Arrangements” for further details.)

SUBSCRIPTION BY THE CORNERSTONE INVESTORS

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into a subscription agreement to subscribe for an aggregate of 232,949,000 Stapled Securities at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

Information on the Cornerstone Investors

DBS Bank Ltd.

DBS is a leading financial services group in Asia, with over 250 branches across 17 markets. The bank’s capital position, as well as “AA-” and “Aa1” credit ratings, is among the highest in Asia-Pacific. DBS has been recognised as “Asia’s Best Bank” by The Banker, a member of the Financial Times group, and “Best Managed Bank in Asia-Pacific” by The Asian Banker. The bank has also been named “Safest Bank in Asia” by Global Finance for five consecutive years from 2009 to 2013.

The bank has entered into the cornerstone subscription agreement to subscribe for the Stapled Securities.

DBS Bank Ltd. (on behalf of certain private banking customers)

As at 31 May 2014, the private banking business of DBS has total assets under management of circa USD26.9 billion. DBS is a leading financial services group in Asia, with over 250 branches across 17 markets. The bank’s capital position, as well as “AA-” and “Aa1” credit ratings, is among the highest in Asia-Pacific. DBS has been recognised as “Asia’s Best Bank” by The Banker, a member of the Financial Times group, and “Best Managed Bank in Asia-Pacific” by The Asian Banker. The bank has also been named “Safest Bank in Asia” by Global Finance for five consecutive years from 2009 to 2013.

The bank has entered into the cornerstone subscription agreement, on behalf of certain of its private banking customers, to subscribe for the Stapled Securities. The Stapled Securities will be held in custody by DBS Nominees (Pte) Ltd, on behalf of such customers. DBS Nominees (Pte) Ltd acts as a custodian for these stapled securities and does not have a beneficial interest in the Stapled Securities allotted under the cornerstone subscription agreement.
Fortress Capital Asset Management (M) Sdn Bhd

Fortress Capital Asset Management (M) Sdn Bhd ("FCAM") is an established, independent asset management and private investment group that was formed in 2003. FCAM is a licensed fund manager under the Capital Markets and Services Act 2007 of Malaysia. FCAM manages investment portfolios for institutional investors and the high net worth segment, providing its clients with independent access to public and private equity opportunities across the Asia-Pacific region.

Meren Pte Ltd

Meren Pte Ltd is a wholly-owned subsidiary of Metro Holdings Ltd, an SGX-listed company. The Metro group's core businesses are in property development and investment, and retail. The group's key markets are the People's Republic of China, Indonesia and Singapore.

Mr Gordon Tang & Family

Mr Gordon Tang is a Non-Executive Director of SGX-Catalist listed SingHaiyi Group Limited, which specialises in property development, real estate investment, real estate co-investing, property trading and real estate management services. Mr Gordon Tang, Mr Tang Qingquan and Mdm Yang Chanzhen have entered into the cornerstone subscription agreements to subscribe for Stapled Securities. Mr Tang Qingquan and Mdm Yang Chanzhen are the parents of Mr Gordon Tang.

Wealthy Fountain Holdings Inc

Wealthy Fountain Holdings Inc is a BVI-incorporated investment holding company which is wholly-owned by Mr Tong Jinquan, the founder of the Summit Group. Mr Tong also wholly-owns Shanghai Summit Pte. Ltd. Mr Tong has over 20 years of experience in property investment, property development and property management and he founded the Summit Group in 1994. The Summit Group’s areas of business encompass industrial investment, investment management, trading, property development, hotel management, property management, business consultancy, convention and exhibition services, goods export and technology import, software services and maintenance of office equipment. The total assets of the Summit Group as at 31 December 2012 amounted to RMB22.15 billion.

SUBSCRIPTION FOR RESERVED STAPLED SECURITIES

8,597,000 Stapled Securities have been reserved under the Placement Tranche for subscription by the directors, management, employees and business associates of the Sponsor and the REIT Manager and persons who have contributed to the success of FHT.

(See "Plan of Distribution" for further details.)

SUBSCRIPTION BY THE REIT MANAGER DIRECTORS AND THE TRUSTEE-MANAGER DIRECTORS

The directors of the REIT Manager (the “REIT Manager Directors”) and the directors of the Trustee-Manager (the “Trustee-Manager Directors”) may subscribe for the Stapled Securities under the Public Offer and/or the Placement Tranche. Save for the REIT Manager’s and the Trustee-Manager’s respective internal policies, which prohibit the REIT Manager Directors and the Trustee-Manager Directors from dealing in the Stapled Securities at certain times, there are no restrictions on the REIT Manager’s Directors or the Trustee-Manager’s Directors disposing of or transferring all or any part of their holdings.
(See “Management and Corporate Governance – FH-REIT – Dealings in Stapled Securities or, as the case may be, FH-REIT Units” and “Management and Corporate Governance – FH-BT – Dealings in Stapled Securities or FH-BT Units” for further details.)

SUBSCRIPTION FOR MORE THAN 5.0% OF THE STAPLED SECURITIES

To the Managers’ knowledge, as at the Latest Practicable Date, other than the Sponsor and TCC Hospitality Limited, no person intends to subscribe for more than 5.0% of the Stapled Securities in the Offering. If any person were to make an application for the Stapled Securities amounting to more than 5.0% of the Stapled Securities in the Offering and were subsequently allotted or allocated such number of Stapled Securities, the Managers will make the necessary announcements at an appropriate time. The final allocation of the Stapled Securities will be in accordance with the unitholding spread and distribution guidelines as set out in Rule 210 of the Listing Manual.

OPTIONS ON STAPLED SECURITIES

No option to subscribe for the Stapled Securities has been granted to any of the Directors or to the Chief Executive Officer or any other key executive officers of the Managers.
DISTRIBUTIONS

It should be noted that the total distributions available to Stapled Securityholders is an aggregate of the distributions from FH-REIT and FH-BT, and is thus dependent on the financial performance of FH-REIT and FH-BT respectively, instead of the consolidated financial performance of FH-REIT and FH-BT.

DISTRIBUTION POLICY OF FH-REIT

One of the primary objectives of FHT is to provide Stapled Securityholders with regular, stable and growing distributions on a semi-annual basis. FH-REIT’s distribution policy is to distribute 100.0% of FH-REIT’s Distributable Income for the Forecast Period 2014 and Projection Year 2015 and at least 90.0% of its Distributable Income (which should include at least 90.0% of Specified Taxable Income) thereafter, comprising substantially income from the letting of the Properties and related property services income after deduction of allowable expenses and allowances. The actual level of distribution is to be determined at the REIT Manager’s discretion. Distributions, when paid, will be in Singapore dollars.

For these purposes, and under the terms of the Trust Deed, the “Distributable Income” for a financial year is the amount calculated by the Manager (based on the audited financial statements of FH-REIT for that financial year) as representing the consolidated audited net profit after tax of FH-REIT and its SPVs for the financial year, as adjusted to eliminate the effects of Adjustments (as defined below). After eliminating the effects of these Adjustments, the Distributable Income may be different from the net profit recorded for the relevant financial year.

“Adjustments” means adjustments which are charged or credited to the consolidated audited profit and loss account of FH-REIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) unrealised income, including property revaluation gains, and reversals of impairment provisions, (ii) deferred tax charges/credits (in respect of building capital allowance and accelerated tax depreciation), (iii) negative goodwill, (iv) differences between cash and accounting finance costs, (v) realised gains on the disposal of properties and disposal/settlement of financial instruments, (vi) the portion of the Management Fee and the property management fee (where applicable) that is paid or payable in the form of Units, (vii) costs of any public or other offering of Units or Convertible Instruments that are expensed but are funded by proceeds from the issuance of such Units or Convertible Instruments, (viii) depreciation and amortisation in respect of the Properties and their ancillary machines, equipment and other fixed assets, (ix) adjustment for amortisation of rental incentives, and (x) other non-cash gains and losses (as deemed appropriate by the Manager).

After FHT has been admitted to the Main Board of the SGX-ST, FH-REIT will make distributions to Stapled Securityholders on a semi-annual basis, with the amount calculated as at 31 March, and 30 September each year for the six-month period ending on each of the said dates. FH-REIT’s first distribution after the Listing Date will be for the period from the Listing Date to 31 March 2015 and will be paid by the REIT Manager on or before 29 June 2015. Subsequent distributions will take place on a semi-annual basis as well. Under the FH-REIT Trust Deed, the REIT Manager is required to pay distributions within 90 days after the end of each distribution period.

While the investment strategy of FH-REIT is to hold its investments for the long-term, in the event that there are gains arising from sales of real properties, and only if such gains are surplus to the business requirements and needs of FH-REIT and its taxability or otherwise confirmed by the IRAS, the REIT Manager may, at its discretion, direct the REIT Trustee to distribute such gains. Such gains, if not distributed, will form part of the FH-REIT Deposited Property.
FH-REIT’s primary source of liquidity to fund distributions, servicing of debt, payment of property expenses and capital expenditure will be from the receipts from operations and borrowings, where appropriate.

FH-REIT’s ability to make distributions will be subject to its available cash flow. Where the cash flow generated from operations is not sufficient to meet the distributions of FH-REIT, FH-REIT may incur borrowings for the purpose of funding such distributions. FH-REIT’s ability to borrow is, however, limited by the Property Funds Appendix. On the other hand, the actual proportion of Taxable Income distributed to Stapled Securityholders beyond Projection Year 2015 may be greater than 90.0% if the REIT Manager believes it to be appropriate, having regard to FH-REIT’s funding requirements, other capital management considerations and the overall stability of distributions.

Under the Property Funds Appendix, if the REIT Manager declares a distribution that is in excess of profits, the REIT Manager should certify, in consultation with the REIT Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, FH-REIT will be able to fulfil, from the FH-REIT Deposited Property, the liabilities of FH-REIT as they fall due. The certification by the REIT Manager should include a description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the FH-REIT Deposited Property. The certification should be made at the time the distribution is declared.

**DISTRIBUTION POLICY OF FH-BT**

As at the Listing Date, FH-BT will be dormant.

In the event that FH-BT becomes active and profitable, FH-BT’s distribution policy will be to distribute as much of its income as practicable, and the determination to distribute and the quantum of distributions to be made by FH-BT will be determined by the Trustee-Manager Board at its sole discretion.
EXCHANGE RATE INFORMATION AND EXCHANGE CONTROLS

EXCHANGE RATE INFORMATION

The following tables set forth, for the period from 2010 to the Latest Practicable Date, information concerning the exchange rates between:

- Australian dollars and Singapore dollars (in Australian dollars per Singapore dollar);
- Pound Sterling and Singapore dollars (in Pound Sterling per Singapore dollar);
- Japanese Yen and Singapore dollars (in Japanese Yen per Singapore dollar); and
- Malaysian Ringgit and Singapore dollars (in Malaysian Ringgit per Singapore dollar).

The exchange rates were based on the average between the bid and offer rates of the currency as obtained from Bloomberg L.P.\(^{(1)}\) No representation is made that the respective foreign currency amounts actually represent such Singapore dollar amounts or could have been or could be converted into Singapore dollars at the rates indicated, at any other rate, or at all. The exchange rates set out below are historical rates for illustrative purposes only and no representation is made regarding any trends in exchange rates.

<table>
<thead>
<tr>
<th>Period ended</th>
<th>Australian dollar/Singapore dollar(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average</td>
</tr>
<tr>
<td>2010</td>
<td>0.7989</td>
</tr>
<tr>
<td>2011</td>
<td>0.7708</td>
</tr>
<tr>
<td>2012</td>
<td>0.7732</td>
</tr>
<tr>
<td>2013</td>
<td>0.8282</td>
</tr>
<tr>
<td>December 2013</td>
<td>0.8847</td>
</tr>
<tr>
<td>January 2014</td>
<td>0.8873</td>
</tr>
<tr>
<td>February 2014</td>
<td>0.8803</td>
</tr>
<tr>
<td>March 2014</td>
<td>0.8687</td>
</tr>
<tr>
<td>April 2014</td>
<td>0.8556</td>
</tr>
<tr>
<td>May 2014</td>
<td>0.8589</td>
</tr>
<tr>
<td>June 2014(^{(2)})</td>
<td>0.8575</td>
</tr>
</tbody>
</table>

Notes:

\(^{(1)}\) **Source:** Bloomberg L.P. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Global Coordinator, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

\(^{(2)}\) As at the Latest Practicable Date.
### Pound Sterling/Singapore dollar

<table>
<thead>
<tr>
<th>Period ended</th>
<th>Average</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0.4754</td>
<td>0.5032</td>
<td>0.4381</td>
</tr>
<tr>
<td>2011</td>
<td>0.4962</td>
<td>0.5179</td>
<td>0.4826</td>
</tr>
<tr>
<td>2012</td>
<td>0.5051</td>
<td>0.5164</td>
<td>0.4938</td>
</tr>
<tr>
<td>2013</td>
<td>0.5112</td>
<td>0.5383</td>
<td>0.4781</td>
</tr>
<tr>
<td>December 2013</td>
<td>0.4848</td>
<td>0.4895</td>
<td>0.4781</td>
</tr>
<tr>
<td>January 2014</td>
<td>0.4770</td>
<td>0.4825</td>
<td>0.4701</td>
</tr>
<tr>
<td>February 2014</td>
<td>0.4769</td>
<td>0.4836</td>
<td>0.4711</td>
</tr>
<tr>
<td>March 2014</td>
<td>0.4748</td>
<td>0.4775</td>
<td>0.4708</td>
</tr>
<tr>
<td>April 2014</td>
<td>0.4759</td>
<td>0.4793</td>
<td>0.4722</td>
</tr>
<tr>
<td>May 2014</td>
<td>0.4744</td>
<td>0.4770</td>
<td>0.4721</td>
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<tr>
<td>June 2014(2)</td>
<td>0.4753</td>
<td>0.4763</td>
<td>0.4744</td>
</tr>
</tbody>
</table>

**Notes:**

1. **Source:** Bloomberg L.P. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Global Coordinator, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

2. As at the Latest Practicable Date.

### Japanese Yen/Singapore dollar

<table>
<thead>
<tr>
<th>Period ended</th>
<th>Average</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>64.36</td>
<td>68.97</td>
<td>61.61</td>
</tr>
<tr>
<td>2011</td>
<td>63.43</td>
<td>67.85</td>
<td>58.08</td>
</tr>
<tr>
<td>2012</td>
<td>63.93</td>
<td>71.03</td>
<td>59.28</td>
</tr>
<tr>
<td>2013</td>
<td>78.02</td>
<td>83.36</td>
<td>70.81</td>
</tr>
<tr>
<td>December 2013</td>
<td>82.27</td>
<td>83.36</td>
<td>81.22</td>
</tr>
<tr>
<td>January 2014</td>
<td>81.62</td>
<td>83.34</td>
<td>79.93</td>
</tr>
<tr>
<td>February 2014</td>
<td>80.67</td>
<td>81.17</td>
<td>79.15</td>
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<tr>
<td>March 2014</td>
<td>80.76</td>
<td>82.08</td>
<td>79.82</td>
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<tr>
<td>April 2014</td>
<td>81.65</td>
<td>82.25</td>
<td>81.00</td>
</tr>
<tr>
<td>May 2014</td>
<td>81.33</td>
<td>81.67</td>
<td>80.84</td>
</tr>
<tr>
<td>June 2014(2)</td>
<td>81.71</td>
<td>82.00</td>
<td>81.47</td>
</tr>
</tbody>
</table>

**Notes:**

1. **Source:** Bloomberg L.P. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Global Coordinator, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

2. As at the Latest Practicable Date.
## Malaysian Ringgit/Singapore dollar

<table>
<thead>
<tr>
<th>Period ended</th>
<th>Average</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.3625</td>
<td>2.4403</td>
<td>2.2952</td>
</tr>
<tr>
<td>2011</td>
<td>2.4333</td>
<td>2.5059</td>
<td>2.3703</td>
</tr>
<tr>
<td>2012</td>
<td>2.4718</td>
<td>2.5264</td>
<td>2.3973</td>
</tr>
<tr>
<td>2013</td>
<td>2.5175</td>
<td>2.6027</td>
<td>2.3973</td>
</tr>
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<td>December 2013</td>
<td>2.5825</td>
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<td>January 2014</td>
<td>2.5961</td>
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<td>2.5748</td>
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<td>February 2014</td>
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<td>March 2014</td>
<td>2.5901</td>
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<td>2.5772</td>
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<tr>
<td>April 2014</td>
<td>2.5937</td>
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<td>2.5826</td>
</tr>
<tr>
<td>May 2014</td>
<td>2.5804</td>
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<td>2.5606</td>
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<td>June 2014(2)</td>
<td>2.5677</td>
<td>2.5756</td>
<td>2.5570</td>
</tr>
</tbody>
</table>

### Notes:

1. **Source:** Bloomberg L.P. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA) and for the purposes of Section 282I of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Section 302(1) of the SFA) and Sections 282N and 282O of the SFA. While the Managers have taken reasonable actions to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Managers, the Global Coordinator, the Joint Bookrunners or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

2. **As at the Latest Practicable Date.**

### EXCHANGE CONTROLS

#### Australia

There are no foreign exchange controls in Australia that restrict the payment of cash dividends or capital amounts by MIT Australia to FH-REIT. However, where AUD10,000 of physical currency is transferred out of Australia or international funds transfer instructions occur, reporting obligations may apply under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth). There are also prohibitions on the transfer of money to and dealing with property in connection with certain persons under the Charter of the United Nations Act 1945 (Cth) and the Autonomous Sanctions Act 2011 (Cth) which may affect dealings in Australia.

#### United Kingdom

There are currently no foreign exchange controls in the United Kingdom that may restrict the payments of amounts to FH-REIT.

#### Jersey

There are currently no foreign exchange controls in Jersey that may restrict the payments of amounts to FH-REIT.
Japan

The Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949, as amended) (the “Foreign Exchange and Foreign Trade Act”) and the cabinet ordinances and ministerial ordinances promulgated thereunder (the “Foreign Exchange Regulations”) govern certain aspects of foreign exchange, foreign trade and other foreign transactions. The Foreign Exchange Regulations generally do not require governmental authorisation to engage in foreign exchange, foreign trade or other foreign transactions, except in limited circumstances. In many cases, the Foreign Exchange Regulations simply require post transaction notification with respect to certain foreign exchange, foreign trade or other foreign transactions, including overseas payments in excess of a specified amount and acquisition of equity securities of Japanese corporations by foreign investors (which include corporations organised under the laws of foreign countries or whose principal offices are located outside Japan). Such notification is likely to be required in the acquisition by a non-Japanese corporation of specified or preferred shares in a TMK or shares in a godo kaisha (“GK”).

Malaysia

There are foreign exchange policies in Malaysia which support the monitoring of capital flows in and out of Malaysia in order to preserve its financial and economic stability. The foreign exchange policies monitor and regulate both residents and non-residents. Under the current Exchange Control Notices of Malaysia and the Foreign Exchange Administration Rules issued by the Central Bank of Malaysia, non-residents are free to repatriate any amount of funds from Malaysia, including capital, divestment proceeds, profits, dividends, rental, fees and interest arising from investment in Malaysia, subject to applicable reporting requirements and any withholding tax, provided that the repatriation is made in foreign currency.
The following table sets forth the pro forma capitalisation of FH-REIT as at the Listing Date and after application of the total proceeds from the Offering and the issuance of the Sponsor Stapled Securities, the TCC Stapled Securities and Cornerstone Stapled Securities, based on the Offering Price, and the expected drawdowns under the FH-REIT Debt Facilities. The information in the table below should be read in conjunction with “Use of Proceeds”.

CAPITALISATION (1)

<table>
<thead>
<tr>
<th></th>
<th>As at the Listing Date (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt</td>
<td>728,553</td>
</tr>
<tr>
<td>FH-REIT Units in issue</td>
<td>1,049,513</td>
</tr>
<tr>
<td>Total Capitalisation</td>
<td>1,778,066</td>
</tr>
</tbody>
</table>

Note:
(1) No capitalisation is presented for FH-BT as it is dormant as at the Listing Date.

INDEBTEDNESS

FH-REIT Debt Facilities

FH-REIT will put in place the FH-REIT Debt Facilities, being (i) up to S$615 million of Term Loan Facilities (the “TLF”) from DBS Bank Ltd., The Hongkong and Shanghai Banking Limited, Singapore Branch and Bank of China (together, the “Lenders”) to the REIT Trustee as borrower, (ii) the JPY2.35 billion Kobe Excellence TMK series 1 Bonds, (iii) the MYR95 million senior MTNs, (iv) a revolving credit facility of up to MYR4 million and (v) a revolving credit facility of S$50 million.

The TLF comprises the following SGD tranches:

(i) Tranche A – up to S$115 million; and

(ii) Tranche B – up to S$500 million.

The FH-REIT Debt Facilities have staggered loan maturities of three-year and five-year terms as detailed below and will be drawn down in full on the Listing Date:

• Tranche A: Three years from the date of first drawdown under the TLF; and

• Tranche B: Five years from the date of first drawdown under the TLF.

The FH-REIT Debt Facilities agreement contains covenants which are typical for financing of such nature. The material covenants require, inter alia, that:

(1) The Consolidated Unitholders’ funds shall not be less than S$800 million on the last day of each period;
(2) Minimum consolidated Interest Coverage Ratio of 1.5 times; and

(3) Maximum Gearing Ratio of (i) 35% (without rating by an acceptable rating agency) or (ii) 60% (with rating by an acceptable rating agency).

The financial covenants will be tested on a consolidated basis by reference to the unaudited quarterly and audited annual financial statements of the borrower.

“Consolidated Net Income” means, in relation to any period, the amount identified in the most recent financial statements of FH-REIT and its subsidiaries (the “Group”) as the total return (taking into account all realised foreign exchange loss or gain and all realised loss or gain arising in respect of any derivative financial instruments) of the Group during that period but before net changes in unrealised foreign exchange loss or gain, fair value of investment properties, fair value of other investments and derivative financial instruments, income tax and distribution and share of results of associates for that period.

“Gearing Ratio” means the ratio of consolidated total financial indebtedness plus deferred payments to consolidated total assets of the Group.

“Interest Coverage Ratio” means the ratio of (a) the Net Cash Available for Interest Servicing to (b) the aggregate amount of interest and any other finance charges (whether or not paid or payable) accrued by the Group excluding the amortisation of borrowing costs in respect of any front end fees paid under any loan facilities (“Interest Expenses”) by the Group.

“Net Cash Available for Interest Servicing” means, in relation to any period, the Consolidated Net Income of the Group for that period after including/adding back:

(a) the Consolidated Total Interest Expenses for that period;

(b) the amortisation of front end fees actually paid; and

(c) all management (including property management) fees paid or to be paid via the issue of additional units in the borrower for that period.

In addition, other customary covenants include but are not limited to the following:

(1) The manager of FH-REIT shall remain majority owned1 (directly or indirectly) by the Sponsor unless with the prior written consent of all the Lenders. The manager of the FH-REIT is not to resign or be removed as manager of FH-REIT without a replacement or substitute manager which is approved by the Monetary Authority of Singapore unless with the prior written consent of all the Lenders.

(2) FH-REIT shall remain listed on the SGX-ST.

(3) The operator of the hospitality or serviced residences properties shall be the Sponsor, its Subsidiaries, FH-BT, any member of the TCC Group or (as the case may be) any hotel or serviced residences operator appointed by the Sponsor or its subsidiaries.

(4) There shall not be a material amendment or termination of any Master Lease Agreement signed between FH-REIT and the Sponsor (or its subsidiaries), unless in connection with such termination, a replacement Master Lease Agreement is entered into with the Sponsor or another subsidiary of the Sponsor.

1 The Sponsor has undertaken to notify the REIT Manager and the REIT Trustee as soon as it becomes aware of any pledging arrangements relating to its shares in the REIT Manager, and of any event which may result in a breach of the loan provisions or financial covenants in accordance with Rule 728 of the Listing Manual.
The borrower shall take out and maintain such insurances in respect of FH-REIT's properties as a prudent company located in the same or similar location and carrying on the same or similar business would effect.

Subject to exceptions, the borrower shall not and shall ensure that none of its relevant subsidiaries will create or permit to arise or subsist any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect over any of its properties or the share capital of any of its relevant subsidiaries.

Subject to exceptions, the borrower shall not and shall ensure that none of its relevant subsidiaries will enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any of its properties or the share capital of any of its relevant subsidiaries.

The REIT Trustee is not to resign or be removed as the trustee of FH-REIT without a replacement or substitute trustee which is a reputable trust company approved by the Monetary Authority of Singapore to act as a trustee of collective investment schemes in Singapore having been appointed in accordance with the terms of the FH-REIT Trust Deed.

The borrower is to submit a certificate on a quarterly basis as regards compliance with the financial covenants issued by a director, chief financial officer or authorised signatory at the same time as submission of the relevant financial statements.

The borrower (in its capacity as trustee for FH-REIT) shall represent that it has the right under the FH-REIT Trust Deed to be indemnified out of the assets of FH-REIT for all payment obligations (actual and contingent) incurred under or in connection to the finance documents.

There shall be no amendment to any material term of the FH-REIT Trust Deed without the prior written consent of the Majority Lenders (such consent not to be unreasonably withheld) (unless required by law or requested to do so by a relevant governmental agency).

FH-REIT will put in place a short-term S$50.0 million short term revolving credit facility (“RCF”) from DBS Bank Ltd..

Asset-backed Securitisation of The Westin Kuala Lumpur

The MTN Programme pursuant to the asset-backed securitisation of The Westin Kuala Lumpur (the “ABS Transaction”) will be implemented, for the purpose of, inter alia, funding the acquisition by the Malaysian SPV from the Originator of The Westin Kuala Lumpur.

The issue size of the MTN Programme is up to MYR750,000,000 in nominal value and the MTN Programme shall comprise Class A Senior MTNs, Class B Junior MTNs and Class C Junior MTNs. The Class A Senior MTNs will be issued by direct placement on a best effort basis or bought deal basis or book running on a best effort basis without prospectus. The Class A Senior MTNs will be placed to institutional investors in Malaysia, and in any case, will be underwritten by Standard Chartered Bank, subject to meeting certain customary conditions precedent. The Class B Junior MTNs and Class C Junior MTNs will be issued by way of private placement without prospectus.

FH-REIT will subscribe for the Class B Junior MTNs and Class C Junior MTNs through Singapore SPV, which is wholly-owned by the REIT Trustee.
The MTN Programme shall have a tenure of 20 years from the date of first issuance (expected to be on Listing Date). All MTNs to be issued under the MTN Programme shall have an Expected Maturity Date (that is, the date specified for the expected redemption of the outstanding face amount of the MTN in issue) and a Legal Maturity Date (that is, the date specified for the redemption of the outstanding face amount of the MTN in issue).

For the first issuance of Class A Senior MTNs, Class B Junior MTNs and Class C Junior MTNs, the Expected Maturity Date shall be five years and the Legal Maturity Date shall be 6.5 years.

Non-redemption of the MTNs on the Expected Maturity Date will not in itself constitute an event of default under the MTN Programme ("Event of Default"), but a Trigger Event (see "− Events of Default" and "− Trigger Events" below) is deemed to have occurred. The non-redemption of the MTNs on the Legal Maturity Date shall be an Event of Default.

The actual issue size for the first issuance of the MTNs is set out below:

<table>
<thead>
<tr>
<th>Class</th>
<th>Amount (MYR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A Senior MTNs:</td>
<td>95.0</td>
</tr>
<tr>
<td>Class B Junior MTNs:</td>
<td>95.0</td>
</tr>
<tr>
<td>Class C Junior MTNs:</td>
<td>266.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>456.5</td>
</tr>
</tbody>
</table>

For subsequent issuances of MTNs by the Malaysian SPVs, the issue size of the MTNs will be determined at the point of issuance, subject to the total MTNs outstanding being no more than MYR750,000,000.

Subsequent issuances of MTNs may be made to (i) finance any capital expenditure on The Westin Kuala Lumpur and/or for working capital purposes including payment to the debt service reserve account for compliance with the DSRA Requirement (as defined below) and (ii) refinance any MTNs on its respective Expected Maturity Date.

**Coupon on the MTNs**

The coupon on the Class A Senior MTNs shall be based on a fixed rate to be determined prior to each issuance. A step-up coupon rate shall apply to all the outstanding Class A Senior MTNs for the period from Expected Maturity Date to Legal Maturity Date, which will be determined prior to each issuance.

The coupon on the Class B Junior MTNs shall be based on a variable rate in that payment of coupon will be subject to availability of cash flow after fulfilling payment obligations that are senior to the coupon on the Class B Junior MTNs and such rate shall be determined on each coupon payment date and capped at 12.0% per annum for the first issuance. For subsequent issuances of the Class B Junior MTNs, the coupon and/or cap rate for the coupon shall be determined prior to each issuance.

The coupon on the Class C Junior MTNs shall be based on a variable rate in that payment of the coupon will be subject to availability of cash flow after fulfilling payment obligations that are senior to the coupon on the Class C Junior MTNs.

The coupon on the MTNs issued shall be paid semi-annually in arrears.
In the event the Malaysian SPV has insufficient funds to pay coupon on the Class B Junior MTNs and Class C Junior MTNs on the coupon payment date, the coupon payable on that date shall be deferred and be payable on the next coupon payment date, and so on (i.e. on a cumulative basis). Such unpaid coupon shall not be subject to penalty interest.

**Call Options**

The ABS Transaction is structured with the following:

(i) a call option over all Class A Senior MTNs (the “Class A Senior MTNs Call Option”) granted by Malaysian Trustees Berhad (the “Bond Trustee”) in favour of the REIT Trustee; and

(ii) a call option over The Westin Kuala Lumpur granted by the Malaysian SPV in favour of the REIT Trustee (the “Property Call Option”).

Under the ABS Transaction, the subscription of the Class A Senior MTNs by the institutional holders are subject to the terms of the Class A Senior MTNs Call Option. The Bond Trustee, acting as the trustee of the Class A Senior MTNs holders, shall grant the Class A Senior MTNs Call Option in favour of the REIT Trustee, on behalf of the Class A Senior MTNs holders.

The Class A Senior MTNs Call Option price shall be an amount equivalent to the principal amount outstanding under the Class A Senior MTNs together with interest payable (including default interest, if any) on all outstanding Class A Senior MTNs up to the Class A Senior MTNs Call Option settlement date.

The Class A Senior MTNs Call Option is exercisable after the occurrence of a Trigger Event or an Event of Default and shall expire on the earlier of the following:

(i) On the day of expiry of the MTN Programme and due satisfaction in full of all monies owing thereunder;

(ii) After expiry of the MTN Programme, on the day of satisfaction in full of all MTNs under the MTN Programme;

(iii) In the event of exercise of the Property Call Option, on the day of due completion thereof; and

(iv) On the day the Security Trustee has exercised the Power of Attorney pursuant to the occurrence of a Trigger Event.

The Property Call Option is exercisable:

(i) at least three months\(^2\) (or such other longer period as may be mutually agreed) prior to the Expected Maturity Date of the Class A Senior MTNs; or

(ii) within fourteen (14) business days (or such other period as may be mutually agreed) from the date of the notification by the Bond Trustee that a Trigger Event has occurred; or

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1 The Class A Senior MTNs Call Option and the Property Call Option are intended to provide FH-REIT with the ability to take back the Property in “stress” events (which are the “trigger events” listed below) either through (i) acquiring the Property directly or (ii) acquiring the Class A Senior MTNs (which are held by third parties) so that all the MTNs are held by FH-REIT and it can choose how and when to wind down the ABS structure.

2 The Property Call Option is exercisable at least three months prior to the Expected Maturity Date of the Class A Senior MTNs to allow the call option party sufficient time to purchase the Property and for the sale proceeds to be applied towards redemption of the Class A Senior MTNs on the Expected Maturity Date.
(iii) within fourteen (14) business days (or such other period as may be mutually agreed) from the date of the notification by the Bond Trustee that an Event of Default has been declared.

The Property Call Option price shall not be lower than the aggregate of the unpaid and accrued coupon payments and outstanding nominal value of the Class A Senior MTNs, and the unpaid interest and principal under the Liquidity Facility (see “− Liquidity Facility” below) and all outstanding fees and expenses due to all parties under the ABS Transaction and/or being incurred by the Malaysian SPV.

Upon completion of the sale and purchase of the Property pursuant to the exercise of the Property Call Option, all MTNs (including the Class A Senior MTNs) shall be subject to mandatory redemption.

**Servicer and Administrator**

The REIT Manager, in its capacity as the Servicer under the ABS transaction, will be responsible for any operations in relation to the Property (including whether and when to draw down on the Liquidity Facility).

However, TMF Global Services (Malaysia) Sdn Bhd will be the administrator of the Malaysian SPV, appointed to provide company secretarial services to and administer the statutory duties of the Malaysian SPV, including but not limited to the following:

- Opening and maintaining bank accounts;
- Prepare and maintain accounting books and records;
- Providing corporate secretarial services; and
- Providing two independent resident directors to the Malaysian SPV.

**Security / Collateral**

The MTNs are intended to be secured by the following securities, with the Class A Senior MTNs ranking first, followed by the Class B Junior MTNs and the Class C Junior MTNs:

1. first legal assignment of the Malaysian SPV’s rights under the sale and purchase agreement between the Malaysian SPV and the Originator in respect of The Westin Kuala Lumpur and all its beneficial rights in respect of The Westin Kuala Lumpur;

2. first legal charge over The Westin Kuala Lumpur upon discharge of the existing charge on The Westin Kuala Lumpur created by the Originator in favour of Public Bank (L) Ltd which will be discharged upon payment of the redemption sum to Public Bank (L) Ltd;

3. first ranking fixed and floating charge over all the present and future assets and undertakings of the Malaysian SPV;

4. first legal charge/assignment over the designated accounts and the credit balances therein;

5. first legal assignment over the Malaysian SPV’s present and future rights, title, interest and benefits in and under the Tenancy Agreement or lease and all other contracts, and all warranties and guarantees pertaining to The Westin Kuala Lumpur;
(6) first legal assignment over the Malaysian SPV’s present and future rights, title, interest and
benefits in and under the relevant insurance policies procured in respect of The Westin Kuala
Lumpur;

(7) irrevocable power of attorney in respect of The Westin Kuala Lumpur executed in favour of
the security trustee appointed under the MTN Programme (the “ABS Security Trustee”) to
grant full authority to the ABS Security Trustee to (i) dispose of The Westin Kuala Lumpur
upon the occurrence of certain trigger event and/or (ii) to dispose of The Westin Kuala
Lumpur pursuant to the exercise of the call option to buy The Westin Kuala Lumpur;

(8) first legal assignment of the Malaysian SPV’s rights under the call option to buy The Westin
Kuala Lumpur;

(9) first legal assignment of the Malaysian SPV’s rights under the servicing agreement;

(10) first legal assignment of the Malaysian SPV’s rights under the administration agreement; and

(11) any other securities deemed appropriate,

(collectively, the “Securities”).

The Malaysian SPV shall use the proceeds from the first issuance under the MTN Programme to:

(i) settle the purchase consideration for the acquisition of the Property;

(ii) meet expenses in relation to the ABS Transaction (including reimbursement of expenses
paid) and The Westin Kuala Lumpur including without limitation to meet expenses in relation
to the acquisition of The Westin Kuala Lumpur and transfer of the title, payments of deposits
to the relevant authorities, any apportionment of outgoing payments in accordance with the
sale and purchase agreement and the tenancy agreement or lease and any expenses in
relation to the MTN Programme; and

(iii) make first contribution to the operating accounting (which is used to meet all operating,
management, repairs, service/maintenance and capital expenses on The Westin Kuala
Lumpur).

The trust deed constituting the Junior MTNs and the Class A Senior MTNs (“ABS Trust Deed”)
provide that approval of both Class A Senior MTN holders and Junior MTNs holders would be
required in relation to the key operational issues set out in paragraph 6.5(b) of the Property Funds
Appendix, save that in the case of sub-paragraph (ix) (transfer or disposal of the assets), the
Class A Senior MTNs holders may unilaterally dispose of the assets of the Malaysian SPV in
accordance with the terms of the MTN Programme upon the occurrence of a Trigger Event (as
defined below) or Event of Default.

**Trigger Events**

The occurrence of any of the following events will constitute a trigger event (“Trigger Event”):

(i) The Malaysian SPV fails to meet such amounts captured under the debt service reserve
account as agreed with RAM Rating Services Berhad1 which shall be determined prior to
the first issuance of the MTNs (“DSRA Requirement”) within the stipulated timeframe;

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1 RAM Rating Services Berhad is a registered rating agency in Malaysia. Appointment of a credit rating agency is
required under the guidelines issued by the Securities Commission Malaysia.
(ii) The Malaysian SPV fails to redeem or refinance any of the outstanding Class A Senior MTNs on its Expected Maturity Date;

(iii) The Originator as the tenant/lessee of The Westin Kuala Lumpur fails to renew the term of the Tenancy Agreement or lease;

(iv) The Tenancy Agreement or lease is terminated prior to its scheduled termination date; or

(v) Failure of the Malaysian SPV to repay all amounts due and owing in respect of the Liquidity Facility (as defined below).

Upon occurrence of a Trigger Event, Malaysian Trustees Berhad (“Bond Trustee”) shall be entitled to serve a written notice (“Trigger Event Notice”) to the call option party (being the REIT Trustee) to grant the call option party the right to either:

(i) exercise the call option to buy the Class A Senior MTNs; or

(ii) exercise the call option to buy The Westin Kuala Lumpur.

The call option party (being the REIT Trustee) shall within 14 business days (or such other period as may be mutually agreed) of receipt of the Trigger Event Notice, notify the Bond Trustee of its decision in relation to (i) or (ii) above, failing which, the ABS Security Trustee shall have the discretion to proceed with the disposal of The Westin Kuala Lumpur. The disposal process shall be managed by the ABS Security Trustee, under the rights conferred to the ABS Security Trustee pursuant to the power of attorney executed by the Malaysian SPV in favour of the ABS Security Trustee. The disposal price shall be determined in accordance with a pre-agreed mechanism.

The sale proceeds from disposal of The Westin Kuala Lumpur shall be deposited into the revenue account and shall be dealt with in accordance to the provisions stipulated therein, including but not limited to the mandatory redemption of all the outstanding MTNs.

The occurrence of a Trigger Event shall not constitute an Event of Default.

Events of Default

The events of default include, but are not limited to, the following:

(i) Failure to pay any amount due under the Class A Senior MTNs when due and payable save and except for non-repayment of the nominal value on Expected Maturity Date;

(ii) Failure to pay any amount due under the Junior MTNs when due and payable save and except for non-repayment of the nominal value on Expected Maturity Date;

(iii) The proceeds raised from the disposal of The Westin Kuala Lumpur subsequent to the occurrence of a Trigger Event is insufficient to repay/redeem all the outstanding Class A Senior MTNs;

(iv) Failure by the Malaysian SPV to observe or perform any of its obligations or covenants under any of the issue documents or under any undertaking or arrangement entered into in connection therewith (other than the obligation under paragraph (i) and (ii) above) and in the case of failure which in the opinion of the Bond Trustee is capable of being remedied, the Malaysian SPV does not remedy the failure within such period as to be agreed upon in the issue documents after receipt by the Malaysian SPV of a written notification from the Bond Trustee of the failure;
(v) Any representation, warranty, covenant or undertaking made or given by the Malaysian SPV under the issue documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the issue documents proves to have been incorrect in any material respect on or as of the date made or deemed made and in the case of a breach which is in the opinion of the Bond Trustee is capable of being remedied, the Malaysian SPV does not remedy such breach within such period as to be agreed upon in the issue documents after receipt by the Malaysian SPV of a written notification from the Bond Trustee of such breach;

(vi) Where any other indebtedness for borrowed monies (other than the Liquidity Facility or guarantee of the Malaysian SPV becomes due and payable prior to its stated maturity or is not discharged at maturity or where the security created for such indebtedness for borrowed monies (other than the Liquidity Facility) becomes immediately enforceable;

(vii) The Malaysian SPV fails to obtain, renew, maintain or comply in any material respect with all governmental approvals, licences and/or permits which are necessary for the performance by the Malaysian SPV of its obligations under the issue documents and such failure continues for such period as to be agreed upon in the issue documents after written notice is delivered to the Malaysian SPV;

(viii) Any corporate action is taken or any legal proceedings are commenced for the winding up of the Malaysian SPV except where any such step is of a vexatious or frivolous nature and the Malaysian SPV has taken action in good faith to set aside such proceedings within such period as to be agreed upon in the issue documents from the date of service thereof;

(ix) Where any scheme of arrangement under Section 176 of the Malaysian Companies Act 1965 (as amended) has been instituted against the Malaysian SPV;

(x) Insolvency, i.e. the Malaysian SPV is;

(a) deemed unable to pay its debts within the meaning of Section 218(2) of the Companies Act 1965 of Malaysia (as amended) or becomes unable to pay its debts as they fall due; or

(b) suspends or threatens to suspend making payments (whether of principal or coupon or otherwise) with respect to all or any class of its debts arising from borrowed moneys or a moratorium is agreed or declared in respect of or affecting all or any substantial part of the borrowed moneys of the Malaysian SPV or any security party;

(xi) At any time any of the provisions of the issue documents is or becomes illegal, void, voidable or unenforceable;

(xii) A winding order has been made against the Malaysian SPV;

(xiii) A resolution to wind up the Malaysian SPV has been passed;

(xiv) The Malaysian SPV repudiates any of the issue documents or the Malaysian SPV does or causes to be done any act or thing evidencing an intention to repudiate any of the issue documents;

(xv) A receiver or a manager or a receiver/manager has been appointed over the whole or any substantial part of the assets of the Malaysian SPV;
(xvi) Revocation, withholding, invalidation or modification of a licence, authorisation or approval that impairs or prejudices the Malaysian SPV’s ability to comply with the terms and conditions of the MTNs or the provisions of the issue documents;

(xvii) Where the first legal charge over The Westin Kuala Lumpur (the “Property Charge”) is not registered at the relevant land office/registry for any reason whatsoever within a period of twelve (12) months from the presentation date of the Property Charge or such extended period as may be agreed between the Malaysian SPV and the Bond Trustee;

(xviii) All or a material part of the undertakings, assets, rights or revenue of the Malaysian SPV is seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body;

(xix) The Malaysian SPV fails to satisfy any judgment at any time passed against the Malaysian SPV by any court of competent jurisdiction and no appeal against such judgment or an application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law, or such appeal or application for a stay of execution has been dismissed and no appeal has been made against such dismissal within the time prescribed by law; and

(xx) Such other events of default as prescribed by the Securities Commission of Malaysia’s Trust Deeds Guidelines and such other events of default stipulated by the lead arranger of the MTN Programme and/or the Solicitors of the lead arranger of the MTN Programme.

Upon occurrence of any of the above events of default, subject to the terms of the ABS Trust Deed, the Bond Trustee may and shall, at the direction of an agreed majority of the Class A Senior MTNs holders (or the holders of the Class B Junior MTNs in the event all monies payable under or in respect of the Class A Senior MTNs have been fully satisfied or where relevant, the holders of the Class C Junior MTNs in the event all monies payable under or in respect of the Class A Senior MTNs and the Class B Junior MTNs have been fully satisfied), by written notice to the Malaysian SPV declare that an event of default has occurred whereupon the ABS Trust Deed and the security documents shall become immediately enforceable in accordance with their respective terms.

The Class B Junior MTNs holders will not be able to declare an event of default ahead of the Class A Senior MTNs holders provided that this restriction will not be applicable if there is no Class A Senior MTNs outstanding at the time of declaration.

The Class C Junior MTNs holders will not be able to declare an event of default ahead of the Class A Senior MTNs holders and the Class B Junior MTNs holders provided that this restriction will not be applicable if there is no Class A Senior MTNs and Class B Junior MTNs outstanding at the time of declaration.

Upon declaration of an event of default pursuant to the ABS Trust Deed, amounts standing to the credit of the revenue account (save for all deposits received from the tenant/lessee of The Westin Kuala Lumpur) shall be applied in the following priority and manner:

(i) To pay/set aside any taxes due;

(ii) To pay any fees and expenses due to and/or incurred by the Bond Trustee and other parties to the transaction in the following order of priority:

(a) Central Bank of Malaysia fees and expenses;

(b) Bond Trustee and transaction administrator fees and expenses;

(c) ABS Security Trustee fees and expenses;

(d) Rating fees and expenses;
(e) Facility agent fees and expenses;

(f) Administrator fees and expenses;

(g) Any other fees and expenses due to or incurred by other parties in relation to the transaction (including Servicer fees) and any charges, commitment fee or commission in respect of the Liquidity Facility) (if any);

(iii) To pay any accrued and unpaid coupon in respect of the Class A Senior MTNs and the interest due under the Liquidity Facility (if any);

(iv) To pay the principal outstanding of the Class A Senior MTNs and the principal payments due under the Liquidity Facility (if any);

(v) To pay/set aside all fees, costs and expenses incurred or to be incurred in connection with or incidental to the winding up of the Malaysian SPV;

(vi) To pay any accrued and unpaid coupon in respect of Class B Junior MTNs;

(vii) To pay the principal outstanding of the Class B Junior MTNs;

(viii) To pay the principal outstanding of the Class C Junior MTNs;

(ix) To pay any accrued and unpaid coupon in respect of Class C Junior MTNs;

(x) To pay dividends on the preference shares (if any); and

(xi) To redeem all the outstanding preference shares (if any).

In consideration of Standard Chartered Bank Malaysia Berhad (as lead arranger, facility agent and lead manager for the MTN Programme) ("SCBMB") agreeing to their respective roles in relation to the MTN Programme, the REIT Trustee has agreed to indemnify each of SCBMB and its affiliates, directors, officers, employees and agents (collectively "Relevant Party") from and against any claims, loss, damage or liability which SCMB and the Relevant Party may incur as a consequence of, inter alia:

(a) any actual or alleged breach of representations, warranties and undertakings made by the Malaysian SPV under the MTN Programme;

(b) the Malaysian SPV’s failure to perform any of its obligations under the MTN Programme or to issue on the agreed issue date;

(c) the performance by SCBMB of their participation in the transactions contemplated under the MTN Programme and their obligations under the MTN Programme;

(d) any untrue or misleading (or allegedly untrue or misleading) statement in, or any omission (or alleged omission) from the information memorandum in connection with the MTN Programme or any additional written information provided by the Malaysian SPV to SCBMB; and

(e) any failure or alleged failure by the Malaysian SPV or its agents to comply with any laws and regulations in any jurisdiction in relation to the MTN Programme,

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1 As the Malaysian SPV is an orphan company, its operations are conducted by service providers, acting as the Malaysian SPV’s agents, for example, TMF Global Services (Malaysia) Sdn Bhd as the administrator of the Malaysian SPV and the REIT Manager acting as the servicer.
save and except in the case of any gross negligence, wilful default or fraud of SCBMB and the Relevant Party.

(See “Overview of the Acquisition of the Properties – Acquisition of The Westin Kuala Lumpur” for further details on the holding structure of the Property.)

**Liquidity Facility**

The Malaysian SPV will obtain from Standard Chartered Bank Malaysia Berhad (“Liquidity Facility Provider”) a revolving credit facility of up to MYR4,000,000.00 or such other amount as may be agreed between the Liquidity Facility Provider and the Malaysian SPV (the “Liquidity Facility”).

The Liquidity Facility shall also be secured by the Securities with the Liquidity Facility ranking pari passu with the Class A Senior MTNs.

The Liquidity Facility will be utilised to fund the DSRA Requirement under the ABS Transaction.

**JPY3.0 billion Kobe Excellence TMK Series 1 Bonds issuance in relation to ANA Crowne Plaza Kobe**

The debt facilities contain covenants on the maintenance of the current ownership of the preferred equity and specified equity of Kobe Excellence TMK\(^1\).

A summary of selected information on the JPY3.0 billion Kobe Excellence TMK Series 1 Bonds due on 14 July 2019 (the “Bonds”) issued by Kobe Excellence TMK is set out in the table below:

<table>
<thead>
<tr>
<th>Debt Provider</th>
<th>United Overseas Bank Limited, acting through its Tokyo Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Amount</td>
<td>JPY2.35 billion (S$28.9 million)(^2)</td>
</tr>
<tr>
<td>Purpose of Issue</td>
<td>To (i) partially fund Kobe Excellence TMK’s capex, (ii) fund Kobe Excellence TMK’s upfront fees of JPY9.0 million, and (iii) fund Kobe Excellence TMK’s (a) debt service reserve and capex reserve and/or (b) recoup initial equity investment for the purchase of the beneficial interest under the trust established under the Real Estate Management and Disposition Trust Restatement Agreement by and between the Bank of New York Mellon (Japan) Ltd. and Kobe Excellence TMK (as beneficial interest holder) dated September 3, 2009 (as amended and assigned).</td>
</tr>
<tr>
<td>Tenor (years) (as at the Listing Date)</td>
<td>Five years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>The Bonds bear interest of: (i) Yen LIBOR plus 1.6% per annum from and including the Issue Date up to but excluding the Listing Date; and (ii) Yen LIBOR plus 1.28% per annum from and including the Listing Date up to but excluding the final maturity date.</td>
</tr>
</tbody>
</table>

\(^1\) For as long as United Overseas Bank Limited, acting through its Tokyo Branch, is a Bond holder, Kobe Excellence TMK shall cause FH-REIT to directly or indirectly hold 100% of the specified equity interests (tokutei shusshi) and preferred equity interests (yusen shusshi), respectively, of Kobe Excellence TMK.

\(^2\) Although an aggregate of JPY 3.0 billion in principal amount of bonds was initially issued, the current principal amount of bonds outstanding is JPY2,349,870,000.
Default Interest Rate 3% per annum, on a 360-day year basis  
Interest Payment Date 30 March, 30 June, 30 September and 30 December of each year  
Redemption Kobe Excellence TMK is required to pay in one lump sum the principal outstanding on the Bonds at 100% of the principal amount thereof (together with accrued interest).

Kobe Excellence TMK shall not during the term of the Bonds:

(1) instruct the trustee to:
   (a) borrow money or create any lien over ANA Crowne Plaza Kobe; or
   (b) sell, assign, transfer or dispose of ANA Crowne Plaza Kobe without the consent of the Bond holders; and
(2) borrow money or create any lien over the beneficial interest for any purpose without the consent of Bond holders.

For the avoidance of doubt, Kobe Excellence TMK may, after the Listing Date, (i) sell, transfer, assign, or dispose of the beneficial interest and (ii) instruct the trustee to sell, transfer, assign, or dispose of ANA Crowne Plaza Kobe, in whole or in part, provided that Kobe Excellence TMK effects an early redemption of the Bonds pursuant to the terms and conditions of the Bonds.

Aggregate Leverage

As at the Listing Date, FH-REIT will have an Aggregate Leverage of 41.7% based on the Offering Price. The REIT Manager has obtained, in respect of FH-REIT, a provisional credit rating of (P) Baa2 (stable outlook) from Moody’s. The basis of the S$613 million under the TLF, JPY2.35 billion (equivalent to approximately S$29 million) of Kobe Excellence TMK Series 1 Bonds and MYR95 million (equivalent to approximately S$37 million) of Class A Senior MTNs, being all the debt that will be drawn down on the Listing Date, S$112.7 million (being 16.6%) will mature after approximately three years from the Listing Date and S$565.8 million (being 83.4%) will mature after approximately five years from the Listing Date. The S$50.0 million under the RCF drawn down on Listing Date is a short term loan.

FH-BT

As at the Listing Date, FH-BT will be dormant and will not have any debt facilities in place.

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1 The provisional credit rating assumes the listing of FHT on the SGX-ST, the drawdown of debt facilities of S$728.6 million and the acquisition of the Properties by FH-REIT. The final rating is conditional upon the successful completion of all the events described in the foregoing sentence. The REIT Manager expects Moody’s to assign its final rating of FH-REIT on the Listing Date and will make an announcement on SGXNET of the final rating when it has been assigned to FH-REIT. All ratings are subject to revision or withdrawal at any time. Moody’s has not provided its consent, for the purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the credit rating information and is therefore not liable for such information under Sections 253 and 254 (read with Section 302) of the SFA and Sections 282N and 282O of the SFA. While the REIT Manager has taken reasonable action to ensure that the information has been reproduced in its proper form and context, and that it has been extracted fairly and accurately, neither the REIT Manager nor any other party has conducted an independent review of, nor verified the accuracy of, such information. The provisional credit rating obtained from Moody’s is current and Moody’s will be paid by FH-REIT to provide the credit rating. The credit rating is not a recommendation to invest in any securities. Issuer credit ratings express Moody’s opinion of an entity’s creditworthiness and ability to meet its senior financial obligations. More information on Moody’s and its ratings are available on its website www.moodys.com.
UNAUDITED PRO FORMA FINANCIAL INFORMATION

FH-REIT

The following tables present Unaudited Pro Forma Financial Information based on the Offering Price, assuming the Over-Allotment Option is fully exercised.

The Independent Reporting Auditor, Ernst & Young LLP, have reported on the Unaudited Pro Forma Financial Information and their report is included in Appendix B, “Independent Reporting Auditor’s Report On The Compilation Of Unaudited Pro Forma Financial Information”. The Unaudited Pro Forma Financial Information has been prepared on the basis of the assumptions and accounting policies set out in Appendix C, “Unaudited Pro Forma Financial Information”, and should be read together with these assumptions and accounting policies.

The Unaudited Pro Forma Statements of Total Return of FH-REIT for FY2011, FY2012 and FY2013 and Q1 FY2013 and Q1 FY2014, reflect the total return of FH-REIT assuming that the following events or agreements had occurred, were entered into or were effective on 1 October 2010, or date of acquisition, if later, under the same terms as set out in the Prospectus:

1. the Offering;
2. the acquisition of the Singapore SPC and Japan SPC and Properties;
3. the Master Lease and Tenancy Agreements;
4. the Master Serviced Residence Management Agreements;
5. the Hotel Management Agreements; and
6. the fee arrangements of the REIT Manager, the REIT Trustee, the Hotel Managers, the Serviced Residence Operators, and other asset managers and third parties as set out in “Overview – Certain Fees and Charges” (the “Fee Arrangements”)

The Unaudited Pro Forma Balance Sheets of FH-REIT as at 30 September 2013 and as at 31 December 2013 present the financial position of FH-REIT assuming that the following events or agreements had occurred, were entered into or were effective on 30 September 2013 and 31 December 2013, respectively, under the same terms as set out in the Prospectus:

1. the Offering;
2. the acquisition of the Singapore SPC and Japan SPC and Properties;
3. the Master Lease and Tenancy Agreements;
4. the Master Serviced Residence Management Agreements;
5. the Hotel Management Agreements; and
6. the Fee Arrangements

The Unaudited Pro Forma Cash Flow Statement of FH-REIT for the year ended 30 September 2013 and 3 months ended 31 December 2013 shows the cash flows of FH-REIT assuming the following events or agreements had occurred, were entered into or were effective on 1 October 2012, under the same terms as set out in the Prospectus:

1. the Offering;
The objective of the Unaudited Pro Forma Financial Information is to show what the total returns, cash flow and financial position might have been had FH-REIT existed at an earlier date. However, the Unaudited Pro Forma Financial Information of FH-REIT is not necessarily indicative of the total returns and cash flow of the operations or financial position that would have been attained had FH-REIT actually existed earlier. The Unaudited Pro Forma Financial Information has been compiled for illustrative purposes only and, because of its nature, may not give a true picture of the actual total return, cash flows or financial position of FH-REIT.

FH-BT AND FH-TRUST

No pro forma financial information of FH-BT has been presented as it is newly established and will be dormant as at the Listing Date. Accordingly, no consolidated pro forma financial information of FH-Trust has been presented.

**Unaudited Pro Forma Statements of Total Return for FH-REIT**

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>Q1 FY2013</th>
<th>Q1 FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(SS’000)</td>
<td>(SS’000)</td>
<td>(SS’000)</td>
<td>(SS’000)</td>
<td>(SS’000)</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>84,843</td>
<td>93,880</td>
<td>97,583</td>
<td>25,752</td>
<td>26,034</td>
</tr>
<tr>
<td>Property operating expenses</td>
<td>(16,046)</td>
<td>(17,014)</td>
<td>(17,254)</td>
<td>(4,269)</td>
<td>(4,359)</td>
</tr>
<tr>
<td>Net property income</td>
<td>68,797</td>
<td>76,866</td>
<td>80,329</td>
<td>21,483</td>
<td>21,675</td>
</tr>
<tr>
<td>REIT Manager’s management fees</td>
<td>(6,499)</td>
<td>(6,959)</td>
<td>(7,055)</td>
<td>(1,819)</td>
<td>(1,840)</td>
</tr>
<tr>
<td>Other management fees</td>
<td>(1,650)</td>
<td>(1,666)</td>
<td>(1,633)</td>
<td>(432)</td>
<td>(415)</td>
</tr>
<tr>
<td>Trustees’ fees</td>
<td>(481)</td>
<td>(482)</td>
<td>(453)</td>
<td>(118)</td>
<td>(110)</td>
</tr>
<tr>
<td>Other expenses(1)</td>
<td>(31,631)(2)</td>
<td>(2,327)</td>
<td>(2,201)</td>
<td>(567)</td>
<td>(547)</td>
</tr>
<tr>
<td>Interest and other income(3)</td>
<td>50</td>
<td>7</td>
<td>8</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance costs(5)</td>
<td>(16,241)</td>
<td>(15,964)</td>
<td>(15,544)</td>
<td>(4,088)</td>
<td>(3,817)</td>
</tr>
<tr>
<td>Total return before tax and distribution</td>
<td>12,345</td>
<td>49,475</td>
<td>53,451</td>
<td>14,459</td>
<td>14,946</td>
</tr>
<tr>
<td>Taxation</td>
<td>(2,975)</td>
<td>(1,801)</td>
<td>(2,297)</td>
<td>(703)</td>
<td>(825)</td>
</tr>
<tr>
<td>Total return after tax</td>
<td>9,370</td>
<td>47,674</td>
<td>51,154</td>
<td>13,756</td>
<td>14,121</td>
</tr>
<tr>
<td>Non-tax deductible items and other adjustments(4)</td>
<td>43,573</td>
<td>14,593</td>
<td>15,264</td>
<td>3,811</td>
<td>4,046</td>
</tr>
<tr>
<td>Income available for distribution to holders of Stapled Securities</td>
<td>52,943</td>
<td>62,267</td>
<td>66,418</td>
<td>17,567</td>
<td>18,167</td>
</tr>
</tbody>
</table>
Notes:

(1) Other expenses comprise operating expenses such as compliance expenses, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, insurance fees, commission fees, costs associated with the preparation and distribution of reports to the holders of the Stapled Securities, investor communication costs and other miscellaneous costs.

(2) In FY2011, in addition to the expenses referred to in (1) above, it includes stamp duty in relation to the acquisition of United Kingdom and Australia properties and non-capitalised listing fees.

(3) Interest and other income comprise mainly interest earned on cash and bank balances. There is no payment top-up recognised in the pro forma financial statements because such top-up relates to specific conditions in the future that are not applicable to the historical pro forma periods presented (i.e. up to 30 November 2015 so long as the Property is not sold).

(4) Non-tax deductible items and other adjustments comprise the REIT Manager’s management fees paid/payable in Stapled Securities, MIT Manager’s management fees paid/payable in Stapled Securities, REIT Trustee’s fees, amortisation of debt-related transaction costs/insurance fee, serviced residences management fees and trademark licence fees which are paid/payable in Stapled Securities, stamp duty and non-capitalised listing fees.

(5) Finance costs comprise interest expense and amortisation of debt-related transaction costs.

### Unaudited Pro Forma Balance Sheets of FH-REIT

<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2013 (S$’000)</th>
<th>As at 31 December 2013 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties(1)</td>
<td>1,648,798</td>
<td>1,645,015</td>
</tr>
<tr>
<td>Deferred tax assets(2)</td>
<td>317</td>
<td>89</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>27,117</td>
<td>27,330</td>
</tr>
<tr>
<td>Tax recoverable(3)</td>
<td>62,942</td>
<td>65,798</td>
</tr>
<tr>
<td>Other current assets</td>
<td>270</td>
<td>261</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,739,444</td>
<td>1,738,493</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>1,288</td>
<td>1,386</td>
</tr>
<tr>
<td>Borrowings(5)</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security deposits(4)</td>
<td>23,717</td>
<td>23,861</td>
</tr>
<tr>
<td>Deferred tax liabilities(2)</td>
<td>4,393</td>
<td>4,813</td>
</tr>
<tr>
<td>Borrowings(5)</td>
<td>664,232</td>
<td>662,807</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>743,630</td>
<td>742,867</td>
</tr>
<tr>
<td><strong>Net assets attributable to holders of Stapled Securities</strong></td>
<td>995,814</td>
<td>995,626</td>
</tr>
<tr>
<td>Number of Stapled Securities in issue (’000)(6)</td>
<td>1,192,628</td>
<td>1,192,628</td>
</tr>
<tr>
<td>Net asset value per Stapled Securities (S$)</td>
<td>0.83</td>
<td>0.83</td>
</tr>
</tbody>
</table>

Notes:

(1) Assumes that costs of the investment properties remain unchanged from S$1,649 million at 30 September 2013 and S$1,645 million at 31 December 2013.
Deferred tax assets and deferred tax liabilities arose from the acquisition of the entities by FH-REIT in relation to ANA Crowne Plaza Kobe.

Tax recoverable relates to recoverable UK value added tax and Singapore goods and services tax paid for the acquisition of certain investment properties. It also includes the tax receivable amount which arose from the acquisition of the entities by FH-REIT in relation to ANA Crowne Plaza Kobe.

Cash security deposits are collected from master lessees as part of the lease agreements (except for master lessee in Japan and tenant in Malaysia). In Japan and Malaysia, the equivalent security deposits are being provided by master lessee and tenant in the form of banker’s guarantee. The use of such cash from security deposits are disclosed under “Use of Proceeds”.

Comprises principal amount of borrowings of S$714 million, after deducting unamortised debt upfront costs of S$7 million at 30 September 2013 and comprises principal amount of borrowings of S$713 million, after deducting unamortised debt upfront costs of S$7 million at 31 December 2013.

Based on the Offering Price of S$0.88 per Stapled Security.

**Unaudited Pro Forma Cash Flow Statements of FH-REIT**

<table>
<thead>
<tr>
<th>FY2013 (S$'000)</th>
<th>Q1 FY2014 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
</tr>
<tr>
<td>Net income before income tax</td>
<td>24,211</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
</tr>
<tr>
<td>Amortisation expense&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>1,588</td>
</tr>
<tr>
<td>REIT Manager’s management fees paid or payable in Stapled Securities&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>7,043</td>
</tr>
<tr>
<td>Other management fees paid or payable in Stapled Securities&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>1,301</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>14,205</td>
</tr>
<tr>
<td>Serviced Residences Management Fees and Trademark License Fees paid or payable in Stapled Securities&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>5,008</td>
</tr>
<tr>
<td>Other expenses</td>
<td>29,014</td>
</tr>
<tr>
<td>Operating income before working capital changes</td>
<td>82,370</td>
</tr>
<tr>
<td>Changes in receivables</td>
<td>(8,132)</td>
</tr>
<tr>
<td>Changes in payables</td>
<td>246</td>
</tr>
<tr>
<td>Cash security deposits received&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>24,095</td>
</tr>
<tr>
<td><strong>Cash flows from operations</strong></td>
<td>98,579</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(1,297)</td>
</tr>
<tr>
<td><strong>Net cash inflows generated from operating activities</strong></td>
<td>97,282</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase of investment properties</td>
<td>(1,525,858)</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>(26,453)</td>
</tr>
<tr>
<td>Net cash outflow on acquisition of subsidiaries&lt;sup&gt;(6)&lt;/sup&gt;</td>
<td>(169,661)</td>
</tr>
<tr>
<td><strong>Cash flows used in investing activities</strong></td>
<td>(1,721,972)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issue of Stapled Securities</td>
<td>1,049,513</td>
</tr>
<tr>
<td>Issue expenses</td>
<td>(28,542)</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>742,046</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(50,000)</td>
</tr>
<tr>
<td></td>
<td>FY2013 (S$’000)</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Payment of upfront debt</td>
<td>(7,232)</td>
</tr>
<tr>
<td>and arrangement costs</td>
<td></td>
</tr>
<tr>
<td>Distribution to holders</td>
<td>(32,593)</td>
</tr>
<tr>
<td>of Stapled Securities</td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>(14,164)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows generated</strong></td>
<td><strong>1,659,028</strong></td>
</tr>
<tr>
<td><strong>from/(used in) financing</strong></td>
<td></td>
</tr>
<tr>
<td>activities</td>
<td></td>
</tr>
<tr>
<td><strong>Net increase/(decrease)</strong></td>
<td><strong>34,338</strong></td>
</tr>
<tr>
<td><strong>in cash and cash</strong></td>
<td></td>
</tr>
<tr>
<td><strong>equivalents</strong></td>
<td></td>
</tr>
<tr>
<td><strong>at beginning of year/period</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>34,338</strong></td>
</tr>
<tr>
<td><strong>Cash and cash</strong></td>
<td></td>
</tr>
<tr>
<td><strong>equivalents at end of</strong></td>
<td></td>
</tr>
<tr>
<td><strong>year/period</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>34,338</strong></td>
</tr>
</tbody>
</table>

**Notes:**

1. This relates to the amortisation of the debt upfront costs.
2. The REIT Manager has elected to receive 100% of the Base Fee and Performance Fee in the form of Stapled Securities.
3. The MIT Trustee has elected to pay the MIT Manager 100% of the Base Fee and Performance Fee in the form of Stapled Securities.
4. The Managers have elected that the Serviced Residences Operators receive 100% of the Serviced Residences Management Fees and Trademark License Fees in the form of Stapled Securities.
5. Cash security deposits are collected from master lessees as part of the lease agreements (except for master lessee in Japan and tenant in Malaysia). In Japan and Malaysia, the equivalent security deposits are being provided by master lessee and tenant in the form of banker’s guarantee. The use of such cash from security deposits are disclosed under “Use of Proceeds”.
6. The effect of acquisition of the entities by FH-REIT in the pro forma cash flows for the year ended 30 September 2013 is set out below:

<table>
<thead>
<tr>
<th>FY2013 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
</tr>
<tr>
<td>Investment property</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Less: Non-current liabilities</strong></td>
</tr>
<tr>
<td><strong>Less: Current liabilities</strong></td>
</tr>
<tr>
<td><strong>Fair value of net assets of subsidiaries acquired</strong></td>
</tr>
<tr>
<td><strong>Purchase price</strong></td>
</tr>
<tr>
<td><strong>Less: Cash acquired</strong></td>
</tr>
<tr>
<td><strong>Add: Bank borrowings assumed</strong></td>
</tr>
<tr>
<td><strong>Net cash outflow</strong></td>
</tr>
</tbody>
</table>
Significant Non-Cash Transactions

During the year ended 30 September 2013 and the three months ended 31 December 2013, respectively, 15,114,000 and 3,978,000 Stapled Securities at S$0.88 per unit, were issued and accrued as payment for the followings:

(1) The REIT Manager’s management fees which are payable in the form of Stapled Securities (see Section G Note (1) in Appendix C) amounting to approximately S$7.0 million and S$1.8 million, respectively, during the year ended 30 September 2013 and the three months ended 31 December 2013;

(2) The MIT Manager’s management fees which are payable in the form of Stapled Securities (see Section G Note (2) in Appendix C) amounting to approximately S$1.3 million and S$0.3 million, respectively, during the year ended 30 September 2013 and the three months ended 31 December 2013; and

(3) The Serviced Residences Management Fees and Trademark License Fees which are payable in the form of Stapled Securities amounting to approximately S$5.0 million and S$1.4 million, respectively, during the year ended 30 September 2013 and the three months ended 31 December 2013.
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the information in the Unaudited Pro Forma Financial Information, included elsewhere in this document. Statements contained in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those forecasts. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator, the Joint Bookrunners or any other persons, or that these results will be achieved or are likely to be achieved (see “Forward-Looking Statements” and “Risk Factors” for further details). Recipients of this Prospectus and all prospective investors in the Stapled Securities are cautioned not to place undue reliance on these forward-looking statements.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and is based on certain assumptions after making certain adjustments to:

(i) reflect the unaudited pro forma statements of total return for FY2011, FY2012, FY2013, Q1 FY2013 and Q1 FY2014 assuming the Offering, the acquisition of the Singapore SPC and Japan SPC and Properties, the Master Lease and Tenancy Agreements and the Fee Arrangements had occurred or were effective on 1 October 2010, or date of acquisition, if later;

(ii) present the unaudited pro forma balance sheets as at 30 September 2013 and 31 December 2013 assuming the Offering, the acquisition of the Singapore SPC and Japan SPC and Properties, the Master Lease and Tenancy Agreements and the Fee Arrangements had occurred on or were effective on 30 September 2013 and 31 December 2013; and

(iii) show the unaudited pro forma cash flow statements for FY2013 and Q1 FY2014 assuming the Offering, the acquisition of the Singapore SPC and Japan SPC and Properties, the Master Lease and Tenancy Agreements and the Fee Arrangements had occurred or were effective on 1 October 2012.

The Unaudited Pro Forma Financial Information is not necessarily indicative of the results of the operations or the financial position that would have been attained had the acquisition of the Properties and the Fee Arrangements actually occurred in the relevant periods. The Unaudited Pro Forma Financial Information, because of its nature, may not give a true or accurate picture of FH-REIT’s actual total returns or financial position.

The following discussion and analysis of the financial condition and results of operations is based on and should be read in conjunction with the Unaudited Pro Forma Financial Information, and related notes thereto, which are included elsewhere in this Prospectus.

(See Appendix C, “Unaudited Pro Forma Financial Information” for further details.)

GENERAL BACKGROUND

FH-REIT is a real estate investment trust established in Singapore as a unit trust pursuant to the FH-REIT Trust Deed. As FH-REIT was only established on 12 June 2014, FH-REIT has no historical operating results and financial information based on which recipients of this Prospectus may evaluate FH-REIT. FH-REIT’s first financial year will be from 12 June 2014, the date of its establishment, to 30 September 2015.
FH-REIT is established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate located anywhere in the world except Thailand, which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

**FH-REIT**

As at the Listing Date, the Initial Portfolio comprises the six Hotels and six Serviced Residences in Singapore and overseas. The tenures of the Properties to be acquired by FH-REIT from their respective Vendors, which will commence on the Listing Date, are set out in the table below:

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Leasehold Tenure (years)</th>
<th>Vendor</th>
<th>Master Lessee or Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>75</td>
<td>BCH Hotel Investment Pte Ltd</td>
<td>BCH Hotel Investment Pte Ltd</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>84</td>
<td>Viewgrand Trust B</td>
<td>Viewgrand Trust C</td>
</tr>
<tr>
<td>Park International London</td>
<td>75</td>
<td>Global-Link Investments Limited</td>
<td>P I Hotel Management Limited</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>75</td>
<td>Global-Link Investments Limited</td>
<td>P I Hotel Management Limited</td>
</tr>
</tbody>
</table>

**Serviced Residence**

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Leasehold Tenure (years)</th>
<th>Vendor</th>
<th>Master Lessee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>75</td>
<td>River Valley Apartments Pte Ltd, River Valley Shopping Centre Pte Ltd and River Valley Tower Pte Ltd</td>
<td>River Valley Apartments Pte Ltd</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>75</td>
<td>Frasers Townhall Residences Pty Ltd</td>
<td>Frasers Townhall Residences Operations Pty Ltd</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>75</td>
<td>Fairdace Limited</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>75</td>
<td>Queensgate Garden (C.I.) Limited</td>
<td>39QGG Management Limited</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>75</td>
<td>Fairdace Limited</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>75</td>
<td>Frasers (St Giles Street) Edinburgh Limited</td>
<td>Frasers (St Giles Street) Management Limited</td>
</tr>
</tbody>
</table>

**Note:**

(1) ANA Crowne Plaza Kobe is held through a trust beneficiary interest (“TBI”), in the form of a beneficiary interest in a Japanese trust that holds title to ANA Crowne Plaza Kobe.
The term of the Master Lease or Tenancy Agreements for each of the Properties is set out in the table below:

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Term of Master Lease or Tenancy (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>10 + 10 +10 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Park International London</td>
<td>10 years commencing from the Listing Date (fixed and non-renewable)</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>Three + three + three years commencing from the Listing Date (at the option of the Tenant)</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td></td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Term of Master Lease (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td></td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td></td>
</tr>
</tbody>
</table>

FH-REIT may, in relation to any Property for which the option for an additional lease is not exercised by the relevant Master Lessee or Tenant, enter into a new master lease agreement or tenancy agreement, on terms to be agreed, with either the existing Master Lessee or Tenant or a new master lessee or tenant. The Master Lease Agreements contain long lease terms with a view to securing a long-term stream of quality rental income for FH-REIT.

FH-REIT may be unable to appoint a master lessee or tenant for any of the Properties in its portfolio at the expiry of the relevant master lease or tenancy agreement, for example because of a failure to reach commercially favourable terms with the relevant Master Lessee or Tenant or potential new master lessees or tenants. In the event that this happens, in order to ensure the Property’s continued operation and revenue generation, FH-REIT will appoint FH-BT as a master lessee or tenant for that Property on substantially the same terms as the relevant Master Lease Agreement or Tenancy Agreement.

In relation to each Property, the relevant Master Lessee or Tenant will appoint the Hotel Managers and Serviced Residence Operators to manage the day-to-day operations and marketing of that Property.

**FH-BT**

No pro forma financial information of FH-BT has been presented as it was newly established and will be dormant as at the Listing Date. Accordingly, no consolidated pro forma financial information of FH-Trust has been presented.
Acquisition of the Properties

Based on the unaudited pro forma balance sheets as at 30 September 2013 and 31 December 2013, FH-REIT has purchased the leasehold or freehold interests (as the case may be) in the Properties at an aggregate purchase price of approximately S$1,649 million and S$1,645 million, respectively, after taking into consideration two independent valuations as at 31 December 2013 assuming FH-REIT (through the REIT Trustee and/or its wholly-owned subsidiaries or entities) has entered into the following agreements on a willing buyer and willing seller basis with the Vendors:

(i) Sale and Purchase Agreements for all properties except for ANA Crowne Plaza Kobe and;

(ii) Share Purchase Agreements for acquiring Excellence Prosperity TMK Pte. Ltd (the “Singapore SPC”) and Excellence Prosperity (Japan) K.K (the “Japan SPC”) in relation to ANA Crowne Plaza Kobe.

The leasehold or freehold interests (as the case may be) in each of the Properties will not be acquired at more than the higher of the two independent valuations. The purchase price under the Property Sale and Purchase Agreements, Westin Sale and Purchase Agreement and Share Purchase Agreements will be satisfied either wholly in cash, or partly in cash and partly by way of Stapled Securities. FH-REIT will fund the purchase price partly by the issue of S$1,050 million in and S$1,050 million in Stapled Securities and the balance by borrowings as at 30 September 2013 and 31 December 2013, respectively.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties” and “Use of Proceeds” for further details.)

FACTORS AFFECTING FH-REIT’S RESULTS OF OPERATIONS

Total Gross Revenue of FH-REIT

The total gross revenue of FH-REIT (the “Total Gross Revenue”) consists of gross rental income from the Properties under the Master Lease and Tenancy Agreements.

Gross Rental Income from the Properties under the Master Lease and Tenancy Agreements

FH-REIT will receive gross rental income under the terms of the Master Lease and Tenancy Agreements, comprising a fixed rent (the “Fixed Rent”) and a variable rent (the “Variable Rent”). The Fixed Rent and Variable Rent of the Properties are set out in the table below:

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Currency</th>
<th>Fixed Rent ('000)</th>
<th>Variable Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Sum of Percentage of Gross Operating Revenue and Percentage of Gross Operating Profit less Fixed Rent)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Percentage of Gross Operating Revenue (%)</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>8,000</td>
<td>0.0</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>AUD</td>
<td>2,500</td>
<td>0.0</td>
</tr>
<tr>
<td>Park International London</td>
<td>GBP</td>
<td>1,300</td>
<td>0.0</td>
</tr>
<tr>
<td>Hotel</td>
<td>Currency</td>
<td>Fixed Rent ('000)</td>
<td>Percentage of Gross Operating Revenue (%)</td>
</tr>
<tr>
<td>---------------------------</td>
<td>----------</td>
<td>-------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>600</td>
<td>0.0</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>600,000</td>
<td>0.0</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR</td>
<td>14,800</td>
<td>0.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Currency</th>
<th>Fixed Rent ('000)</th>
<th>Percentage of Gross Operating Revenue (%)</th>
<th>Percentage of Gross Operating Profit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>SGD</td>
<td>7,700</td>
<td>20.0</td>
<td>59.0</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>AUD</td>
<td>4,200</td>
<td>20.0</td>
<td>54.5</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>GBP</td>
<td>1,400</td>
<td>20.0</td>
<td>65.0</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>GBP</td>
<td>1,800</td>
<td>20.0</td>
<td>67.0</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>GBP</td>
<td>400</td>
<td>20.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>500</td>
<td>20.0</td>
<td>45.0</td>
</tr>
</tbody>
</table>

Note:
(1) May include unutilised FF&E reserve not carried forward to the following year.

Should the calculation of the Variable Rent yield a negative figure, the overall rent will then be the Fixed Rent amount. It is assumed that there is no unutilised FF&E reserves and hence, there is no such element in variable rent.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Lease and Tenancy Agreements” for further details.)

**Property Expenses**

Property expenses for FH-REIT comprise (i) property tax for hospitality properties, (ii) insurance expenses, (iii) Management Corporation Strata Title Plan (“MCST”) sinking fund contribution (“Sinking Fund Contributions”) in Singapore or its equivalent funds in overseas and (iv) other property expenses.
**Property Tax for Hospitality Properties**

**Property Tax for Hotels**

For hotel properties, it has been assumed that the basis of assessment for property tax by the tax authorities in each of the jurisdictions will remain the same as the latest year of assessment.

**Property Tax for Serviced Residences**

For serviced residences, it has been assumed that the basis of assessment for property tax by the tax authorities in each of the jurisdictions will remain the same as the latest year of assessment.

**Insurance Expenses**

FH-REIT incurs expenses for certain insurance coverage, including fire insurance, physical damage and terrorism insurance for the Properties.

**Common Area Maintenance Fees**

Some properties form part of MCST (or the equivalent of a MCST in overseas jurisdiction) and are required to pay their respective share value of contributions towards maintenance and other expenses in the development to the MCST. Under the Master Lease and Tenancy Agreements, FH-REIT will bear the common area maintenance fees which are levied for repairs and improvements to, and maintenance of, the common property and the renewal or replacement of parts of the common property, fixtures, fittings and other property held by or on behalf of the MCST and such other liabilities expected to be incurred in the future.

**Serviced Residences Management Fee and Trademark Licence Fee**

A serviced residences management fee comprising base management fee, marketing fee and incentive fee is payable to the Serviced Residence Operators for management services rendered for the Serviced Residences. A trademark licence fee is payable to the Serviced Residence Operator for use of the relevant trademarks used in connection with the operations of the Serviced Residences. The base management fee, marketing fee and trademark license fee are all 1.0% per annum of the gross operating revenue of the Serviced Residences respectively. The incentive fee is 8.0% per annum of gross operating profit of the Serviced Residences.

It has been assumed that the REIT Manager has elected to pay 100.0% of fees payable to the Serviced Residences Operators in the form of Stapled Securities. Where the management fees are payable in Stapled Securities, the REIT Manager has assumed that such Stapled Securities are issued at the Offering Price.

**REIT Manager’s Management Fee**

Pursuant to the FH-REIT Trust Deed, the REIT Manager is entitled to a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-REIT’s Deposited Property and a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee).
There should be no double-counting of fees. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee\(^1\). For the avoidance of doubt, the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

The REIT Manager’s management fee includes the reimbursement of other asset management fee paid by FH-REIT and its subsidiaries.

The REIT Manager has been assumed to receive 100.0% of its management fees in the form of Stapled Securities for Forecast Period 2014 and Projection Year 2015. Where the management fees are payable in Stapled Securities, the REIT Manager has assumed that such Stapled Securities are issued at the Offering Price.

(See “Management and Corporate Governance – Fees Payable to the REIT Manager” for further details of the fees payable to the REIT Manager, which include other fees such as the acquisition fee and divestment fee.)

**MIT Manager’s management fee**

Pursuant to the Investment Management Agreement for MIT Australia, the MIT Manager is entitled to a management fee comprising a base fee of 0.3% per annum of the total value of the property of MIT Australia and a performance fee of 5.5% of the aggregate earnings before interest, taxes, depreciation and amortisation of MIT Australia in the relevant financial year. For the purposes of the unaudited Pro Forma Financial Information, it is assumed that 100.0% of the MIT Manager’s management fees were paid in Stapled Securities. Where the management fees are payable in Stapled Securities, the MIT Manager has assumed that such Stapled Securities are issued at the Offering Price.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to Australian Properties” for further details.)

**Kobe Asset Manager’s management fee**

Pursuant to the Asset Management Agreement, the Kobe Asset Manager is entitled to

(a) an annual management fee of JPY14.0 million (exclusive of consumption tax); and

(b) where the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition) occurs, Kobe Excellence TMK shall pay to the Kobe Asset Manager an additional fee (“**Additional Fee**”), which shall be determined at the time of the disposition based on consultation between the parties on good faith, for the additional services rendered by the Kobe Asset Manager for the disposition, provided that no disposition fee is payable to the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe as part of the Listing; and

\(^1\) In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.
(c) a brokerage services fee for brokerage services (the “Brokerage Services Fee”) rendered by the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition), the amount of which shall be determined at the time of the disposition based on consultation between the parties on good faith, payable separately from the Additional Fee, upon the completion of the disposition through the brokerage services provided by the Kobe Asset Manager.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to ANA Crowne Plaza Kobe” for further details.)

**ABS Servicer Fee**

Pursuant to the Servicing agreement, the Servicer is entitled to a Servicer fee (exclusive of applicable service tax or goods and services tax), payable in arrears on a semi-annual basis (save and except for the first and the last servicing period) which is equivalent to an amount of MYR360,000.00.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to The Westin Kuala Lumpur” for further details.)

**Trustees’ Fees**

**REIT Trustee’s fees**

Pursuant to the FH-REIT Trust Deed, the REIT Trustee’s fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the FH-REIT Deposited Property, subject to a minimum fee of S$15,000 per month, excluding out-of-pocket expenses and GST.

(See “Management and Corporate Governance – Fees Payable to the REIT Trustee” for further details.)

**MIT Trustee’s Fees and MIT Sub-Trustee’s Fees**

Pursuant to the MIT Trust Deeds, the MIT Trustee’s fee and MIT Sub-trustee’s fees are AUD55,000 per annum and AUD15,000 per annum per sub-trust respectively, excluding out-of-pocket expenses and GST. As there are two MIT Sub-trusts, the aggregate fee payable to the MIT Sub-trustee is AUD30,000 per annum.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to Australian Properties” for further details.)

**TMK Trustee’s Fee**

Pursuant to the Japan Trust Agreement, the TMK Trustee’s fee is JPY5.4 million per annum.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to ANA Crowne Plaza Kobe” for further details.)

**ABS Security Trustee’s Fee**

Pursuant to the ABS Trust Deed, the ABS Security Trustee’s fee is MYR60,000 per annum.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to The Westin Kuala Lumpur” for further details.)
Trustee-Manager’s Fees

Pursuant to the FH-BT Trust Deed, the Trustee-Manager is entitled to:

(a) a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-BT Trust Property and a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and BT Performance Fee), payable in the event that FH-BT becomes active; and

(b) a trustee fee of a maximum of 0.1% per annum of the value of the FH-BT Trust Property, subject to a minimum fee of S$10,000 per month provided that the value of the FH-BT Trust Property is at least S$50.0 million, payable in the event that FH-BT becomes active.

In relation to the Performance Fee, there should be no double-counting of fees. In the event that both the Trustee-Manager and the REIT Manager are entitled to the Performance Fee, such fees payable to both the Trustee-Manager and the REIT Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee. For the avoidance of doubt, the maximum Performance Fee payable to both the Trustee-Manager and the REIT Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

For the purposes of the unaudited Pro forma Financial Information, it is assumed that FH-BT is dormant.

(See “Management and Corporate Governance – Fees Payable to the Trustee-Manager” for details of the fees payable to the Trustee-Manager, which include other fees such as the acquisition fee and divestment fee.)

Other Expenses

Other expenses comprise operating expenses such as compliance expenses, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, stamp duty, insurance fees, commission fees, costs associated with the preparation and distribution of reports to the holders of the Stapled Securities, investor communication costs and other miscellaneous costs.

Finance Costs

Finance costs consist of interest expense, commitment fee, legal fees and upfront debt establishment fees incurred in relation to the Loan Facilities. Debt-related transaction costs are amortised over the term of the Loan Facilities.

The REIT Manager has assumed an amount of S$763 million of the Loan Facilities will be drawn down and that the average effective interest rate for unaudited pro forma statements of total returns for FY2011, FY2012, FY2013, Q1 FY2013 and Q1 FY2014 will be approximately 2.2% per annum for term loan, including upfront debt establishment costs and 1.0% per annum for short term revolving credit facility as determined based on the loan facilities in place as at Listing Date. The upfront debt establishment costs incurred in relation to the initial debt facility is assumed to be amortised over its term and has been included as part of the finance costs.

1 In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.
Taxes

The following taxes have been taken into account in the unaudited pro forma statements of total return for FY2011, FY2012, FY2013, Q1 FY2013 and Q1 FY2014:

(i) Australia withholding tax
(ii) UK income tax
(iii) Japan corporate/withholding tax
(iv) Malaysia corporate/withholding tax
(v) Singapore corporate tax

(See “Taxation” for further details of the taxes mentioned above.)

Total Income for the Year

The total income for the year distributable to Stapled Securityholders is derived by adding back the following items to the net income after tax of FH-REIT:

(a) 100.0% of the REIT Manager’s management fees, being the portion of management fees paid or payable to the REIT Manager in the form of Stapled Securities at the prevailing market price instead of cash;
(b) 100.0% of the MIT Manager’s management fees, being the portion of management fees paid or payable to the MIT Manager in the form of Stapled Securities at the prevailing market price instead of cash;
(c) REIT Trustee’s fees;
(d) Amortisation of debt-related transaction costs/insurance fees;
(e) stamp duty and non-capitalised listing fees; and
(f) 100.0% of fees payable to the Serviced Residences Operators in the form of Stapled Securities (the “Serviced Residences Management Fee and Trademark Licence Fee”).

Comparison of FH-REIT’s Performance

FY2013 over FY2012

Gross Rental Income from the Properties under the Master Lease and Tenancy Agreements

Gross rental income from all the properties increased by 3.9% or S$3.7 million from S$93.9 million in FY2012 to S$97.6 million in FY2013.

(See “— Analysis of the Performance of the Properties from FY2012 to FY2013 for further details on the factors contributing to the improvement in performance of the Properties.)

Property Expenses

Property expenses increased by 1.8% or S$0.3 million to S$17.3 million in FY2013 from S$17.0 million in FY2012.
**Net Property Income**

Net property income increased by 4.4% or S$3.4 million to S$80.3 million in FY2013 from S$76.9 million in FY2012.

**REIT Manager’s Management Fees**

The management fees of the REIT Manager amounted to S$7.1 million in FY2013 and remained substantially unchanged from FY2012 to FY2013.

**Other Management Fees**

Other management fees amounted to S$1.6 million in FY2013 and remained substantially unchanged from FY2012 to FY2013.

**Trustees’ Fees**

The Trustee’s fees amounted to S$0.5 million and remained substantially unchanged from FY2012 to FY2013 as the underlying value of the FH-REIT Deposited Property remained substantially unchanged.

**Other Expenses**

Other expenses amounted to S$2.2 million in FY2013 and remained substantially unchanged from FY2012 to FY2013. Other expenses relate mainly to audit, accounting, tax and secretary fees.

**Finance Costs**

Finance costs decreased by 3.1% or S$0.5 million from S$16.0 million in FY2012 to S$15.5 million in FY2013.

**Taxation**

Taxation increased by 27.8% or S$0.5 million to S$2.3 million in FY2013 from S$1.8 million in FY2012.

**Net Income after Tax**

As a result of the above factors, net income after tax increased by S$3.5 million.

**FY2012 over FY2011**

**Gross Rental Income from the Properties under the Master Lease and Tenancy Agreements**

Gross rental income from all the properties increased by 10.7% or S$9.1 million from S$84.8 million in FY2011 to S$93.9 million in FY2012.

(See “– Analysis of the Performance of the Properties from FY2011 to FY2012 for further details on the factors contributing to the improvement in performance of the Properties.)

**Property Expenses**

Property expenses increased by 6.3% or S$1.0 million to S$17.0 million in FY2012 from S$16.0 million in FY2011.
Net Property Income

Net property income increased by 11.8% or S$8.1 million to S$76.9 million in FY2012 from S$68.8 million in FY2011.

REIT Manager’s Management Fees

The management fees of the REIT Manager increased by 7.7% or S$0.5 million to S$7.0 million in FY2012 from S$6.5 million in FY2011, in line with the increase in Net Property Income in FY2012.

Other Management Fees

Other management fees amounted to S$1.7 million in FY2012 and remained substantially unchanged from FY2011 to FY2012.

Trustees’ Fees

The Trustee’s fees amounted to S$0.5 million and remained substantially unchanged from FY2011 to FY2012 as the underlying value of the FH-REIT Deposited Property remained substantially unchanged.

Other Expenses

Other expenses decreased by 92.7% or S$29.3 million to S$2.3 million in FY2012 from S$31.6 million in FY2011. This is mainly due to stamp duty and non-capitalised listing fees, being one-time costs written off in FY2011.

Finance Costs

Finance costs in FY2012 amounted to S$16.0 million and remained substantially unchanged from FY2011 to FY2012.

Taxation

Taxation decreased by 40.0% or S$1.2 million to S$1.8 million in FY2012 from S$3.0 million in FY2011. The decrease is mainly due to the higher tax expense incurred in relation to Japan property in FY2011.

Net Income after Tax

As a result of the above factors, net income after tax increased by S$38.3 million.

Q1 FY2014 over Q1 FY2013

Gross Rental Income from the Properties under the Master Lease and Tenancy Agreements

Gross rental income from all the properties increased by 0.8% or S$0.2 million from S$25.8 million in Q1 FY2013 to S$26.0 million in Q1 FY2014.

(See “–Analysis of the Performance of the Properties from Q1 FY2013 to Q1 FY2014 for further details on the factors contributing to the improvement in performance of the Properties.)
Property Expenses

Property fees amounted to S$4.4 million in Q1 FY2014 and remained substantially unchanged from Q1 FY2013 to Q1 FY2014.

Net Property Income

Net property income increased by 0.9% or S$0.2 million from S$21.5 million in Q1 FY2013 to S$21.7 million in Q1 FY2014.

REIT Manager’s Management Fees

The management fees of the REIT Manager amounted to S$1.8 million in Q1 FY2014 and remained substantially unchanged from Q1 FY2013 to Q1 FY2014.

Other Management Fees

Other management fees amounted to S$0.4 million in Q1 FY2014 and remained substantially unchanged from Q1 FY2013 to Q1 FY2014.

Trustees’ Fees

The Trustee’s fees amounted to S$0.1 million and remained substantially unchanged from Q1 FY2013 to Q1 FY2014 as the underlying value of the FH-REIT Deposited Property remained substantially unchanged.

Other Expenses

Other expenses amounted to S$0.5 million in Q1 FY2014 and remained substantially unchanged from Q1 FY2013 to Q1 FY2014. Other expenses relate mainly to audit, accounting, tax and secretary fees.

Finance Costs

The finance costs decreased by 7.3% or S$0.3 million from S$4.1 million in Q1 FY2013 to S$3.8 million in Q1 FY2014.

Taxation

Taxation amounted to S$0.8 million in Q1 FY2014 and remained substantially unchanged from Q1 FY2013 to Q1 FY2014.

Net Income after Tax

As a result of the above factors, net income after tax increased by S$0.3 million.

Analysis of the Performance of the Properties

FH-REIT’s performance is significantly affected by the performance of the underlying hotel operations and serviced residences operations, which in turn is affected by various factors, including changes in revenue mix and occupancy levels. The performance of the Properties for FY2011, FY2012, FY2013, Q1 FY2013 and, Q1 FY2014 is discussed in more detail below.
Gross Operating Revenue and Gross Operating Profit Trends of the Properties

The Gross Operating Revenue and gross operating profit, comprising Gross Operating Revenue less operating expenses ("Gross Operating Profit"), of the Hotels and the Serviced Residences for FY2011, FY2012, FY2013, Q1 FY2013 and, Q1 FY2014 are set out below:

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>Q1 FY2013</th>
<th>Q1 FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(S$’000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Hotels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Operating Revenue</td>
<td>218,855</td>
<td>69,415</td>
<td>243,328</td>
<td>82,111</td>
<td>223,093</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>64,115</td>
<td>21,814</td>
<td>77,805</td>
<td>64,115</td>
<td>21,814</td>
</tr>
<tr>
<td><strong>Serviced Residences</strong></td>
<td>55,390</td>
<td>30,636</td>
<td>57,509</td>
<td>29,011</td>
<td>66,302</td>
</tr>
<tr>
<td>Gross Operating Revenue</td>
<td>286,395</td>
<td>111,122</td>
<td>268,095</td>
<td>78,985</td>
<td>30,089</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>9,126</td>
<td>30,123</td>
<td>4,270</td>
<td>9,126</td>
<td>17,013</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>274,245</td>
<td>100,051</td>
<td>300,837</td>
<td>111,122</td>
<td>286,395</td>
</tr>
</tbody>
</table>

A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in FY2011 is set out below:

### Hotels

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>Q1 FY2013</th>
<th>Q1 FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(S$’000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Operating Revenue(1)</td>
<td>60,375</td>
<td>20,090</td>
<td>5,472</td>
<td>97,477</td>
<td>35,441</td>
</tr>
<tr>
<td>Operating Expenses(2)</td>
<td>(36,642)</td>
<td>(11,529)</td>
<td>(4,511)</td>
<td>(74,348)</td>
<td>(22,410)</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>23,733</td>
<td>8,561</td>
<td>961</td>
<td>23,129</td>
<td>13,031</td>
</tr>
<tr>
<td>Gross Operating Profit Margin (%)</td>
<td>39.3</td>
<td>42.6</td>
<td>17.6</td>
<td>36.8</td>
<td>31.7</td>
</tr>
</tbody>
</table>

#### Notes:

(1) See "Revenue Mix of the Properties" for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in "Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue".

(2) These comprise cost of sales, staff costs, utilities, and other expenses.

### Serviced Residences

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>Q1 FY2013</th>
<th>Q1 FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(S$’000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Operating Revenue(1)</td>
<td>21,254</td>
<td>19,740</td>
<td>6,219</td>
<td>–</td>
<td>3,577</td>
</tr>
<tr>
<td>Operating Expenses(2)</td>
<td>(8,546)</td>
<td>(9,377)</td>
<td>(1,927)</td>
<td>–</td>
<td>(2,165)</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>12,708</td>
<td>10,363</td>
<td>4,292</td>
<td>–</td>
<td>1,412</td>
</tr>
<tr>
<td>Gross Operating Profit Margin (%)</td>
<td>59.8</td>
<td>52.5</td>
<td>69.0</td>
<td>–</td>
<td>40.5</td>
</tr>
</tbody>
</table>

#### Notes:

(1) See "Revenue Mix of the Properties" for an analysis of the revenue mix of each Property. The RevPAR of each Serviced Residences is listed in "Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue".

(2) These comprise cost of sales, staff costs, shared services costs, utilities, and other expenses.

(3) Fraser Suites Queens Gate was acquired on 8 December 2011.
A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in FY2012 is set out below:

<table>
<thead>
<tr>
<th>Hotels</th>
<th>Park International</th>
<th>ANA Crowne Plaza</th>
<th>The Westin Kuala Lumpur</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SS’000)</td>
<td>Inter-Continental Singapore</td>
<td>Novotel Rockford Darling Harbour</td>
<td>London and Best Western Cromwell</td>
<td></td>
</tr>
<tr>
<td>Gross Operating Revenue$^{(1)}$</td>
<td>69,095</td>
<td>20,605</td>
<td>13,915</td>
<td>101,259</td>
</tr>
<tr>
<td>Operating Expenses$^{(2)}$</td>
<td>(41,571)</td>
<td>(12,018)</td>
<td>(7,298)</td>
<td>(76,786)</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>27,524</td>
<td>8,587</td>
<td>6,617</td>
<td>24,473</td>
</tr>
<tr>
<td>Gross Operating Profit Margin (%)</td>
<td>39.8</td>
<td>41.7</td>
<td>47.6</td>
<td>24.2</td>
</tr>
</tbody>
</table>

Notes:

1. See “Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in “Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.

2. These comprise cost of sales, staff costs, shared services costs, utilities, and other expenses.

<table>
<thead>
<tr>
<th>Serviced Residences</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SS’000)</td>
<td>Fraser Suites Singapore</td>
</tr>
<tr>
<td>Gross Operating Revenue$^{(1)}$</td>
<td>15,874</td>
</tr>
<tr>
<td>Operating Expenses$^{(2)}$</td>
<td>(9,039)</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>6,835</td>
</tr>
<tr>
<td>Gross Operating Profit Margin (%)</td>
<td>43.1</td>
</tr>
</tbody>
</table>

Notes:

1. See “Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Serviced Residences is listed in “Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.

2. These comprise cost of sales, staff costs, shared services costs, utilities, and other expenses.

3. Fraser Suites Queens Gate was acquired on 8 December 2011.
A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in FY2013 is set out below:

### Hotels

<table>
<thead>
<tr>
<th>(S$’000)</th>
<th>Inter-Continental Singapore</th>
<th>Novotel Rockford Darling Harbour</th>
<th>London and Best Western Cromwell</th>
<th>ANA Crowne Plaza Kobe</th>
<th>The Westin Kuala Lumpur</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Operating Revenue&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>66,603</td>
<td>21,041</td>
<td>14,336</td>
<td>82,833</td>
<td>38,280</td>
<td>223,093</td>
</tr>
<tr>
<td>Operating Expenses&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>(40,173)</td>
<td>(11,695)</td>
<td>(7,190)</td>
<td>(62,661)</td>
<td>(23,569)</td>
<td>(145,288)</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>26,430</td>
<td>9,346</td>
<td>7,146</td>
<td>20,172</td>
<td>14,711</td>
<td>77,805</td>
</tr>
<tr>
<td>Gross Operating Profit Margin (%)</td>
<td>39.7</td>
<td>44.4</td>
<td>49.8</td>
<td>24.4</td>
<td>38.4</td>
<td>34.9</td>
</tr>
</tbody>
</table>

**Notes:**

1. See “Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in “Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
2. These comprise cost of sales, staff costs, shared services costs, utilities, and other expenses.

### Serviced Residences

<table>
<thead>
<tr>
<th>(S$’000)</th>
<th>Fraser Suites Singapore</th>
<th>Fraser Suites Sydney</th>
<th>Fraser Place Canary Wharf</th>
<th>Fraser Suites Queens Gate&lt;sup&gt;(3)&lt;/sup&gt;</th>
<th>Fraser Suites Glasgow</th>
<th>Fraser Suites Edinburgh</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Operating Revenue&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>25,176</td>
<td>20,390</td>
<td>8,132</td>
<td>1,241</td>
<td>3,417</td>
<td>4,946</td>
<td>63,302</td>
</tr>
<tr>
<td>Operating Expenses&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>(9,468)</td>
<td>(9,848)</td>
<td>(2,774)</td>
<td>(1,080)</td>
<td>(2,273)</td>
<td>(2,969)</td>
<td>(28,412)</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>15,708</td>
<td>10,542</td>
<td>5,358</td>
<td>161</td>
<td>1,144</td>
<td>1,977</td>
<td>34,890</td>
</tr>
<tr>
<td>Gross Operating Profit Margin (%)</td>
<td>62.4</td>
<td>51.7</td>
<td>65.9</td>
<td>13.0</td>
<td>33.5</td>
<td>40.0</td>
<td>55.1</td>
</tr>
</tbody>
</table>

**Notes:**

1. See “Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Serviced Residences is listed in “Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.
2. These comprise cost of sales, staff costs, shared services costs, utilities, and other expenses.
3. Fraser Suites Queens Gate was acquired on 8 December 2011.
A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in Q1 FY2013 is set out below:

<table>
<thead>
<tr>
<th>Hotels</th>
<th>Inter-Continental Singapore</th>
<th>Novotel Rockford Darling Harbour</th>
<th>London and Best Western Cromwell</th>
<th>ANA Crowne Plaza Kobe</th>
<th>The Westin Kuala Lumpur</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SS’000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Operating Revenue$^{(1)}$</td>
<td>17,486</td>
<td>5,639</td>
<td>3,533</td>
<td>27,295</td>
<td>10,162</td>
<td>64,115</td>
</tr>
<tr>
<td>Operating Expenses$^{(2)}$</td>
<td>(10,399)</td>
<td>(3,260)</td>
<td>(1,832)</td>
<td>(20,424)</td>
<td>(6,386)</td>
<td>(42,301)</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>7,087</td>
<td>2,379</td>
<td>1,701</td>
<td>6,871</td>
<td>3,776</td>
<td>21,814</td>
</tr>
<tr>
<td>Gross Operating Profit Margin (%)</td>
<td>40.5</td>
<td>42.2</td>
<td>48.1</td>
<td>25.2</td>
<td>37.2</td>
<td>34.0</td>
</tr>
</tbody>
</table>

Notes:

1. See “Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in “Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.

2. These comprise cost of sales, staff costs, shared services costs, utilities, and other expenses.

<table>
<thead>
<tr>
<th>Serviced Residences</th>
<th>Fraser Suites Singapore</th>
<th>Fraser Suites Sydney</th>
<th>Fraser Place Canary Wharf</th>
<th>Fraser Suites Queens Gate$^{(3)}$</th>
<th>Fraser Suites Glasgow</th>
<th>Fraser Suites Edinburgh</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SS’000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Operating Revenue$^{(1)}$</td>
<td>5,662</td>
<td>5,166</td>
<td>1,910</td>
<td>412</td>
<td>662</td>
<td>1,058</td>
<td>14,870</td>
</tr>
<tr>
<td>Operating Expenses$^{(2)}$</td>
<td>(1,944)</td>
<td>(2,431)</td>
<td>(623)</td>
<td>(320)</td>
<td>(527)</td>
<td>(750)</td>
<td>(6,595)</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>3,718</td>
<td>2,735</td>
<td>1,287</td>
<td>92</td>
<td>135</td>
<td>308</td>
<td>8,275</td>
</tr>
<tr>
<td>Gross Operating Profit Margin (%)</td>
<td>65.7</td>
<td>52.9</td>
<td>67.4</td>
<td>22.3</td>
<td>20.4</td>
<td>29.1</td>
<td>55.6</td>
</tr>
</tbody>
</table>

Notes:

1. See “Revenue Mix of the Properties” for an analysis of the revenue mix of each Property. The RevPAR of each Serviced Residences is listed in “Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue”.

2. These comprise cost of sales, staff costs, shared services costs, utilities, and other expenses.

3. Fraser Suites Queens Gate was acquired on 8 December 2011.
A breakdown of the Gross Operating Revenue and Gross Operating Profit of each Property in Q1 FY2014 is set out below:

<table>
<thead>
<tr>
<th>(SS’000)</th>
<th>Inter-Continental Singapore</th>
<th>Novotel Rockford Darling Harbour</th>
<th>London and Best Western Cromwell</th>
<th>ANA Crowne Plaza Kobe</th>
<th>The Westin Kuala Lumpur</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Operating Revenue</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>19,287</td>
<td>5,533</td>
<td>4,059</td>
<td>22,474</td>
<td>10,037</td>
<td>61,390</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>(12,109)</td>
<td>(2,900)</td>
<td>(2,110)</td>
<td>(16,698)</td>
<td>(5,801)</td>
<td>(39,618)</td>
</tr>
<tr>
<td><strong>Gross Operating Profit</strong></td>
<td>7,178</td>
<td>2,633</td>
<td>1,949</td>
<td>5,776</td>
<td>4,236</td>
<td>21,772</td>
</tr>
<tr>
<td><strong>Gross Operating Profit Margin (%)</strong></td>
<td>37.2</td>
<td>47.6</td>
<td>48.0</td>
<td>25.7</td>
<td>42.2</td>
<td>35.5</td>
</tr>
</tbody>
</table>

**Notes:**

1. See "Revenue Mix of the Properties" for an analysis of the revenue mix of each Property. The RevPAR of each Hotel is listed in "Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue".
2. These comprise cost of sales, staff costs, shared services costs, utilities, and other expenses.

<table>
<thead>
<tr>
<th>(SS’000)</th>
<th>Fraser Suites Singapore</th>
<th>Fraser Suites Sydney</th>
<th>Fraser Place Canary Wharf</th>
<th>Fraser Suites Queens Gate&lt;sup&gt;(3)&lt;/sup&gt;</th>
<th>Fraser Suites Glasgow</th>
<th>Fraser Suites Edinburgh</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Operating Revenue</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>5,093</td>
<td>5,375</td>
<td>1,851</td>
<td>2,424</td>
<td>1,066</td>
<td>1,204</td>
<td>17,013</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>(2,228)</td>
<td>(2,614)</td>
<td>(733)</td>
<td>(916)</td>
<td>(626)</td>
<td>(770)</td>
<td>(7,887)</td>
</tr>
<tr>
<td><strong>Gross Operating Profit</strong></td>
<td>2,865</td>
<td>2,761</td>
<td>1,118</td>
<td>1,508</td>
<td>440</td>
<td>434</td>
<td>9,126</td>
</tr>
<tr>
<td><strong>Gross Operating Profit Margin (%)</strong></td>
<td>56.3</td>
<td>51.4</td>
<td>60.4</td>
<td>62.2</td>
<td>41.3</td>
<td>36.0</td>
<td>53.6</td>
</tr>
</tbody>
</table>

**Notes:**

1. See "Revenue Mix of the Properties" for an analysis of the revenue mix of each Property. The RevPAR of each Serviced Residences is listed in "Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue".
2. These comprise cost of sales, staff costs, shared services costs, utilities, and other expenses.
3. Fraser Suites Queens Gate was acquired on 8 December 2011.
Revenue Mix of the Properties

Hotels

The following table sets out the composition of the Gross Operating Revenue of the Hotels during FY2011, FY2012, FY2013, Q1 FY2013 and Q1 FY2014:

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th></th>
<th>FY2012</th>
<th></th>
<th>FY2013</th>
<th></th>
<th>Q1 FY2013</th>
<th></th>
<th>Q1 FY2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(S$’000)</td>
<td>%</td>
<td>(S$’000)</td>
<td>%</td>
<td>(S$’000)</td>
<td>%</td>
<td>(S$’000)</td>
<td>%</td>
<td>(S$’000)</td>
<td>%</td>
</tr>
<tr>
<td>Room revenue</td>
<td>105,882</td>
<td>48.4</td>
<td>120,928</td>
<td>49.7</td>
<td>116,294</td>
<td>52.1</td>
<td>30,680</td>
<td>47.8</td>
<td>30,926</td>
<td>50.4</td>
</tr>
<tr>
<td>F&amp;B revenue</td>
<td>93,986</td>
<td>42.9</td>
<td>102,620</td>
<td>42.2</td>
<td>89,849</td>
<td>40.3</td>
<td>28,835</td>
<td>45.0</td>
<td>26,204</td>
<td>42.7</td>
</tr>
<tr>
<td>Other Income</td>
<td>18,987</td>
<td>8.7</td>
<td>19,780</td>
<td>8.1</td>
<td>16,950</td>
<td>7.6</td>
<td>4,600</td>
<td>7.2</td>
<td>4,260</td>
<td>6.9</td>
</tr>
<tr>
<td>Total</td>
<td>218,855</td>
<td>100.0</td>
<td>243,328</td>
<td>100.0</td>
<td>223,093</td>
<td>100.0</td>
<td>64,115</td>
<td>100.0</td>
<td>61,390</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The major contributors to the Gross Operating Revenue of the Hotels are room and F&B revenue.

F&B Revenue comprises revenue from the restaurants, lounges and bars, including revenue from catering services, banqueting sales, room service and room mini-bar sales, wedding dinners, corporate meetings and other corporate events.

Other income includes income from provision of telecommunication services, internet broadband services, laundry services, operation of car parks, spa and health clubs and the usage of business centres.

Serviced Residences

The following table sets out the composition of the Gross Operating Revenue of the Serviced Residences during FY2011, FY2012, FY2013, Q1 FY2013 and Q1 FY2014:

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th></th>
<th>FY2012</th>
<th></th>
<th>FY2013</th>
<th></th>
<th>Q1 FY2013</th>
<th></th>
<th>Q1 FY2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(S$’000)</td>
<td>%</td>
<td>(S$’000)</td>
<td>%</td>
<td>(S$’000)</td>
<td>%</td>
<td>(S$’000)</td>
<td>%</td>
<td>(S$’000)</td>
<td>%</td>
</tr>
<tr>
<td>Room Revenue</td>
<td>52,202</td>
<td>94.2</td>
<td>54,489</td>
<td>94.7</td>
<td>60,324</td>
<td>95.3</td>
<td>14,137</td>
<td>95.1</td>
<td>16,215</td>
<td>95.3</td>
</tr>
<tr>
<td>Other Income</td>
<td>3,188</td>
<td>5.8</td>
<td>3,020</td>
<td>5.3</td>
<td>2,978</td>
<td>4.7</td>
<td>733</td>
<td>4.9</td>
<td>798</td>
<td>4.7</td>
</tr>
<tr>
<td>Total</td>
<td>55,390</td>
<td>100.0</td>
<td>57,509</td>
<td>100.0</td>
<td>63,302</td>
<td>100.0</td>
<td>14,870</td>
<td>100.0</td>
<td>17,013</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Rental revenue generally contributes around 95% of the Serviced Residences' Gross Operating Revenue.

Other income refers mainly to income from the provision of F&B services, usage of the business centres and laundry services, income from the provision of telecommunication services, internet broadband services, the operation of the car park, rental income from concessionaires (where applicable) and hiring of furniture and equipment by guests in addition to standard provisions.
**Key Drivers of Hotel Room Revenue and Serviced Residence Unit Rental Revenue**

The RevPAR of the individual Hotels for FY2011, FY2012, FY2013, Q1 FY2013 and Q1 FY2014 are set out below:

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Currency</th>
<th>RevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY2011</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>241</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>AUD</td>
<td>133</td>
</tr>
<tr>
<td>Park International London(1)</td>
<td>GBP</td>
<td>38</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>68</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>8,686</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR</td>
<td>322</td>
</tr>
</tbody>
</table>

**Note:**
(1) The hotel underwent a major renovation in FY2011 and was subsequently rebranded as Park International London post-renovation.

The RevPAR of the respective Serviced Residences for FY2011, FY2012, FY2013, Q1 FY2013 and Q1 FY2014 are further set out below:

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Currency</th>
<th>RevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY2011</td>
</tr>
<tr>
<td>Fraser Suites Singapore(1)</td>
<td>SGD</td>
<td>228</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>AUD</td>
<td>184</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf(2)</td>
<td>GBP</td>
<td>134</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate(3)</td>
<td>GBP</td>
<td>–(4)</td>
</tr>
<tr>
<td>Fraser Suites Glasgow(5)</td>
<td>GBP</td>
<td>48</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>75</td>
</tr>
</tbody>
</table>

**Notes:**
(1) Fraser Suites Singapore was partially closed in FY2012 for renovation.
(2) Fraser Place Canary Wharf was partially closed in FY2012 for renovation.
(3) Fraser Suites Queens Gate was closed in FY2013 for renovation.
(4) Fraser Suites Queens Gate was acquired in December 2011 and accordingly, there are no comparative results of its operations for FY2011.
(5) Fraser Suites Glasgow was partially closed from August 2012 to March 2013 for renovation.
General Commentary on the Performance of the Properties

FY2012 over FY2011

The improved macroeconomic conditions in 2012 had led to a generally cautious but optimistic mood among corporate clients, leading to a general improvement in the hospitality sector, improving performances of both the Hotels and Serviced Residences.

Hotels

Gross Operating Revenue for the Hotels increased by 11.0% from SGD 219 million in FY2011 to SGD 243 million in FY2012, while Gross Operating Profits for the Hotels increased by 18.8% from SGD 69 million in FY2011 to SGD 82 million in FY2012.

One of the key drivers for the Hotels’ growth was the strong performance of InterContinental Singapore, where renovation of 65 Shop House Rooms and Suites were completed in FY2011. In addition, revenue growth of InterContinental Singapore can also be attributed to an increase in visitor arrivals and spending in Singapore, driven in part by strong tourism performance due to major tourist attractions such as the Singapore Air-show. As a result, the ADR increased 3.8% from SGD 293 in FY2011 to SGD 304 in FY2012, as well as an increase in occupancy from 82% in FY2011 to 90% in FY2012. Correspondingly, the RevPAR increased 12.9% from SGD 241 to SGD 272 from FY2011 to FY2012.

Another major driver for the Hotels’ growth comes from Park International London Hotel. Park International London Hotel underwent a major refurbishment in FY2011 to FY2012 to connect all of its seven townhouses and was renamed Park International London. The 2012 London Olympics also provided a tourism boost to the London hospitality industry. These have resulted in an increase in ADR from GBP 88 in FY2011 to GBP 113 in FY2012, and an increase in occupancy rate from 43% in FY2011 to 59% in FY2012. Correspondingly, the RevPAR increased 76.3% from GBP 38 in FY2011 to GBP 67 in FY2012.

Serviced Residences

Gross Operating Revenue for the Serviced Residences increased by 5.5% from SGD 55 million from FY2011 to SGD 58 million in FY2012, while Gross Operating Profits for the Serviced Residences decreased by 6.5% from SGD 31 million in FY2011 to SGD 29 million in FY2012.

The acquisition of Fraser Suites Queens Gate boosted the Gross Operating Revenue for FY2012, which has benefited from the full year contribution of this property.

However, these were offset by major asset enhancement initiatives carried out on Fraser Suites Singapore and Fraser Place Canary Wharf, which contributed to the decrease in Gross Operating Profits of the Serviced Residences. These properties underwent major renovation works which involved renovation and reconfiguration of apartments and public areas, leading to overall decrease in the RevPAR of the Serviced Residences.

FY2013 over FY2012

In FY2013, despite a generally cautious environment and a slight slowdown in the general economy, the Properties have maintained or improved in performance. This was largely driven by the benefits arising from the completion of asset enhancement initiatives relating to the Serviced Residences.
Hotels

Gross Operating Revenue for the Hotels decreased by 8.2% from SGD 243 million in FY2012 to SGD 223 million in FY2013, while Gross Operating Profits for the Hotels decreased by 4.9% from SGD 82 million in FY2012 to SGD 78 million in FY2013. This can be primarily attributed to macroeconomic uncertainties in Singapore, Australia and Japan.

In Singapore, an overall increase in the supply of hotel rooms as well as a general decline in corporate travel budgets negatively affected both ADR and occupancy rates. As a result, InterContinental Singapore saw a decrease in RevPAR from SGD 272 in FY2012 to SGD 263 in FY2013.

For the Crowne Plaza ANA Kobe hotel, improvements in ADR resulted in increase in RevPAR from JPY 8,589 in FY2012 to JPY 8,865 in FY2013. However, this was offset by the declining business in the F&B Business coupled with the depreciation of the Japanese Yen against the Singapore Dollar. As a result, Gross Operating Profit of Crowne Plaza ANA Kobe hotel decreased from JPY 1,525 million in FY2012 to JPY 1,503 million in FY2013.

Serviced Residences

Gross Operating Revenue for the Serviced Residences increased by 8.6% from S$58 million in FY2012 to S$63 million in FY2013, while Gross Operating Profits increased by 20.7% from S$29 million in FY2012 to S$35 million in FY2013. This can be primarily attributed to the benefits arising from the completion of asset enhancement initiatives relating to the various Serviced Residences.

Post completion of major assets enhancement initiatives in Fraser Suites Singapore, and Fraser Place Canary Wharf, where the collective Gross Operating Revenue of these properties improved by 50.0% from S$22 million in FY2012 to S$33 million in FY2013.

The increases in Gross Operating Revenue were partially offset by the temporary closure of Fraser Suites Queens Gate for more than 10 months in FY2013 for extensive renovations and to rebrand the property from Fraser Place to Fraser Suites, which resulted in a substantial decline in Gross Operating Revenue for this property.

In line with subdued but recovering economic growth, the rest of the Serviced Residences (excluding Fraser Suites Queens Gate, Fraser Suites Singapore, and Fraser Place Canary Wharf) continued to experience marginal revenue growth in FY2013. Excluding these properties, the other three Serviced Residences recorded a 1.8% increase in Gross Operating Revenue to S$29 million in FY2013 and a 3.1% increase in Gross Operating Profit to S$14 million in FY2013.

Q1 FY2014 over Q1 FY2013

In spite of the volatile macroeconomic outlook for 2014 which had led to a generally cautious mood among corporate clients, the completion of asset enhancement initiative has helped to stabilise the overall performance of the properties, resulting in a relatively resilient performance for both the Hotels and the Serviced Residences.

Hotels

The Hotels recorded a 4.2% decrease in Gross Operating Revenue to S$61.4 million in Q1 FY2014 from S$64.1 million in Q1 FY2013 and Gross Operating Profit remained substantially unchanged at S$21.8 million from Q1 FY2013 to Q1 FY2014.
The decrease in Gross Operating Revenue was mainly due to depreciation of Japanese Yen and Australian Dollar against the Singapore Dollar. All hotels recorded an increase in RevPAR and room revenue in Q1 FY2014 from Q1 FY2013.

In addition, the Gross Operating profit margin for the hotels improved to 35.5% in Q1 FY2014 from 34.0% in Q1 FY2013. This is primarily due to improved cost margins for The Westin Kuala Lumpur.

**Serviced Residences**

The Serviced Residences’ recorded a 14.1% increase in Gross Operating Revenue to S$17.0 million in Q1 FY2014 from S$14.9 million in Q1 FY2013 and a 9.6% increase in Gross Operating Profit to S$9.1 million in Q1 FY2014 from S$8.3 million in Q1 FY2013.

Room revenue increased 14.9% to S$16.2 million in Q1 FY2014 from S$14.1 million in Q1 FY2013. This was driven mainly by business ramping up at Fraser Suites Queens Gate after the closure for refurbishments from October 2012 to August 2013 and strong performances in Fraser Suites Sydney and Fraser Suites Glasgow. This was slightly offset by decline in the performance of Fraser Suites Singapore due to rebuilding of customer base in Q1 FY2014 post completion of renovation.

**INDEBTEDNESS**

As at the Listing Date, FH-REIT has put in place total unsecured and secured bank facilities (excluding the two revolving credit facilities referred to below) of approximately S$643.9 million and approximately S$36.9 million, respectively.

The unsecured bank facilities comprise of:

Multi-currency term loan facilities (“TLF”) with loan maturities of three to five years:

(i) a five-year loan facility of S$500 million;

(ii) a three-year loan facility of S$115 million; and

(iii) Kobe Excellence TMK Series 1 (“Kobe Excellence TMK”), issued bond amounting to JPY 2.35 billion (equivalent to approximately S$28.9 million, with a maturity of five years.

A medium term note (“MTN”) – Senior Bond of MYR95 million (equivalent to S$36.9 million) with a maturity of five years is secured by the property, The Westin Kuala Lumpur.

There are two revolving credit facilities (“RCF”), comprising a five-year secured revolving credit facility of MYR4.0 million (equivalent to approximately S$1.6 million) in Malaysia and an unsecured short term revolving credit facility of S$50 million in Singapore.

Based on Unaudited Pro Forma Balance Sheet as at 31 December 2013, FH-REIT has drawn down approximately S$605 million of the TLF, S$50 million of the RCF, JPY 2.35 billion (equivalent to approximately S$28 million) of Kobe Excellence TMK bond and MYR95 million (equivalent to approximately S$37 million) of Senior MTNs, with an Aggregate Leverage of approximately 41.3% of the FH-REIT Deposited Property. (See “Capitalisation and Indebtedness – Indebtedness – Aggregate Leverage” for details of the debt maturity profile.)

The Property Funds Appendix allows FH-REIT to borrow up to 35.0% of the FH-REIT Deposited Property without a credit rating and up to a maximum of 60.0% of the value of the FH-REIT Deposited Property if a credit rating from acceptable rating agency is obtained and disclosed to the public. FH-REIT will be engaging acceptable rating agency for a credit rating to be issued.
The REIT Manager intends to employ an appropriate mix of debt and equity in financing acquisitions of properties and property enhancements. The REIT Manager will also utilise interest rate hedging strategies, where appropriate, in order to reduce exposure to market volatility.

(See “Strategy – FH-REIT’s Strategy – Capital and Risk Management Strategy” for further details.)

**Liquidity and Capital Resources**

The REIT Manager will endeavour to maintain a strong balance sheet, employ an appropriate mix of debt and equity in financing acquisitions of properties, secure diversified funding sources to access both financial institutions and capital markets, optimise its cost of debt financing and utilise interest rate and foreign exchange hedging strategies, where appropriate, in order to minimise exposure to market volatility. In the event that FH-REIT incurs any future borrowings, the REIT Manager will periodically review FH-REIT’s capital management policy with respect to its Aggregate Leverage and modify its strategy in the light of prevailing market conditions.

**Accounting Policies**

For a discussion of the principal accounting policies of FH-REIT, FH-BT and FHT, see Appendix C, “Unaudited Pro Forma Financial Information” for further details.
FH-BT will not make distributions for the period in which it is dormant. Therefore distributions by FH, when FH-BT is dormant, will comprise distributions by FH-REIT solely.

Statements contained in the “Profit Forecast and Profit Projection” section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out in this section of this Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator, the Joint Bookrunners or any other person, or that these results will be achieved or are likely to be achieved (see “Forward-looking Statements” and “Risk Factors”). Prospective investors in the Stapled Securities are cautioned not to place any undue reliance on these forward-looking statements that are valid only as at the date of this Prospectus.

None of FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator or the Joint Bookrunners guarantees the performance of FHT, FH-REIT and FH-BT, the repayment of capital or the payment of any distributions, or any particular return on the Stapled Securities.

The following tables show the forecast and projected statements of total return for Forecast Period 2014 (from 1 April 2014 to 30 September 2014) and Projection Year 2015 (from 1 October 2014 to 30 September 2015) of FH-REIT. The forecast and projected yields stated in the following tables are calculated based on:

• the Offering Price of $0.88; and

• the forecast and projected statements of total returns for the Forecast Period 2014 and Projection Year 2015 of FH-REIT.

Such yields will vary accordingly to the extent that the Listing Date is later than 1 April 2014, or for investors who purchase the Stapled Securities in the secondary market at a market price that differs from the Offering Price.

The financial year-end of FH-REIT is 30 September. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of the Stapled Securities is later than 1 April 2014. The Profit Forecast and Profit Projection are based on the assumptions set out in “Profit Forecast and Profit Projection” and have been examined by the Independent Reporting Auditor and should be read together with the report set out in Appendix A, “Independent Reporting Auditor’s Report on the Profit Forecast and Profit Projection”, as well as the assumptions and the sensitivity analysis set out in this section of the Prospectus.

While profit forecasts have been prepared for Forecast Period 2014, being the period commencing from 1 April 2014 and ending 30 September 2014, it should be noted that due to the seasonal nature of the hospitality business, the financial performance of hospitality entities and properties is generally better in the second half of the financial year as compared to the first half of the financial year. Hence, comparisons between the annualised financial performance of the hospitality entities and properties from Forecast Period 2014 and Projection Year 2015 are unlikely to provide accurate reflections of the expected changes in financial performance from 2014 to 2015.
## Forecast and Projected Statements of Total Return of FH-REIT

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 to September 2014</td>
<td>October 2014 to September 2015</td>
</tr>
<tr>
<td><strong>Gross revenue</strong></td>
<td>(SS’000)</td>
<td>(SS’000)</td>
</tr>
<tr>
<td>Property operating expenses</td>
<td>(10,021)</td>
<td>(19,953)</td>
</tr>
<tr>
<td><strong>Net property income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REIT Manager’s management fees</td>
<td>(3,995)</td>
<td>(7,974)</td>
</tr>
<tr>
<td>Other management fees(1)</td>
<td>(772)</td>
<td>(1,553)</td>
</tr>
<tr>
<td>Trustees’ fees</td>
<td>(227)</td>
<td>(445)</td>
</tr>
<tr>
<td>Other expenses(2)</td>
<td>(30,241)(3)</td>
<td>(2,215)</td>
</tr>
<tr>
<td>Payment top-up(4)</td>
<td>2,800(5)</td>
<td>6,900</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>27</td>
<td>92</td>
</tr>
<tr>
<td>Finance costs(6)</td>
<td>(7,756)</td>
<td>(14,980)</td>
</tr>
<tr>
<td><strong>Total return before tax and distribution</strong></td>
<td>1,372</td>
<td>62,911</td>
</tr>
<tr>
<td>Taxation</td>
<td>(2,996)</td>
<td>(5,776)</td>
</tr>
<tr>
<td><strong>Total (loss)/return after tax and before distribution adjustments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-tax deductible items and other adjustments(7)</td>
<td>(1,624)</td>
<td>57,135</td>
</tr>
<tr>
<td><strong>Income available for distribution to holders of Stapled Securities</strong></td>
<td>38,120</td>
<td>17,689</td>
</tr>
<tr>
<td></td>
<td>36,496</td>
<td>74,824</td>
</tr>
</tbody>
</table>

### Notes:

1. Other management fees comprise MIT Manager fees, Kobe Asset Manager fees and ABS Servicer fees.

2. Other expenses comprise operating expenses such as compliance expenses, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, insurance fees, commission fees, costs associated with the preparation and distribution of reports to the holders of the Stapled Securities, investor communication costs and other miscellaneous costs.

3. In Forecast Period 2014, in addition to the expenses referred to in (2) above, it includes stamp duty in relation to the acquisition of United Kingdom and Australia properties and non-capitalised listing fees.

4. BCH Hotel Investment Pte Ltd, the vendor of InterContinental Singapore and River Valley Apartments Pte Ltd, one of the vendors of Fraser Suites Singapore, will provide Payment Top-Up to FHT for the period from the Listing Date to 30 November 2015. No amortisation is applied to the Payment Top-Up as the Payment Top-Up is expected to be received in each of the relevant periods in Forecast Period 2014 and Projection Year 2015.

5. Although the maximum amounts that FH-REIT can receive in respect of the first payment period from the Listing Date up to 30 September 2014 (assuming the respective Properties are not sold) under the two Top-Up Deeds is S$2.5 million, S$2.8 million is assumed to be received by FH-REIT under the Top-Up Deeds as the Forecast Period 2014 (being from 1 April 2014 to 30 September 2014) is for a longer period as compared to the period from the actual Listing Date to 30 September 2014 covered by the Top-Up Deeds. Accordingly, the additional S$0.3 million represents the amount of cashflows in respect of InterContinental Singapore and Fraser Suites Singapore that would have been affected from 1 April 2014 to the Listing Date.

6. Finance costs comprise interest expense and amortisation of debt-related transaction costs.

7. Non-tax deductible items and other adjustments comprise the REIT Manager’s management fees paid/payable in Stapled Securities, the MIT Manager’s management fees paid/payable in Stapled Securities, REIT Trustee’s fees, amortisation of upfront debt-related transaction costs/insurance fee, serviced residences management fees and trademark licence fees which are paid/payable in Stapled Securities, stamp duty and non-capitalised listing fees.
FH-REIT Forecast and Projected Statements of Distribution

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 to</td>
<td>October 2014 to</td>
</tr>
<tr>
<td></td>
<td>September 2014</td>
<td>September 2015</td>
</tr>
</tbody>
</table>

Total number of issued and issuable Stapled Securities at end of period/year ('000) 1,201,759 1,215,085
Distribution per Stapled Security (cents) 3.04 6.16
Distribution per Stapled Security (without Payment Top-Up) (cents) 2.86 5.72
Offering Price (S$) 0.88 0.88

Distribution yield (%) 6.90\(^{(1)}\) 7.00
Distribution yield (without Payment Top-Up) (%) 6.50\(^{(1)}\) 6.51

Note:

(1) Annualised by extrapolating the Forecast Period 2014 figures for a full financial year.

Gross Revenue and Net Property Income Contribution of Individual Property

The forecast and projected contribution of the Properties to Gross Revenue is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 to</td>
<td>October 2014 to</td>
</tr>
<tr>
<td></td>
<td>September 2014</td>
<td>September 2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>(S$’000)</th>
<th>%</th>
<th>(S$’000)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>9,501</td>
<td>18.4</td>
<td>19,262</td>
<td>18.7</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>2,739</td>
<td>5.3</td>
<td>5,772</td>
<td>5.6</td>
</tr>
<tr>
<td>Park International London(^{(1)})</td>
<td>3,323</td>
<td>6.4</td>
<td>5,738</td>
<td>5.6</td>
</tr>
<tr>
<td>Best Western Cromwell London(^{(1)})</td>
<td>1,471</td>
<td>2.9</td>
<td>2,540</td>
<td>2.5</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>6,797</td>
<td>13.2</td>
<td>14,815</td>
<td>14.4</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>5,404</td>
<td>10.5</td>
<td>11,066</td>
<td>10.7</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>29,235</td>
<td>56.7</td>
<td>59,193</td>
<td>57.5</td>
</tr>
</tbody>
</table>

| **Serviced Residences**      |          |       |          |       |
| Fraser Suites Singapore      | 7,432    | 14.4  | 15,843   | 15.3  |
| Fraser Suites Sydney         | 4,716    | 9.2   | 9,570    | 9.3   |
| Fraser Place Canary Wharf    | 3,052    | 5.9   | 6,138    | 6.0   |
| Fraser Suites Queens Gate\(^{(1)}\) | 4,387 | 8.5   | 8,098    | 7.8   |
| Fraser Suites Glasgow\(^{(1)}\) | 1,347 | 2.6   | 2,032    | 2.0   |
| Fraser Suites Edinburgh\(^{(1)}\) | 1,388 | 2.7   | 2,165    | 2.1   |
| **Sub-Total**                | 22,322   | 43.3  | 43,846   | 42.5  |
| **Total**                    | 51,557   | 100.0 | 103,039  | 100.0 |
**Gross Revenue of Geographical segments**

The forecast and projected contribution of the geographical segments to Gross Revenue is as follows:

<table>
<thead>
<tr>
<th>Geographical Segment</th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 to September 2014</td>
<td>October 2014 to September 2015</td>
</tr>
<tr>
<td>Singapore</td>
<td>16,933 32.8</td>
<td>35,105 34.0</td>
</tr>
<tr>
<td>Australia</td>
<td>7,455 14.5</td>
<td>15,342 14.9</td>
</tr>
<tr>
<td>The United Kingdom(^{(1)})</td>
<td>14,968 29.0</td>
<td>26,711 26.0</td>
</tr>
<tr>
<td>Japan</td>
<td>6,797 13.2</td>
<td>14,815 14.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5,404 10.5</td>
<td>11,066 10.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51,557 100.0</strong></td>
<td><strong>103,039 100.0</strong></td>
</tr>
</tbody>
</table>

The forecast and projected contribution of the Properties to Net Property Income is as follows:

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 to September 2014</td>
<td>October 2014 to September 2015</td>
</tr>
<tr>
<td><strong>Hotels</strong></td>
<td>((S$'000)) %</td>
<td>((S$'000)) %</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>8,341 20.1</td>
<td>16,943 20.4</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>2,074 5.0</td>
<td>4,453 5.4</td>
</tr>
<tr>
<td>Park International London(^{(1)})</td>
<td>2,964 7.1</td>
<td>5,024 6.0</td>
</tr>
<tr>
<td>Best Western Cromwell London(^{(1)})</td>
<td>1,282 3.1</td>
<td>2,165 2.6</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>5,491 13.2</td>
<td>12,167 14.6</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>5,093 12.3</td>
<td>10,458 12.6</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>25,245 60.8</strong></td>
<td><strong>51,210 61.6</strong></td>
</tr>
<tr>
<td><strong>Serviced Residences</strong></td>
<td>((S$'000)) %</td>
<td>((S$'000)) %</td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>5,580 13.4</td>
<td>12,005 14.5</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>3,339 8.0</td>
<td>6,809 8.2</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>2,136 5.1</td>
<td>4,228 5.1</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate(^{(1)})</td>
<td>3,349 8.1</td>
<td>6,042 7.3</td>
</tr>
<tr>
<td>Fraser Suites Glasgow(^{(1)})</td>
<td>984 2.4</td>
<td>1,430 1.7</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh(^{(1)})</td>
<td>903 2.2</td>
<td>1,362 1.6</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>16,291 39.2</strong></td>
<td><strong>31,876 38.4</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41,536 100.0</strong></td>
<td><strong>83,086 100.0</strong></td>
</tr>
</tbody>
</table>

**Note:**

\(^{(1)}\) Annualised Gross Revenue and Net Property Income for Forecast Period 2014 are comparatively higher than Projection Year 2015 mainly due to seasonality impact.
ASSUMPTIONS

The REIT Manager has prepared the profit forecasts of FH-REIT for Forecast Period 2014 and the profit projections for Projection Year 2015 based on the Offering Price and the assumptions listed below. The REIT Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these assumptions as well as the profit forecasts and profit projections and make their own assessment of the future performance of FH-REIT.

Gross Revenue

Gross Revenue comprises gross rental income under the Master Lease and Tenancy Agreements. Gross rental income under the terms of the Master Lease and Tenancy Agreements comprises a Fixed Rent and a Variable Rent, as set out in the table below:

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Currency</th>
<th>Fixed Rent (’000)</th>
<th>Variable Rent (Sum of Percentage of Gross Operating Revenue and Percentage of Gross Operating Profit less Fixed Rent(1))</th>
<th>Percentage of Gross Operating Revenue (%)</th>
<th>Percentage of Gross Operating Profit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>8,000</td>
<td></td>
<td>0.0</td>
<td>76.0</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>AUD</td>
<td>2,500</td>
<td></td>
<td>0.0</td>
<td>84.0</td>
</tr>
<tr>
<td>Park International London</td>
<td>GBP</td>
<td>1,300</td>
<td></td>
<td>0.0</td>
<td>91.5</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>600</td>
<td></td>
<td>0.0</td>
<td>91.5</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>600,000</td>
<td></td>
<td>0.0</td>
<td>77.8</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR</td>
<td>14,800</td>
<td></td>
<td>0.0</td>
<td>78.5</td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>SGD</td>
<td>7,700</td>
<td>Variable Rent (Sum of Percentage of Gross Operating Revenue and Percentage of Gross Operating Profit less Fixed Rent(1))</td>
<td>20.0</td>
<td>59.0</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>AUD</td>
<td>4,200</td>
<td></td>
<td>20.0</td>
<td>54.5</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>GBP</td>
<td>1,400</td>
<td></td>
<td>20.0</td>
<td>65.0</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>GBP</td>
<td>1,800</td>
<td></td>
<td>20.0</td>
<td>67.0</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>GBP</td>
<td>400</td>
<td></td>
<td>20.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>500</td>
<td></td>
<td>20.0</td>
<td>45.0</td>
</tr>
</tbody>
</table>

Note:
(1) May include unutilised FF&E reserve not carried forward to the following year.

Should the calculation of the Variable Rent yield a negative figure, the overall rent will then be the Fixed Rent amount. It is assumed that the unutilised FF&E reserves that are not carried forward to the following year are as follows:
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotels</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>750,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td><strong>Serviced Residences</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>SGD</td>
<td>328,557</td>
<td>693,582</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>GBP</td>
<td>54,924</td>
<td>110,089</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>GBP</td>
<td>73,294</td>
<td>138,383</td>
</tr>
</tbody>
</table>

**Gross Operating Revenue and Gross Operating Profit of the Hotels**

The Gross Operating Revenue and Gross Operating Profit of the Hotels are forecast and projected based on the following assumptions.

**Gross Operating Revenue of the Hotels**

The Gross Operating Revenue of the Hotels consists of (i) room revenue, (ii) F&B revenue and (iii) other income.

(i) **Room revenue**

The forecast and projected hotel revenue for Forecast Period 2014 and Projection Year 2015 are based on each Hotel's total available rooms and RevPAR, which is in turn driven by the ADR and the Occupancy Rate assumptions.

**ADR (in local currency)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotels</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>300</td>
<td>301</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>AUD</td>
<td>163</td>
<td>169</td>
</tr>
<tr>
<td>Park International London</td>
<td>GBP</td>
<td>107</td>
<td>105</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>92</td>
<td>90</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>11,965</td>
<td>12,195</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR</td>
<td>494</td>
<td>506</td>
</tr>
</tbody>
</table>
### Occupancy Rate

<table>
<thead>
<tr>
<th>Hotels</th>
<th>Forecast Period 2014 April 2014 to September 2014</th>
<th>Projection Year 2015 October 2014 to September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>83.9%</td>
<td>83.2%</td>
</tr>
<tr>
<td>Novotel Rockford Darling</td>
<td>76.5%</td>
<td>78.4%</td>
</tr>
<tr>
<td>Harbour</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Park International London</td>
<td>79.7%</td>
<td>73.4%</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>88.2%</td>
<td>81.8%</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>78.8%</td>
<td>77.1%</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>78.6%</td>
<td>78.5%</td>
</tr>
</tbody>
</table>

### RevPAR (in local currency)

<table>
<thead>
<tr>
<th>Hotels</th>
<th>Forecast Period 2014 April 2014 to September 2014</th>
<th>Projection Year 2015 October 2014 to September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>SGD 252</td>
<td>250</td>
</tr>
<tr>
<td>Novotel Rockford Darling</td>
<td>AUD 125</td>
<td>133</td>
</tr>
<tr>
<td>Harbour</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Park International London</td>
<td>GBP 85</td>
<td>77</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP 81</td>
<td>74</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY 9,424</td>
<td>9,407</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR 389</td>
<td>397</td>
</tr>
</tbody>
</table>

**Note:**
Forecast and projected Occupancy Rate and ADR are derived after taking into account the historical and current operating performance of each of the Hotels. Other factors considered include the prospects of the respective market's hospitality industry, the expected demand and supply of hotel rooms, the competitive position of competing hotels, major conventions and events that are scheduled to take place, the historical and expected future renovations or refurbishments at the Hotels, the respective location of the Hotels and the materialisation rate of the existing and potential hotel room contracts.

(ii) **F&B revenue**

F&B revenue comprises revenue from the restaurants, lounges and bars, including revenue from catering services, banqueting sale, room service and room mini-bar sales, wedding dinners, corporate meetings and other corporate events. For Forecast Period 2014 and Projection Year 2015, F&B revenue is expected to constitute approximately 37.9% and 39.9% of the total revenue of the Hotels respectively.

The forecast and projected F&B revenue are estimated based on the historical performance of the F&B sales of the Hotels and taking into account the expected occupancy rates of the Hotels, the competitive position and location of the Hotels, as well as expected bookings for banquets, wedding dinners, corporate meetings and other corporate events.
(iii) **Other income**

Other income includes income from provision of telecommunication services, internet broadband services, laundry services, operation of car parks, spa and health clubs and the usage of business centres. For Forecast Period 2014 and Projection Year 2015, other income is expected to constitute approximately 9.3% of the total revenue of the Hotels.

**Operating expenses of the Hotels**

The operating expenses of the Hotels include (i) payroll expenses, (ii) cost of sales, (iii) energy and utilities as well as (iv) other expenses.

(i) **Payroll expenses**

Payroll expenses relate to wages, salaries and the related staff benefits in connection with the hiring of full-time and temporary staff to carry out day-to-day operations at the Hotels including housekeeping services, reception services, security services, F&B, administrative, marketing, property operation and maintenance and other services.

For Forecast Period 2014 and Projection Year 2015, payroll expenses are estimated based on the Hotels' historical payroll costs and after adjusting for an expected increment in each year. In addition, consideration has been given to staffing requirements at the Hotels by taking into account the forecast and projected performance of the Hotels (in particular, expected occupancy levels, expected banqueting demand and expected operating efficiencies).

(ii) **Cost of sales**

Cost of sales relates to direct costs incurred in the provision of F&B services, telecommunication services, internet broadband services and laundry services. Cost of sales has been forecast and projected to vary in proportion to room revenue and F&B revenue for Forecast Period 2014 and Projection Year 2015, taking into consideration cost efficiencies.

(iii) **Energy and utilities**

For Forecast Period 2014 and Projection Year 2015, it has been assumed that energy and utilities costs are based on the estimated utilities costs, taking into consideration historical rates, expected rate increments and expected utilisation.

(iv) **Other expenses**

Other hotel expenses include costs of guest supplies, repair and maintenance expenses, selling and marketing expenses, hotel management fee, rental for sidewalk area and administrative and general expenses.

Costs of guest supplies include costs of linen laundry and room consumables.

Repair and maintenance expenses relate to costs incurred for the upkeep of the Hotels, including the cost of materials, supplies and contracts related to the general repair and maintenance of the Hotels.

Selling and marketing expenses relate to costs incurred in marketing, advertising and promoting the Hotels as well as commission to third parties.
Hotel management fee relate to base management fee and incentive fee payable to Hotel Operators for management services rendered for the Park International London and Best Western Cromwell.

Administrative and general expenses include credit card commissions, security services, maintenance of IT systems and other general and administrative expenses.

**Gross Operating Revenue and Gross Operating Profit of the Serviced Residences**

The Gross Operating Revenue and Gross Operating Profit of the Serviced Residences are forecast and projected based on the following assumptions.

**Gross Operating Revenue of the Serviced Residences**

The Gross Operating Revenue of the Serviced Residences consists of (i) rental revenue and (ii) other income.

(i) **Rental revenue**

The forecast and projected rental revenue for Forecast Period 2014 and Projection Year 2015 are based on each Serviced Residence's RevPAR, which in turn is driven by the ADR and the Occupancy Rate assumptions.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Serviced Residences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>SGD 329</td>
<td>335</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>AUD 233</td>
<td>244</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>GBP 133</td>
<td>138</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>GBP 161</td>
<td>166</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>GBP 85</td>
<td>78</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP 117</td>
<td>108</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupancy Rate</th>
<th>Forecast Period 2014 April 2014 to September 2014</th>
<th>Projection Year 2015 October 2014 to September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Serviced Residences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>84.5%</td>
<td>87.9%</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>87.8%</td>
<td>87.8%</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>87.7%</td>
<td>81.0%</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>91.2%</td>
<td>84.0%</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>86.1%</td>
<td>77.7%</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>91.5%</td>
<td>83.9%</td>
</tr>
</tbody>
</table>
RevPAR (in local currency)

<table>
<thead>
<tr>
<th>Serviced Residences</th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>SGD 278</td>
<td>295</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>AUD 205</td>
<td>214</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>GBP 116</td>
<td>112</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>GBP 147</td>
<td>140</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>GBP 73</td>
<td>61</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP 107</td>
<td>91</td>
</tr>
</tbody>
</table>

Forecast and projected occupancies and ADR are derived after taking into account the historical and current operating performance of each of the Serviced Residences. Other factors considered include the underlying forecast economic conditions in the respective markets, the expected demand and supply of serviced residences units, the competitive position of competing serviced residences, the historical and expected future renovations or refurbishments at the Serviced Residences, the respective location of the Serviced Residences and the materialisation rate of the existing and potential serviced residences contracts.

(ii) Other income

Other income refers mainly to income from the provision of F&B services, usage of the business centres and laundry services, income from the provision of telecommunication services, internet broadband services, the operation of the car park, rental income from concessionaires (where applicable) and hiring of furniture and equipment by guests in addition to standard provisions.

Operating expenses of the Serviced Residences

The operating expenses of the Serviced Residences include (i) payroll expenses, (ii) cost of sales, (iii) energy and utilities as well as (iv) other expenses.

(i) Payroll expenses

Payroll expenses relate to wages, salaries and the related staff benefits in connection with the hiring of full-time and temporary staff to carry out day-to-day operations at the Serviced Residences including reception services, property operation and maintenance and other services.

For Forecast Period 2014 and Projection Year 2015, payroll expenses are estimated based on the Serviced Residences’ historical payroll costs and after adjusting for an expected increment in each year. In addition, consideration has been given to staffing requirements at the Serviced Residences by taking into account the forecast and projected performance of the Serviced Residences (in particular, expected occupancy levels and expected operating efficiencies).
(ii) **Cost of sales**

Cost of sales includes costs incurred in the provision of F&B services telecommunication services and laundry services. Cost of sales has been forecast and projected to vary in proportion to rental revenue for Forecast Period 2014 and Projection Year 2015, taking into consideration cost efficiencies.

(iii) **Energy and utilities**

For Forecast Period 2014 and Projection Year 2015, it has been assumed that energy and utilities costs are based on the estimated utilities costs, taking into consideration historical rates, expected rate increments and expected utilisation.

(iv) **Other expenses**

Other serviced residences expenses include costs of guest supplies, agency commission and reservation expenses, repair and maintenance expenses, advertising and promotion expenses, and administrative and general expenses.

Costs of guest supplies include costs incurred for airport transfers and shuttle services, breakfast provisions, linen laundry and cable subscriptions.

Agency commission and reservation expenses include costs incurred for commission and reservation fees paid to third parties.

Repair and maintenance expenses relate to costs incurred for the upkeep of the Serviced Residences, including the cost of materials, as well as supplies and contracts related to the general repair and maintenance of the Serviced Residences.

Selling and marketing expenses relate to costs incurred in marketing, advertising and promoting the Serviced Residences.

Administrative and general expenses include credit card commission, security services, maintenance of IT systems and other general and administrative expenses.

**Property Expenses**

Property expenses for FH-REIT comprise (i) property tax for hospitality properties, (ii) insurance expenses, (iii) Management Corporation Strata Title Plan (“MCST”) sinking fund contribution (“Sinking Fund Contributions”) in Singapore or its equivalent funds in overseas and (iv) other property expenses.

**Property Tax for Hospitality Properties**

**Property Tax for Hotels**

For hotel properties, it has been assumed that the basis of assessment for property tax by the tax authorities in each of the jurisdictions will remain the same as the latest year of assessment.

**Property Tax for Serviced Residences**

For Serviced Residences, it has been assumed that the basis of assessment for property tax by the tax authorities in each of the jurisdictions will remain the same as the latest year of assessment.
**Insurance Expenses**

FH-REIT incurs expenses for certain insurance coverage, including fire insurance, physical damage and terrorism insurance for the Properties.

**Common Area Maintenance Fees**

Some properties form part of MCST (or the equivalent of a MCST in overseas jurisdiction) and are required to pay their respective share value of contributions towards maintenance and other expenses in the development to the MCST. Under the Master Lease and Tenancy Agreements, FH-REIT will bear the common area maintenance fees which will be levied for repairs and improvements to, and maintenance of, the common property and the renewal or replacement of parts of the common property, fixtures, fittings and other property held by or on behalf of the MCST and such other liabilities expected to be incurred in the future.

**Serviced Residences Management Fee and Trademark Licence Fee**

Serviced residences management fee comprising base management fee, marketing fee and incentive fee is payable to the Serviced Residences Operators for management services rendered for the Serviced Residences. A trademark licence fee is payable to the Serviced Residence Operator for use of the relevant trademarks used in connection with the operations of the Serviced Residences. The base management fee, marketing fee and trademark license fee is 1.0% per annum of the gross operating revenue of the Serviced Residences respectively. The incentive fee is 8.0% per annum of gross operating profit of the Serviced Residences.

For Forecast Period 2014 and Projection Year 2015, it has been assumed that the REIT Manager has elected to pay 100.0% of fees payable to the Serviced Residences Operators in the form of Stapled Securities. Where the management fees are payable in Stapled Securities, the REIT Manager has assumed that such Stapled Securities are issued at the Offering Price.

**Payment Top-Up**

The vendors of InterContinental Singapore and Fraser Suites Singapore will each provide Payment Top-Up to FHT for the period from Listing Date to 30 November 2015. Pursuant to the terms of the payment top-up, the vendors of InterContinental Singapore and Fraser Suites Singapore will pay to the REIT Trustee an amount equivalent to the terms of the respective Payment Top-Up Agreement.

The aggregate payment top-up amount for InterContinental Singapore for the Forecast Period 2014 and Projection Year 2015 amounts to S$2.15 million and S$5.9 million, respectively. The aggregate payment top-up amount for Fraser Suites Singapore for the Forecast Period 2014 and Projection Year 2015 amounts to S$0.65 million and S$1 million, respectively.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Payment Top-Up Deeds” for further details.)

**REIT Manager’s management fees**

Pursuant to the FH-REIT Trust Deed, the REIT Manager is entitled to a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-REIT’s Deposited Property and a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee).
There should be no double-counting of fees. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee\(^1\). For the avoidance of doubt, the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

The REIT Manager’s management fee shall be reduced by other asset management related fees paid by FH-REIT and its subsidiaries.

The REIT Manager has been assumed to receive 100.0% of its management fees in the form of Stapled Securities for Forecast Period 2014 and Projection Year 2015. Where the management fees are payable in Stapled Securities, the REIT Manager has assumed that such Stapled Securities are issued at the Offering Price.

(See “Management and Corporate Governance – Fees Payable to the REIT Manager” for details of the fees payable to the REIT Manager, which include other fees such as the acquisition fee and divestment fee.)

**Other management fees**

**MIT Manager’s management fee**

Pursuant to the Investment Management Agreement for MIT Australia, the MIT Manager is entitled to a management fee comprising a base fee of 0.3% per annum of the total value of the trust property of MIT Australia and a performance fee of 5.5% of the aggregate earnings before interest, taxes, depreciation and amortisation of MIT Australia in the relevant financial year. For the purposes of the Forecast Period 2014 and Projection Year 2015 Financial Information, it is assumed that 100.0% of the MIT Manager’s management fees were paid in Stapled Securities. Where the management fees are payable in Stapled Securities, the MIT Manager has assumed that such Stapled Securities are issued at the Offering Price.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to Australian Properties” for further details.)

**Kobe Asset Manager’s management fee**

Pursuant to the Asset Management Agreement, the Kobe Asset Manager is entitled to:

(a) an annual management fee of JPY14.0 million (exclusive of consumption tax); and

(b) where the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition) occurs, Kobe Excellence TMK shall pay to the Kobe Asset Manager an additional fee (“Additional Fee”), which shall be determined at the time of the disposition based on consultation between the parties on good faith, for the additional services rendered by the Kobe Asset Manager for the disposition, provided that no disposition fee is payable to the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe as part of the Listing; and

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\(^1\) In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.
(c) a brokerage services fee for brokerage services rendered by the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition), the amount of which shall be determined at the time of the disposition based on consultation between the parties on good faith, payable separately from the Additional Fee, upon the completion of the disposition through the brokerage services provided by the Kobe Asset Manager.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to ANA Crowne Plaza Kobe” for further details.)

**ABS Servicer Fee**

Pursuant to the Servicing Agreement, the Servicer is entitled to a Servicer fee (exclusive of applicable service tax or goods and services tax), payable in arrears on a semi-annual basis (save and except for the first and the last servicing period) which is equivalent to an amount of MYR360,000.00.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to The Westin Kuala Lumpur” for further details.)

**Trustees’ fees**

**REIT Trustee’s fees**

Pursuant to the FH-REIT Trust Deed, the REIT Trustee’s fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the FH-REIT Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST.

(See “Management and Corporate Governance – Fees Payable to the REIT Trustee” for further details.)

**MIT trustee’s fee and MIT Sub-Trustee’s Fees**

Pursuant to the MIT Trust Deed, the MIT Trustee’s fee and MIT Sub-trustee’s fees are AUD55,000 per annum and AUD15,000 per annum per sub-trust respectively, excluding out-of-pocket expenses and GST. As there are two MIT Sub-trusts, the aggregate fee payable to the MIT Sub-trustee is AUD30,000 per annum.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to Australian Properties” for further details.)

**TMK Trustee’s Fee**

Pursuant to the Japan Trust Agreement, the TMK Trustee’s fee is JPY5.4 million per annum.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to ANA Crowne Plaza Kobe” for further details.)

**ABS Security Trustee’s Fee**

Pursuant to the ABS Trust Deed, the ABS Security Trustee’s fee is MYR60,000 per annum.

(See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to The Westin Kuala Lumpur” for further details.)
Trustee-Manager’s Fees

Pursuant to the FH-BT Trust Deed, the Trustee-Manager is entitled to:

(a) a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-BT Trust Property and a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee), payable in the event that FH-BT becomes active; and

(b) a trustee fee of a maximum of 0.1% per annum of the value of the FH-BT Trust Property, subject to a minimum fee of S$10,000 per month provided that the value of the FH-BT Trust Property is at least S$50.0 million, payable in the event that FH-BT becomes active.

In relation to the Performance fee, there should be no double-counting of fees. In the event that both the Trustee-Manager and the REIT Manager are entitled to the Performance Fee, such fees payable to both the Trustee-Manager and the REIT Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee. For the avoidance of doubt, the maximum Performance Fee payable to both the Trustee-Manager and the REIT Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

For the purposes of the Forecast Period 2014 and Projection Year 2015 Financial Information, it is assumed that FH-BT is dormant.

(See “Management and Corporate Governance – Fees Payable to the Trustee-Manager” for details of the fees payable to the Trustee-Manager, which include other fees such as the acquisition fee and divestment fee.)

Other expenses

Other expenses comprise operating expenses such as compliance expenses, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, stamp duty, insurance fees, commission fees, costs associated with the preparation and distribution of reports to the holders of the Stapled Securities, investor communication costs and other miscellaneous costs.

Finance costs

Finance costs consist of interest expense, commitment fee, legal fees and upfront debt establishment fees incurred in relation to the Loan Facilities. Debt-related transaction costs are amortised over the term of the Loan Facilities.

An amount of S$728.6 million of the Loan Facilities will be drawn down on the Listing Date. The REIT Manager has assumed that the average effective interest rate for Forecast Period 2014 and Projection Year 2015 will be approximately 2.2% per annum for the term loan, including upfront debt establishment costs and 1% per annum for short term revolving credit facility. The upfront debt establishment costs incurred in relation to the initial debt facility is assumed to be amortised over its term and has been included as part of the finance costs. It is assumed that the short term revolving credit facility will be repaid in December 2014.

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1 In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.
Taxes

The following taxes have been taken into account in the Forecast Period 2014 and Projection Year 2015:

(i) Australia withholding tax

(ii) UK income tax

(iii) Japan corporate/withholding tax

(iv) Malaysia corporate/withholding tax

(v) Singapore corporate tax

(See “Taxation” for further details of the taxes mentioned above.)

Initial Portfolio

The aggregate value of the Properties as at Listing Date was S$1,663.7 million, based on purchase price of each Property. For the purposes of the profit forecasts and profit projections, the REIT Manager has assumed an increase in the value of the Properties only to the extent of the budgeted capital expenditure.

Capital expenditure

Certain forecast and projected capital expenditure has been included based on the REIT Manager’s budgets. The budgeted capital expenditure is intended to fund asset enhancement works such as the upgrading of lifts, room renovations and refurbishments and the renovation of the façade of the Properties. Capital expenditure is expected to be capitalised as part of the investment properties.

The cost of FF&E will be borne by the Master Lessee or Tenant under the Master Lease and Tenancy Agreements for each of the hotels and residences. The Master Lessees or Tenant will set aside periodic FF&E Reserves ranging from 2.5% – 4.0% of the Gross Revenue per annum.

Planned Refurbishment for InterContinental Singapore

A budgeted capital expenditure of S$6.0 million is expected to be incurred for InterContinental Singapore in Forecast Period 2014 and another S$20.0 million in Projection Year 2015 to refurbish the guest rooms, the food & beverage areas, the public areas and the gym. S$20.0 million of such capital expenditure is expected to be funded by working capital and/or borrowings under the FH-REIT Debt Facilities, with the balance funded from FF&E Reserve carried forward from prior years.

Planned Refurbishment for Fraser Place Canary Wharf

Fraser Place Canary Wharf has expanded its room count from 96 units as at 31 December 2013 to 108 units upon completion of Phase 2 refurbishment in end-May 2014.
Hotels with Planned Refurbishment

For Novotel Rockford Darling Harbour and ANA Crowne Plaza Kobe, the Managers anticipate that there will be minor works to refurbish the public areas, replacement of certain operating equipment and upgrade of certain mechanical and electrical equipment funded by Master Lessees using the FF&E Reserve carried forward from prior years.

Accounting standards

The REIT Manager has assumed that there will be no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected net income.

Other Assumptions

The REIT Manager has made the following additional assumptions in preparing the profit forecasts for Forecast Period 2014 and the profit projections for Projection Year 2015:

(i) the Initial Portfolio remains unchanged throughout the periods;
(ii) no further capital will be raised during the periods;
(iii) there will be no material change in taxation legislation or other applicable legislation;
(iv) the relevant tax exemptions, tax remissions, preferential tax treatments and Tax Rulings granted remain valid and applicable;
(v) there will be no material change to the circumstance upon which the Tax Rulings are granted and that the terms and conditions of the Tax Rulings are complied with;
(vi) the FH-REIT Debt Facilities are available during the periods at the same effective interest rate;
(vii) all leases are enforceable and will be performed in accordance with their terms;
(viii) there will be no pre-termination of any committed leases;
(ix) 100.0% of the distributable income will be distributed;
(x) 100% of the distributable income in foreign currency for Forecast Period 2014 and Projection Year 2015 will be hedged; and
(xi) the foreign exchange rates applied in the preparation of Forecast Period 2014 and Projection Year 2015 are assumed as follows:

<table>
<thead>
<tr>
<th></th>
<th>As at the Listing Date</th>
<th>Forecast Period 2014</th>
<th>Projection Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD/SGD</td>
<td>1.17670</td>
<td>1.17260</td>
<td>1.14430</td>
</tr>
<tr>
<td>GBP/SGD</td>
<td>2.12775</td>
<td>2.12700</td>
<td>2.11320</td>
</tr>
<tr>
<td>JPY/SGD</td>
<td>0.01229</td>
<td>0.01229</td>
<td>0.01234</td>
</tr>
<tr>
<td>MYR/SGD</td>
<td>0.38873</td>
<td>0.38730</td>
<td>0.37710</td>
</tr>
</tbody>
</table>
SENSITIVITY ANALYSIS

The forecast and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in “Risk Factors”.

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the profit forecasts and profit projections, a series of tables demonstrating the sensitivity of the distribution per Stapled Security to changes in the principal assumptions are set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Gross Revenue

Changes in Gross Revenue will impact the Net Property Income of FH-REIT and, consequently, the distribution yield. The assumptions for Gross Revenue have been set out earlier in this section.

The effect of variations in the Gross Revenue on the distribution yield is set out below:

<table>
<thead>
<tr>
<th>Based on Issue Price</th>
<th>Forecast Period 2014 (%)</th>
<th>Projection Year 2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0% above base case</td>
<td>7.39</td>
<td>7.48</td>
</tr>
<tr>
<td>Base Case</td>
<td><strong>6.90</strong></td>
<td><strong>7.00</strong></td>
</tr>
<tr>
<td>5.0% below base case</td>
<td>6.42</td>
<td>6.52</td>
</tr>
</tbody>
</table>

Property Expenses

Changes in Property Expenses will impact the Net Property Income of FH-REIT and, consequently, the distribution yield. The assumptions for Property Expenses have been set out earlier in this section.

The effect of variations in the Property Expenses on the distribution yield is set out below:

<table>
<thead>
<tr>
<th>Based on Issue Price</th>
<th>Forecast Period 2014 (%)</th>
<th>Projection Year 2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0% above base case</td>
<td>6.81</td>
<td>6.90</td>
</tr>
<tr>
<td>Base Case</td>
<td><strong>6.90</strong></td>
<td><strong>7.00</strong></td>
</tr>
<tr>
<td>5.0% below base case</td>
<td>7.00</td>
<td>7.09</td>
</tr>
</tbody>
</table>

Payment Top-Up

The payment top-up will impact the net income of FH-REIT and, consequently, the distribution yield. The assumptions for payment top-up have been set out earlier in this section.

The effect of payment top-up on the distribution yield is set out below:
Changes in finance costs will impact the net income of FH-REIT and, consequently, distribution yield. The assumptions for finance costs have been set out earlier in this section.

The effect of variations in the finance costs on the distribution yield is set out below:

<table>
<thead>
<tr>
<th>Based on Issue Price</th>
<th>Forecast Period 2014 (%)</th>
<th>Projection Year 2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0% above base case</td>
<td>6.84</td>
<td>6.94</td>
</tr>
<tr>
<td><strong>Base Case</strong></td>
<td><strong>6.90</strong></td>
<td><strong>7.00</strong></td>
</tr>
<tr>
<td>5.0% below base case</td>
<td>6.97</td>
<td>7.06</td>
</tr>
</tbody>
</table>

**REIT Manager’s Management Fees, MIT Manager’s Management Fees and the Serviced Residences Operators Management/Trademark Licence Fees Payable in Stapled Securities**

The REIT Manager has assumed, for the Forecast Period 2014 and the Projection Year 2015, that 100.0% of the REIT Manager’s management fees and MIT Manager’s management fees will be paid in Stapled Securities. The REIT Manager has also assumed that 100.0% of fees payable to the Serviced Residences Operators will be paid in Stapled Securities. The REIT Manager has assumed that such Stapled Securities are issued at the Offering Price.

The effect of an increase in the level of portion of the REIT Manager’s management fees and the Serviced Residences Operators’ management/trademark licence fees payable in Stapled Securities on the distribution yield is set out below:

<table>
<thead>
<tr>
<th>Impact on Distribution Yield pursuant to changes in the REIT Manager’s management fees and Serviced Residences Operators’ management/trademark licence fees payable in Stapled Securities</th>
<th>Forecast Period 2014 (%)</th>
<th>Projection Year 2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Offering Price (S$/Stapled Security)</strong></td>
<td>0.88</td>
<td>0.88</td>
</tr>
<tr>
<td>Base Case (100% of REIT Manager’s management fees, MIT Manager’s management fees and Serviced Residences Operators’ management/trademark licence fees payable in Stapled Securities)</td>
<td>6.90</td>
<td>7.00</td>
</tr>
<tr>
<td>50% of REIT Manager’s management fees, MIT Manager’s management fees and Serviced Residences Operators’ management/trademark licence fees payable in Stapled Securities</td>
<td>6.19</td>
<td>6.34</td>
</tr>
<tr>
<td>0% of REIT Manager’s management fees, MIT Manager’s management fees and Serviced Residences Operators’ management/trademark licence fees payable in Stapled Securities</td>
<td>5.51</td>
<td>5.70</td>
</tr>
</tbody>
</table>
STRATEGY

INVESTMENT POLICY

FH-REIT is a Singapore-based REIT and FH-BT is a Singapore-based business trust. FHT is regulated by the Deeds as well as any legislation and regulations governing FHT, FH-REIT and FH-BT.

FH-REIT is established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate located in anywhere in the world except Thailand, which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing. FH-REIT is principally regulated by the SFA, the CIS Code, including the Property Funds Appendix, other relevant regulations as well as the Stapling Deed and the FH-REIT Trust Deed.

In accordance with the requirements of the Listing Manual, this principal investment policy will be adhered to for at least three years following the Listing Date unless changed by Extraordinary Resolution passed by the holders of FH-REIT Units. After the expiry of the three-year period, the REIT Manager may, subject to the requirements under the relevant laws, regulations and rules (including the Listing Manual) and within the limits of the Deeds, from time to time change the principal investment policy of FH-REIT without the approval of the holders of FH-REIT Units by giving not less than 30 days’ prior notice of the change to the REIT Trustee and the Stapled Securityholders by way of an announcement on SGXNET.

OBJECTIVES

The initial portfolio of FHT will, on the Listing Date, comprise 12 properties consisting of six Hotels and six Serviced Residences held through FH-REIT. The Managers’ principal objectives are to deliver stable and growing distributions to Stapled Securityholders and to achieve long-term growth in DPS and in the NAV per Stapled Security, while maintaining an appropriate capital structure.

KEY STRATEGIES

FH-REIT’s Strategies

The REIT Manager plans to achieve its objectives through the following key strategies:

- **Acquisition Growth Strategy Supported by Acquisition Opportunities in respect of the Sponsor ROFR Properties, the TCC ROFR Properties and Other Third Party Properties** – The REIT Manager will source for and pursue asset acquisition opportunities which provide attractive cash flows and yields and which satisfy the REIT Manager’s investment mandate for FH-REIT to enhance the returns to Stapled Securityholders and improve potential opportunities for future income and capital growth.

- **Active Asset Management and Enhancement Strategy** – The REIT Manager will implement pro-active measures to enhance the Properties and to improve their operational performance, so as to optimise the cash flow and value of the Properties. Through such active management, the REIT Manager seeks to enhance the efficiency of the Properties to improve occupancy rates, ADR and RevPAR, as well as to create a better lodging experience for its clientele.
• **Capital and Risk Management Strategy** – The REIT Manager will endeavour to maintain a strong balance sheet, employ an appropriate mix of debt and equity in financing acquisitions of properties, secure diversified funding sources to access both financial institutions and capital markets, optimise its cost of debt financing and utilise interest rate and foreign exchange hedging strategies, where appropriate, in order to minimise exposure to market volatility.

**FH-BT's Strategy**

As at the Listing Date, FH-BT will be dormant. It will, however, become active if any of the following occurs:

- it is appointed by FH-REIT, in the absence of any other master lessee(s) being appointed, as a master lessee of one of the Properties. FH-BT exists primarily as “a master lessee of last resort”;
- FH-REIT acquires hotels or serviced residences in the future, and, if there are no other suitable master lessees, FH-REIT will lease these acquired hotels or serviced residences to FH-BT. FH-BT will then become a master lessee for that hotel or serviced residence and will appoint a professional manager to manage that hotel or serviced residence; or
- it undertakes certain hospitality or hospitality-related development projects, acquisitions and investments which may not be suitable for FH-REIT.

FH-BT will generally be considered to be active in the event that it carries on any business activity other than:

- activities which FH-BT is required to carry out under any applicable law, regulation, rule or directive of any agency, regulatory or supervisory body;
- the lending or use of the initial S$10,000 working capital raised from the Offering; or
- equity fund-raising activities and issue of FH-BT Units carried out in conjunction with FH-REIT which are solely for the purposes of funding FH-REIT’s business activities.

When FH-BT becomes active, the Trustee-Manager intends, where appropriate, to manage the exposure arising from adverse market movements in interest rates through appropriate hedging strategies. The extent of the foreign exchange exposure would depend on the jurisdictions in which FH-BT becomes active in and the extent of the interest rate exposure would depend on the type of financing facilities, if any, to be obtained by FH-BT. FH-BT is currently dormant but if it becomes active, the Trustee-Manager will put in place appropriate internal controls to ensure that hedging activities will only be undertaken for risk management purposes.

FH-REIT will not guarantee any debt of FH-BT, and *vice versa*. This will help to shield each entity from the other’s financial obligations because each entity’s creditors will not have recourse to the other.

**Acquisition Growth Strategy Supported by Acquisition Opportunities in respect of the Sponsor ROFR Properties, the TCC ROFR Properties and Other Third Party Properties**

The REIT Manager intends to meet its objectives of enhancing the returns to Stapled Securityholders and improving potential opportunities for future income and capital growth by carefully evaluating acquisition opportunities in accordance with the REIT Manager’s strategy and investment mandate for FH-REIT.
In evaluating future acquisition opportunities, the REIT Manager will rely on the following investment criteria in relation to the property under consideration:

- **Yield requirements**

  The REIT Manager will seek to acquire only properties which are value-enhancing after taking into account regulatory, commercial, political and other relevant factors, with yields that are estimated to be above the cost of capital and which are expected to maintain or enhance returns to Stapled Securityholders while balancing the various risks associated with such an investment.

- **Geographical location**

  The REIT Manager will assess each property’s location and the potential for business growth in its market, as well as its impact on the overall geographic diversification of its asset portfolio. The REIT Manager will also evaluate a range of location-related criteria, including, but not limited to, ease of access, connectivity to major business, tourist and transportation hubs, visibility of properties from the surrounding markets and the presence and concentration of competitors in the vicinity of the property.

- **Strong fundamentals and organic growth potential**

  The REIT Manager will seek to acquire properties with good potential for increasing RevPAR and occupancy rates going forward.

- **Asset enhancement potential**

  The REIT Manager may also seek to acquire properties which have the potential to add value through improved hotel and serviced residence management, market repositioning or other asset enhancements.

- **Building and facilities specification**

  With respect to potential properties to be acquired by FH-REIT, the REIT Manager will endeavour to conduct thorough property due diligence and adhere strictly to relevant legal and zoning regulations as well as quality specifications, with consideration given to the size and age of the buildings. The properties will be assessed by independent experts relating to repairs, maintenance and capital expenditure requirements in the short to medium term.

The acquisition strategy will be supported by opportunities arising from trends in the hospitality industry. The REIT Manager believes that hospitality service providers are increasingly looking to free up capital for business expansion, which may increase the availability of hotels and serviced residences for acquisition.

In addition, FHT’s acquisition strategy is complemented by the Sponsor ROFR and the TCC ROFR. Collectively, the Sponsor ROFR and the TCC ROFR will provide FHT with access to future acquisition opportunities of income-producing properties located anywhere in the world except Thailand which are primarily used for hospitality and/or hospitality-related purposes.

FH-REIT may also leverage on the extensive industry experience of the Sponsor and the TCC Group, expertise in assessing potential acquisition opportunities and track record in developing integrated mixed-use developments, and may also tap on the established network of relationships which the Sponsor and the TCC Group have developed in the global hospitality sector to pursue
its growth strategy. Leveraging on this strategy, the REIT Manager believes that it will be able to source value-enhancing acquisitions within the immediate network of relationships of the Sponsor and the TCC Group.

As at the date of this Prospectus, there are 12 Sponsor ROFR Properties, which could potentially be offered to FHT as hotels or, as the case may be, serviced residences, under the Sponsor ROFR. The acquisition of the Sponsor ROFR Properties is subject to Chapter 9 of the Listing Manual and may be required to be approved by the holders of the Stapled Securities at the relevant time in accordance with Chapter 9 of the Listing Manual.

Details of the Sponsor ROFR properties are set out below:

**Capri by Fraser, Changi City, Singapore**

Capri by Fraser, Changi City is a hotel residence situated within Changi Business Park, Singapore. Opened in 2012, the property has 313 spacious studios equipped with kitchenettes and enjoys close proximity to the Singapore Expo, which is one of Southeast Asia’s largest exhibition centres, and is a five-minute ride away from Changi International Airport. The hotel residence is also accessible from the CBD via expressways and the MRT. The facilities at the hotel residence include a fully-equipped gymnasium which overlooks the swimming pool, a board room with touch-screen capabilities and a function room, as well as an all-day dining restaurant. Launderettes are also located on every floor.

The Sponsor holds a 50.0% stake in Capri by Fraser, Changi City, Singapore.

**Sofitel Sydney Wentworth, Australia**

Sofitel Sydney Wentworth is an iconic hotel located in the heart of Sydney’s Central Business District, surrounded by offices with high profile tenants from the finance, legal and government sectors. It is also within walking distance to other landmarks in Sydney such as the Opera House, Sydney Harbour Bridge, The Rocks, Hyde Park, Pitt Street Mall and Darling Harbour. The hotel features 436 guest rooms & suites together with a lobby bar, restaurant, club lounge and substantial conference facilities, including one of the largest pillarless ballrooms in Sydney.

**Capri by Fraser, Barcelona, Spain**

Located in the 22@ district, one of the largest redevelopment schemes in Barcelona, the existing Porta Marina Hotel will undergo a refurbishment programme to be rebranded to Capri by Fraser Barcelona. The hotel residence is expected to open in 1H2015. It is within walking distance to the business hub around the Torre Agbar Tower and Marina Metro station which is 3 stops to Plaza Catalunya. It enjoys close proximity to the internationally renowned Sagrada Familia, the National Theatre of Catalonia and L’Auditori, Barcelona’s new auditorium. The property has a restaurant and large meeting facilities.

**Fraser Place Robertson Walk, Singapore**

Fraser Place Robertson Walk is located near the historical Singapore River and enjoys close proximity to the CBD. It is also within walking distance to the Boat Quay and Clarke Quay areas. Fort Canning Park, which is one of Singapore’s historical landmarks, is also nearby. The serviced residence comprises 164 units, ranging from one, two to three-bedroom suites. The facilities at the serviced residence include a fully-equipped gymnasium, a swimming pool, a pool table and an all-day dining cafe with an outdoor terrace.
Fraser Place Manila, Philippines

Fraser Place Manila is a serviced residence located at Salcedo Village, Makati City, the Philippines. The serviced residence is strategically located in the heart of Makati’s CBD, providing easy access to the banking and financial districts, as well as the city’s entertainment and restaurant belt. Cultural attractions such as the Ayala Museum are also nearby. The serviced residence has 89 units comprising of one, two, three and four-bedroom units. Selected units are furnished with a jet pool with access to the Sky Gardens. The facilities at the serviced residence include a fully-equipped gymnasium, a swimming pool, a children’s playroom and a wading pool, as well as meeting rooms.

Fraser Residence Sudirman Jakarta, Indonesia

Fraser Residence Sudirman Jakarta is a serviced residence located in the Golden Triangle district of Jakarta’s CBD. It offers convenient access to the surrounding office towers, government offices and embassies. It is also within close proximity to the shopping district with malls such as Grand Indonesia, Plaza Senayan and Plaza Indonesia. The serviced residence offers 108 units of one, two and three-bedroom units. Facilities in the serviced residence include a swimming pool, a gymnasium and tennis, squash and basketball courts.

Fraser Suites Beijing, China

Fraser Suites Beijing is a serviced residence located at Beijing’s Chao Yang District. Located in the heart of Beijing’s bustling commercial hub, the China World Trade Centre commercial circle. Fraser Suites Beijing also provides prime access to a spectrum of leisure activities, from the iconic Forbidden City to China World Shopping Mall and Kerry Centre. A scenic park is located just minutes away from this property. Fraser Suites Beijing’s 357 apartments comprises studios, one and two-bedroom apartments. Facilities include a fully equipped gymnasium, indoor heated swimming pool, steam and sauna rooms, children’s playroom and a snooker lounge. There is also a business centre and meeting rooms.

Fraser Suites Kensington, London, UK

Fraser Suites Kensington is a serviced residence located within walking distance to Knightsbridge, Chelsea, Hyde Park, the Royal Albert Hall and Harrods. The serviced residence has 69 apartments comprising suites, one and three-bedroom units. Guests also have access to the 2.5 acre private garden. The facilities at the serviced residence include a gymnasium and a sauna.

Capri by Fraser Brisbane, Australia

Currently undergoing conversion from an office building and expected to be opened in 2015, Capri by Fraser Brisbane is a hotel residence centrally located in the heart of Brisbane's CBD, with close proximity to the Brisbane City Botanical Gardens, Queen Street pedestrian mall and office buildings such as the Rio Tinto Tower. A range of dining and entertainment options are also located in the vicinity. Upon completion, it will have 239 studios and facilities such as meeting and conference rooms, a fully-equipped gymnasium and an all-day dining restaurant.

Capri by Fraser Frankfurt, Germany

Currently under construction and expected to be completed in 2015, Capri by Fraser Frankfurt is a hotel residence located just next to the city’s exhibition center and is within close proximity to the CBD. It is also within close proximity to the new Skyline Plaza shopping mall, a mixed development with a retail mall, a leisure centre and the PWC office tower. Upon completion, it will have meeting and conference rooms, a fully-equipped gymnasium and a breakfast dining area.
Fraser Place Melbourne, Australia

Fraser Place Melbourne is a serviced residence located in the Melbourne CBD, with convenient access to Chinatown and the Greek Precinct. It is also within close proximity to attractions such as the Melbourne Museum, the IMAX Theatre, the Royal Melbourne Exhibition Building and Lygon Street. The serviced residence offers 112 units of studio apartments. Facilities include a gymnasium and a café.

Fraser Suites Perth, Australia

Fraser Suites Perth is a serviced residence located in East Perth on the fringe of the CBD. Located right next to the Swan River and within close proximity to the WACA cricket ground and Langley Park, the serviced residence offers 236 units of studio and one-bedrooms units. Facilities in the serviced residence include a restaurant, a lobby lounge with a bar, a swimming pool, a gymnasium, a sauna and meeting rooms.

As at the date of this Prospectus, there are six TCC ROFR Properties, which could potentially be offered to FHT as hotels or, as the case may be, serviced residences, under the TCC ROFR. The acquisition of the TCC ROFR Properties is subject to Chapter 9 of the Listing Manual and may be required to be approved by the holders of the Stapled Securities at the relevant time in accordance with Chapter 9 of the Listing Manual.

Details of the TCC ROFR properties are set out below:

InterContinental Adelaide, Australia

InterContinental Adelaide is a luxury hotel located in the heart of Adelaide’s city centre, beside the banks of the Torrens River and next to the Adelaide Festival Centre, the Adelaide Convention Centre, Casino and Festival Centre. It is within walking distance to the cultural area of the North Terrace. The Hotel offers 367 guest rooms and suites with room sizes ranging from 36 sq m to 157 sq m. Facilities in the Hotel include two restaurants, a lounge, a business centre, a fitness centre and an outdoor heated swimming pool.

Plaza Athénée, New York, USA

The Hôtel Plaza Athénée, New York was built in 1927 and has undergone two multi-million dollar refurbishment projects in recent years. The latest refurbishment includes the renovation of the majority of guestrooms and suites, the addition of four premier luxury suites, a new lobby look, a spacious fitness center and business center, as well as the addition of the luxurious Plaza Athénée Spa. The hotel’s 142 guestrooms and suites have been individually designed to reflect a grand, European townhouse décor. Many suites feature glass-enclosed atriums and outdoor balconies with views of the Manhattan skyline.

Located on Manhattan’s Upper East Side, one block from Central Park, the hotel is within walking distance of luxury retail shopping, including Barney’s New York, Bloomingdale’s, and Bergdorf Goodman department stores.

Le Meridien Angkor, Cambodia

With its Khmer-themed architecture, Le Meridien Angkor is located approximately 8 km from the Angkor Temple Complex and 16 km from Siem Reap Airport. It is also situated 2 km from the downtown area where two major markets are located. The hotel has 223 deluxe rooms and suites. Hotel amenities include a spa and several dining options.
Hyatt Hotel Canberra

Hyatt Hotel Canberra is a heritage hotel which is located in Canberra’s central business district, next to Australia’s Parliamentary Triangle, and in close proximity to the city centre, the government office and tourist attractions such as Questacon, Manuka Oval and the Australian War Memorial. It is also within walking distance of the National Gallery of Australia, the National Portrait Gallery and the National Library, and offers convenient access to the city and suburban areas, as well as Canberra International Airport. The Hotel offers 253 guest rooms with room sizes ranging from 41.0 sq m to 310.0 sq m. Facilities in the Hotel include a restaurant lounge, a bar and a clubhouse. The clubhouse features amenities such as a heated indoor swimming pool, fully-equipped gymnasium, spa, sauna and a tennis court.

Crowne Plaza Hotel, Kunming, China

Crowne Plaza Kunming City Centre is a premium landmark hotel in the heart of Kunming’s central business district. Located at the intersection of the bustling Qingnian and Jinbi Roads, with the Panlong River as its backdrop, the hotel is situated in a convenient downtown location. Guests can easily access a wide range of nearby shopping and entertainment venues, as well as the Metro. The hotel is strategically situated 3 km from Kunming Railway Station and a 30 minute drive from Kunming Changshui International Airport.

Crowne Plaza Kunming City Centre has 19 floors with a total of 251 guest rooms and 52 suites, 3 restaurants, a cigar bar, a lobby lounge and a Crowne Plaza Club Lounge. All the guest rooms provide a full set of amenities to meet the needs of all business, meeting, leisure and long-stay guests. The hotel also provides a fitness centre, outdoor swimming pool, sauna and steam rooms, and tennis courts. It also offers a total of 1,000 sq m conference spaces, including a Grand Ballroom that can accommodate up to 500 guests, and 4 meeting rooms ranging in size from 54 sq m to 128 sq m.

Crowne Plaza Hotel Kunming is currently undergoing renovation, with completion expected in 2015.

Holiday Inn Hotel, Kunming, China

Holiday Inn Kunming City Centre is a premium landmark hotel in the heart of Kunming’s central business district. Located at the intersection of Dongfeng square, with the Baita business area as its backdrop, the hotel offers a convenient downtown location to guests, who can easily access a wide range of nearby shopping and entertainment venues, as well as the Metro. The hotel is situated 3 km from the Kunming Railway Station and a 30 minute drive from Kunming Changshui International Airport.

The hotel offers 269 comfortable guest rooms and 28 suites, 3 restaurants, a lobby lounge and an executive lounge. It is equipped with a state-of-the-art fitness centre, indoor heated swimming pool, as well as a broad range of professional services. Holiday Inn Kunming City Centre boasts 700 sq m of flexible event space in 7 meeting rooms, including a Grand Ballroom that seats up to 180 guests.

Holiday Inn Hotel, Kunming is currently undergoing renovation, with completion expected in 2015.
Active Asset Management and Enhancement Strategy

The REIT Manager will implement pro-active measures to enhance the Properties and to improve their operational performance in order to optimise the cash flow and value of the Properties, as well as to leverage upon its strategic relationship with the Sponsor, which has extensive experience in the hospitality and real estate industries. Through such active management, the REIT Manager seeks to enhance the efficiency of the Properties to improve occupancy rates, ADR and RevPAR, as well as to create a better lodging experience for its customers. The REIT Manager will conduct refurbishment programmes on selected Properties which will be aimed at maintaining and improving the image and attractiveness of the Properties to increase patronage, and potentially, the Properties’ RevPAR.

Measures that the REIT Manager may implement to meet its objectives include, but are not limited to:

• **Continuous portfolio optimisation**

  The REIT Manager intends to hold assets on a long-term basis, but with a pro-active approach towards optimising the yield and value of FH-REIT’s portfolio. This includes identifying assets within the portfolio which have reached their optimal maturity for divestment and recycling capital from the sale proceeds towards higher yielding growth opportunities.

• **Effective collaboration with the Master Lessees and Tenant**

  The hospitality management agreements between the Master Lessees and Tenant and the Hotel Managers and/or the Serviced Residence Operators enable the Master Lessees or Tenant to closely monitor the performance of the Hotel Managers and the Serviced Residence Operators. The REIT Manager will work closely with the Master Lessees and Tenant to ensure that each of the Hotel Managers and Serviced Residence Operators uses its best efforts to optimise the performance of each Property. The Master Lessees and Tenant, in consultation with the REIT Manager, will oversee the annual budgeting process for the Properties and will be responsible for developing strategies to improve the Properties’ revenue and performance against competitors in similar market segments. This will include drawing upon the Sponsor’s extensive industry experience to provide strategic direction in areas such as room yield management, optimising guest mix, developing marketing programmes, accessing global hospitality market intelligence, and leveraging upon the Sponsor’s in-depth understanding of the latest hospitality industry trends to implement innovative hotel and F&B concepts.

  In addition, the REIT Manager will work actively with the Master Lessees and Tenant to create opportunities to enhance the Properties, such as by engaging the Master Lessees and Tenant on discussions relating to renovation and refurbishment exercises designed to enhance guest experience and improve the overall market share, and returns to unitholders. Close interaction and consultation between the REIT Manager and the Master Lessees and Tenant, and the Hotel Managers and/or the Serviced Residence Operator, will ensure that the REIT Manager’s asset management strategies are implemented.

• **Refurbishments currently undertaken or being planned**

  The Managers and the Hotel Managers and the Serviced Residence Operators intend to conduct refurbishment programs on selected Properties in a staged manner in order to ensure income stability. The refurbishments will be aimed at maintaining and improving the image and attractiveness of the Properties to increase patronage, and potentially, the Properties’ RevPAR.
Certain recent refurbishment programmes on the Serviced Residences are as follows.

- **Fraser Suites Singapore**: the Property was opened in 1998 and underwent an extensive renovation which was completed in 2012. The renovation was done in phases over a three-year period and included changes in room layouts through the hacking and reconfiguration of internal walls and complete refurbishment of rooms to bring the Property ahead of the competition. As a result, the new rooms are more stylishly furnished and space-efficient, thereby increasing ADR. Through proactive space planning, GFA from the old outdoor changing and steam/sauna room was decanted into a new pop-up glass box gymnasium on the podium deck overlooking the swimming pool. The breakfast lounge was relocated onto the ground floor and reconfigured as a more efficient set-up. Four one-bedroom apartments were also added in place of under-utilised meeting rooms, bringing the total number of apartments to 255.

### Asset Enhancement for Fraser Suites Singapore

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<td><img src="image7.jpg" alt="Before image" /></td>
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Fraser Suites Queens Gate: the Property underwent an extensive renovation in end-2012 to rebrand itself from “Fraser Place” to “Fraser Suites”. All the serviced residence units were refurbished and upgraded and all the common facilities were completely re-designed. The reception area was re-designed to create a new sense of arrival, leading to the recreated dining/breakfast room. New facilities installed include the gymnasium, meeting rooms and the bar. New elevators were also added. The renovation was completed within 11 months and the Property benefitted from an uplift in room rates.

Asset Enhancement for Fraser Suites Queens Gate

![Before](image1.png)  ![After](image2.png)
Fraser Place Canary Wharf: the Property was renovated in end-2011 to reconfigure 17 large two and three-bedroom apartments into higher-yielding 33 studios and one-bedroom apartments. Through the renovation, the room inventory was increased by 16 units to 96 units. Together with the soft refurbishment of the other units, the Property enjoyed higher room rates with improved occupancy when the renovation was completed in 2012. The Property has recently completed its Phase 2 refurbishment which involves reconfiguring more large two-bedroom apartments into studios and one-bedroom apartments, increasing its total inventory from 96 to 108 units.

Asset Enhancement for Fraser Place Canary Wharf

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<td><img src="image1" alt="Before Image 1" /></td>
<td><img src="image2" alt="After Image 1" /></td>
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<td><img src="image3" alt="Before Image 2" /></td>
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<td><img src="image5" alt="Before Image 3" /></td>
<td><img src="image6" alt="After Image 3" /></td>
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<tr>
<td><img src="image7" alt="Before Image 4" /></td>
<td><img src="image8" alt="After Image 4" /></td>
</tr>
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</table>
Capital and Risk Management Strategy

The REIT Manager will endeavour to maintain a strong balance sheet, employ an appropriate mix of debt and equity in financing acquisitions of properties, secure diversified funding sources to access both financial institutions and capital markets, optimise its cost of debt financing and utilise interest rate and foreign exchange hedging strategies, where appropriate, in order to minimise exposure to market volatility.

The REIT Manager intends to achieve the above by pursuing the following strategies:

• **Optimal capital structure strategy**

  The REIT Manager endeavours to optimise the capital structure and cost of capital, within the borrowing limits set out in the Property Fund Appendix, by employing an optimal capital structure comprising an appropriate mix of debt and equity in financing acquisitions of properties and any asset enhancement activities. The REIT Manager’s capital management strategy involves adopting and maintaining appropriate aggregate leverage levels to ensure optimal returns to Stapled Securityholders, while maintaining flexibility in respect of future capital expenditures or acquisitions.

  In the event that FH-REIT incurs any future borrowings, the REIT Manager will periodically review FH-REIT’s capital management policy with respect to its Aggregate Leverage and modify its strategy in the light of prevailing market conditions. The REIT Manager will endeavour to match the maturity of FH-REIT’s indebtedness with the maturity of its investment assets, and to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time. As and when appropriate, the REIT Manager will consider diversifying its sources of debt financing in the future, including by way of accessing the public debt capital markets. The public debt capital markets may also provide FH-REIT with the ability to secure longer-term funding options in a more cost efficient manner. Nevertheless, the REIT Manager intends to maintain a prudent level of borrowings while maximising returns for Stapled Securityholders.

  As at the Listing Date, FH-REIT is expected to have incurred borrowings of S$728.6 million, with an Aggregate Leverage of 41.7% based on the Offering Price. The REIT Manager has obtained, in respect of FH-REIT, a provisional credit rating of (P) Baa2 (stable outlook) from Moody’s. The provisional credit rating assumes the listing of FHT on the SGX-ST, the drawdown of debt facilities of S$728.6 million and the acquisition of the Properties by FH-REIT. The final rating is conditional upon the successful completion of all the events described in the foregoing sentence. The REIT Manager expects Moody’s to assign its final rating of FH-REIT on the Listing Date and will make an announcement on SGXNET of the final rating when it has been assigned to FH-REIT. All ratings are subject to revision or withdrawal at any time. Moody’s has not provided its consent, for the purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the credit rating information and is therefore not liable for such information under Sections 253 and 254 (read with Section 302) of the SFA and Sections 282N and 282O of the SFA. While the REIT Manager has taken reasonable action to ensure that the information has been reproduced in its proper form and context, and that it has been extracted fairly and accurately, neither the REIT Manager nor any other party has conducted an independent review of, nor verified the accuracy of, such information. The provisional credit rating obtained from Moody’s is current and Moody’s will be paid by FH-REIT to provide the credit rating. The credit rating is not a recommendation to invest in any securities. Issuer credit ratings express Moody’s opinion of an entity’s creditworthiness and ability to meet its senior financial obligations. More information on Moody’s and its ratings are available on its website www.moodys.com.
• **Proactive risk management hedging strategy**

The REIT Manager endeavours to utilise interest rate hedging strategies, where appropriate, to optimise risk-adjusted returns to Stapled Securityholders. The REIT Manager intends to adopt the following risk management policies in relation to its hedging transactions:

(i) the distributable income of FH-REIT will be hedged as soon as the amount has been earned from the underlying assets and can be reasonably estimated; and

(ii) at least 50.0% of FH-REIT’s debt will be on fixed rate terms.

• **Proactive foreign exchange rate and currency risk management strategy**

The REIT Manager will manage foreign exchange volatility through the use of hedging instruments and regularly evaluate the feasibility of implementing the appropriate level of foreign exchange hedges, after taking into account the prevailing market conditions. In order to manage the currency risk involved in investing in assets outside Singapore, the REIT Manager may adopt a currency risk management strategy that includes the use of foreign currency-denominated borrowings to match the currency of the asset investment as a natural currency hedge.

• **Other financing strategies**

The REIT Manager may, in future, consider other opportunities to raise additional equity capital for FH-REIT through the issue of new Stapled Securities, for example to finance acquisitions of properties. The decision to raise additional equity will also take into account the stated strategy of maintaining an optimal capital structure.
BUSINESS AND PROPERTIES

INITIAL PORTFOLIO OF FHT

The Initial Portfolio will, on the Listing Date, comprise 12 properties consisting of six Hotels and six Serviced Residences, with a total of 1,928 hotel rooms and 842 serviced residence units. The Properties are located in Singapore, Australia, the United Kingdom, Japan and Malaysia. The Initial Portfolio is valued at an aggregate of approximately S$1,666.5 million\(^1\) with a total GFA of approximately 350,270 sq m.

(See “Certain Information about the Properties” for a breakdown of the individual valuations.)

Each of the Properties will be leased to the Master Lessees or Tenant. The following charts show the contribution to the Initial Portfolio by countries in which the Properties are located.

The following table sets out the market segment, the Master Lessees and Tenant and the Hotel Managers of the Hotels.

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Market Segment</th>
<th>Master Lessee or Tenant</th>
<th>Hotel Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>Luxury</td>
<td>BCH Hotel Investment Pte Ltd</td>
<td>InterContinental Hotels Group (Asia Pacific) Pte. Ltd.</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>Mid-scale</td>
<td>Viewgrand Trust C</td>
<td>Rockford Indigo (Hotels) Pty Limited(^2)</td>
</tr>
<tr>
<td>Park International London</td>
<td>Mid-scale</td>
<td>P I Hotel Management Limited</td>
<td>TCC Hotels Group Co., Ltd</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>Mid-scale</td>
<td>P I Hotel Management Limited</td>
<td>TCC Hotels Group Co., Ltd</td>
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</tbody>
</table>

\(^1\) Based on the higher of the two independent appraisal values for the Properties and exchange rates of AUD/SGD: 1.17670 | GBP/SGD: 2.12775 | JPY/SGD: 0.01229 | MYR/SGD: 0.38873. The appraisal values of the Properties are as at 31 March 2014 for Novotel Rockford Darling Harbour and Fraser Suites Sydney and 31 December 2013 for the remaining Properties.

\(^2\) With effect from 1 January 2014, the hotel manager for Novotel Rockford Darling Harbour is Rockford Hotels Pty Limited (as trustee for the Rockford Hotels Management Trust).
The following table sets out the market segment, the Master Lessees and the Serviced Residence Operators of the Serviced Residences.

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Market Segment</th>
<th>Master Lessee</th>
<th>Serviced Residence Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>Upper Upscale</td>
<td>River Valley Apartments Pte Ltd</td>
<td>Frasers Hospitality Pte. Ltd.</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>Upper Upscale</td>
<td>Frasers Townhall Residences Operations Pty Ltd</td>
<td>Frasers Hospitality Pte. Ltd.</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>Upper Upscale</td>
<td>Fairdace Limited</td>
<td>Frasers Hospitality UK Ltd.</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>Upper Upscale</td>
<td>39QGG Management Limited</td>
<td>Frasers Hospitality UK Ltd.</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>Upper Upscale</td>
<td>Fairdace Limited</td>
<td>Frasers Hospitality UK Ltd.</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>Upper Upscale</td>
<td>Frasers (St Giles Street) Management Limited</td>
<td>Frasers Hospitality UK Ltd.</td>
</tr>
</tbody>
</table>

The Hotels

*InterContinental Singapore*

InterContinental Singapore is a Peranakan-style hotel which is located in the Bugis district, in close proximity to tourist attractions such as Haji Lane, the National Museum of Singapore and the Peranakan Museum. It is linked to Bugis Junction, a prime shopping mall which is located above the Bugis MRT station and offers convenient access to the financial district and the Orchard Road shopping and entertainment district. The Hotel offers 406 guest rooms with room sizes ranging from 38.0 sq m to 282.0 sq m. Facilities in the Hotel include three restaurants, a lobby lounge, a bar, a business centre, a health and fitness centre and an outdoor swimming pool.

*Novotel Rockford Darling Harbour*

Novotel Rockford Darling Harbour is a contemporary hotel located in the vibrant district of Sydney’s Darling Harbour, adjacent to the Sydney Entertainment Centre and the Sydney Convention and Exhibition Centre, in close proximity to the shops, museums, restaurants and attractions of Darling Harbour. The Hotel is approximately 15 minutes away from the airport. The Hotel offers 230 guest rooms with room sizes ranging from 24.6 sq m to 26.2 sq m. Facilities in the Hotel include two restaurants, a bar, a café, a business centre and an indoor lap pool.
Park International London

Park International London is an elegant hotel located in the heart of Kensington and Chelsea, in close proximity to London’s tourist attractions such as the Natural History Museum, the Royal Albert Hall, South Kensington, and Earls Court Exhibition Centre. It is also near to the Gloucester Road Tube Station. The Hotel offers 171 guest rooms and suites with room sizes ranging from 10.0 sq m to 36.0 sq m. Facilities in the Hotel include two restaurants and a bar.

Best Western Cromwell London

Best Western Cromwell London is a hotel located on Cromwell Road in the borough of South Kensington, in close proximity to the Gloucester Road Tube Station. Nearby attractions include the Science Museum, the Natural History Museum, the Victoria & Albert Museum, as well as shopping destinations such as Harrods and Harvey Nichols. The Hotel offers 85 guest rooms with room sizes ranging from 10.0 sq m to 25.0 sq m. Facilities in the Hotel include a bar, a lounge, a breakfast room and a gymnasium.

ANA Crowne Plaza Kobe

ANA Crowne Plaza Kobe is directly connected to the JR Shin-Kobe Shinkansen Station and is situated above Shin-Kobe Subway Station. It offers convenient access to downtown Kobe and the Kobe Airport. It is also in close proximity with attractions such as Kitano Ijinkangai Historic Colonial Houses, Nankinmachi China Town and the Hyogo Art Gallery. The Hotel offers 593 guest rooms with room sizes ranging from 15.0 sq m to 125.0 sq m. Facilities in the Hotel include 11 restaurants and bars, spa facilities and a health and fitness centre.

The Westin Kuala Lumpur

The Westin Kuala Lumpur is a luxury hotel located in the midst of Kuala Lumpur’s Golden Triangle and business district, with convenient access to the city’s shopping malls and nightlife. It is also in close proximity to KLCC, where numerous multinational corporations and leading financial institutions are located. The Hotel offers 443 guest rooms with room sizes ranging from 42.0 sq m to 300.0 sq m. Facilities in the Hotel include six restaurants, an outdoor swimming pool, a gymnasium and a business centre.

The Serviced Residences

Fraser Suites Singapore

Fraser Suites Singapore is a serviced residence located in the prime residential district, with convenient access to Orchard Road and the CBD. It is also within close proximity to the Dempsey, Boat Quay and Clarke Quay entertainment areas and various embassies. The newly-refurbished Serviced Residence offers 255 units with unit sizes ranging from 50.0 sq m to 350.0 sq m. Facilities in the Serviced Residence include a café, an outdoor and indoor playzone, a gymnasium, a swimming pool and steam and sauna facilities.

Fraser Suites Sydney

Fraser Suites Sydney is a luxury serviced residence located in the Sydney CBD, with convenient access to Sydney’s vibrant entertainment and shopping precinct and local attractions including Darling Harbour, Cockle Bay, Chinatown and Hyde Park. It is located close to Town Hall Station and provides easy access to local modes of transportation like trains, buses and the light rail line. The Serviced Residence offers 201 units with unit sizes ranging from 26.0 sq m to 191.0 sq m. Facilities in the Serviced Residence include a gymnasium, a heated lap pool and spa and sauna facilities and conference facilities.
Fraser Place Canary Wharf

Fraser Place Canary Wharf is a serviced residence located by the River Thames right next to the heart of London’s new financial district, and a stone-throw away from the O2. It is also within walking distance to the Canary Wharf shopping and entertainment complex, which is linked to the Docklands Light Railway and the Canary Wharf underground station, providing direct access to the West End, the London City Airport and the ExCel London Exhibition Centre. The Serviced Residence offers 108 units with unit sizes ranging from 22.0 sq m to 200.4 sq m. Facilities in the Serviced Residence include a café, a gymnasium and a business centre.

Fraser Suites Queens Gate

Fraser Suites Queens Gate is a serviced residence located in the Kensington area of central London, with convenient access to Knightsbridge, Chelsea, Hyde Park, the Royal Albert Hall and Harrods. It is also within close proximity to the Gloucester Road underground station with a 3-stop connection to Victoria Station. The Serviced Residence offers 105 units with unit sizes ranging from 24.0 sq m to 62.0 sq m. Facilities in the Serviced Residence include a café/bar, a gymnasium and a meeting room.

Fraser Suites Glasgow

Fraser Suites Glasgow is a serviced residence located in Merchant City, the heart of Glasgow’s historic centre. It offers convenient access to the restaurants, boutiques, theatres and pavement cafes in Merchant City. It is also within close proximity to George Square, the Gallery of Modern Art, Glasgow Cathedral and the shopping destinations of Buchanan Street and St Enoch Centre. The Serviced Residence offers 98 units with unit sizes ranging from 34.0 sq m to 74.0 sq m. Facilities in the Serviced Residence include a breakfast room, a 24-hour gymnasium and meeting facilities.

Fraser Suites Edinburgh

Fraser Suites Edinburgh is a luxury boutique serviced residence located in the Edinburgh city centre. It offers convenient access to the Royal Mile, Princes Street and Edinburgh Castle, and is surrounded by restaurants, bars, cafes and shops in the historic quarter. It is also within close proximity to attractions such as the Holyrood Palace, the National Gallery of Art, the National Museum of Scotland and Arthur’s Seat. The Serviced Residence offers 75 units with unit sizes ranging from 19.0 sq m to 51.0 sq m. Facilities in the Serviced Residence include a restaurant, a meeting room and a fitness suite.

The Hotel Managers

The Hotel Managers will provide, among others and subject to the terms of the respective hotel management agreements, the following services for the Hotels:

- management services such as the daily running and managing of the Hotels and related activities (e.g. the management of banquet and function rooms, F&B services, laundry services etc.);
- marketing services, including the planning, preparation and conduct of marketing, advertising, promotion, public relations, publicity and related activities for the purpose of promoting the business and enhancing the reputation of each Hotel;
• sales and distribution activities, including signing corporate accounts, running a central reservation system, managing a booking engine on the internet, contracting with online travel agents and wholesalers, and signing up with a global distribution system to make the hotel room inventory available to agents worldwide;

• development of programmes and policies to maximise patronage of the facilities of each Hotel;

• collecting charges, rents and other amounts due from guests, patrons and tenants;

• employing, supervising and training the hospitality employees and staff required to operate, manage, market and maintain the Hotel in accordance with the annual budget agreed with each Master Lessee or Tenant;

• establishing the details of the refurbishment plans for each Hotel, in consultation with each Master Lessee or Tenant;

• preparing the annual business plans of the Hotels, including the annual budget and marketing strategy;

• negotiating new or renewing lease/licence agreements;

• establishing the cash management and banking arrangements for the Hotels;

• establishing each Hotel’s policy regarding its association with any credit card system; and

• allowing its existing brands to be used on the Hotels.

The Serviced Residence Operators

The Serviced Residence Operators will provide, among others, the following services for the Serviced Residences:

• management services such as the daily running and managing of the Serviced Residences and related activities (e.g. the management of meeting rooms, F&B services, laundry services etc.);

• marketing services, including the planning, preparation and conduct of marketing, advertising, promotion, public relations, publicity and related activities for the purpose of promoting the business and enhancing the reputation of each Serviced Residence;

• sales and distribution activities, including signing corporate accounts, running a central reservation system, managing a booking engine on the internet, contracting with online travel agents and wholesalers, and signing up with a global distribution system to make the serviced residence inventory available to agents worldwide;

• development of programmes and policies to maximise patronage of the facilities of each Serviced Residence;

• collecting charges, rents and other amounts due from guests, patrons and tenants;

• employing, supervising and training the hospitality employees and staff required to operate, manage, market and maintain the Serviced Residences in accordance with the annual budget agreed with each Master Lessee;
• establishing the details of the refurbishment plans for each Serviced Residence, in consultation with each Master Lessee;

• preparing the annual business plans of the Serviced Residences, including the annual budget and marketing strategy;

• negotiating new or renewed lease/licence agreements;

• establishing the cash management and banking arrangements for the Serviced Residences;

• establishing each Serviced Residence’s policy regarding its association with any credit card system; and

• allowing its existing brands to be used on the Serviced Residences.

OUTLOOK FOR THE HOSPITALITY SECTOR

All information provided in this section is extracted from Appendix E, “Independent Hospitality Industry Report”. See Appendix E for further details.

According to the Independent Market Research Consultant, the key gateway cities in which the Properties are located, namely Singapore, Sydney in Australia, London, Glasgow and Edinburgh in the United Kingdom, Kobe in Japan, and Kuala Lumpur in Malaysia, have favourable hospitality sector fundamentals.

Outlook for the Hospitality Sector in Singapore

Singapore is a highly industrialized economy renowned for its strong economic fundamentals and prudent macroeconomic policies. The city is a key financial, manufacturing and services hub in Asia. As a key commercial hub in Asia, the city attracts both global and regional corporate tourism. In addition, Singapore has continuously improved on its tourism offering, attracting many leisure visitors to the city.

Visitor Arrivals

In 2013, total international visitor arrivals to Singapore recorded 15.6 million, achieving a 7.4% y-o-y growth rate over 2012, according to the Singapore Tourism Board (STB). This exceeded the forecasts set in 2013, which targeted 14.8 to 15.5 million arrivals. Tourism receipts were recorded at SGD 23.5 billion in 2013, meeting STB’s forecast of SGD 23.5 to SGD 24.5 billion for 2013.

Moving forward, the STB is forecasting visitor arrivals to range between 16.3 million and 16.8 million in 2014, representing a y-o-y increase of about 4.7% to 7.9%. The MTI expects the next phase of tourism growth to come through increasing visitor spend rather than visitor numbers. In line with this, Singapore is targeting higher-yielding tourists through various marketing initiatives.

Average Length of Stay

According to the STB, approximately 24.4% of visitors stay for under one day in Singapore, followed by 20.0% who stay for one day and 16.9% who stay for two days. The short length of stay for majority of visitors indicates that many visitors transit through Singapore given that Singapore Changi Airport is a major air hub with extensive flight connectivity regionally and globally.
Between 2008 and 2012, the average length of stay has declined from 4.0 to 3.5 days. While the average length of stay is not yet available for 2013, a reduction over recent years is possibly due to the proliferation of the low cost carrier industry which has provided more affordable travel options. This has encouraged repeat short-stay visitation, especially for regional travellers.

Geographic Origin

Based on the latest statistics on geographical source markets from the STB, as at the end of 2013, Indonesia continues to be Singapore’s top source market, with visitor arrivals registering an increase of 8.9% over the previous year. Mainland China recorded an 11.6% growth in 2013, and was the second largest source market to Singapore during the year. The growth in Mainland Chinese visitors was robust in the first three quarters of 2013 due to the strong outbound Chinese travellers. However, from October to December 2013, Mainland Chinese visitors showed a 30.8% y-o-y decline due to the country’s austerity measures on spending from October 2013 onwards which had an impact on outbound travel from Mainland China.

Operating Performance

Occupancy levels of the luxury hotel market have remained relatively stable between 2011 and YTD April 2014, achieving occupancy above 80%. This corresponds to an ADR of between SGD 397 and SGD 431. We anticipate luxury hotel trading performance in Singapore to grow in the short term in view of the upcoming supply of upscale and luxury hotels in 2014 and 2015. Given that the MTI expects externally-oriented sectors such as manufacturing and wholesale trade industries to support growth in 2014, corporate demand is likely to match this growth.

Key Demand Drivers

The Singapore government remains committed to supporting the local tourism and hospitality industry to achieve its 2015 goal of 17 million visitor arrivals, SGD 30 billion in tourist receipts and the creation of an additional 100,000 jobs in the service sector.

Over the past six years, since the ‘Tourism 2015’ plan was put in place, the tourism landscape in Singapore has seen many positive changes. New tourist attractions have been developed across the island city including the Singapore Flyer, the ArtScience Museum, Gardens by the Bay and the two integrated resorts – Marina Bay Sands and Resorts World Sentosa. Singapore has also staged many global events in recent years including the inaugural Singapore 2010 Youth Olympic Games, Formula One SingTel Singapore Grand Prix and the Volvo Ocean Race. Future tourist attractions include the Singapore Sports Hub at Kallang (2014); the National Art Gallery (2015); and the development of the Jurong Lake District over the next five to ten years.

Competition

Singapore’s hotel inventory comprised a total of 54,962 gazetted and non-gazetted rooms in 2013 according to the STB. Approximately 10,174 rooms are anticipated to enter Singapore’s hotel market between January 2014 and December 2018, excluding any proposed Government Land Sales sites for hotels. Assuming all the proposed projects materialise from 2014 to 2018, Singapore’s hotel room inventory will grow by approximately 18.5% from 54,962 rooms in January 2014 to 65,136 rooms by December 2018.

Market Outlook

International visitor arrivals to Singapore have shown a significant CAGR of 9.8% from 2003 to 2013, indicating the popularity of the city-state as a corporate and leisure destination. In 2013, visitor arrivals to Singapore were recorded at 15.6 million, representing a 7.4% increase from 2012. In the short to medium term, the MTI expects tourism growth to come via increasing visitor
spend instead of visitor numbers. The Singapore government continues to support the tourism industry through various initiatives in view of its 2015 goal of 17 million visitor arrivals and SGD 30 billion in tourist receipts. Corporate demand is anticipated to remain stable in the short to medium term as Singapore remains one of the key commercial hubs in Asia Pacific. Singapore is also a popular MICE destination and the city was Asia’s Top Convention City for the 12th consecutive year in 2013, according to the latest global rankings by the ICCA. Leisure demand is expected to be driven by new tourism offerings in the next few years, including the upcoming Sports Hub which has a pipeline of events lined up in 2014, for instance the BNP Paribas WTA Finals Singapore in October 2014.

**Outlook for the Hospitality Sector in Australia**

**Sydney**

Sydney is the major gateway to Australia and a key hub for the Asia Pacific region. Famous for its harbour, the city offers extensive shopping, entertainment and dining experiences as well as countless surf beaches within the wider metropolitan area. Australia’s most populous city with around 4.4 million residents, it is Australia’s financial centre and primary real estate market in terms of quantum and value, reflected in the concentration of institutional investment in the city.

**Visitor Arrivals**

Sydney attracts a considerably higher proportion of international visitor nights when compared to Australia’s average of 37%. In 2013, 83.8 million visitor nights were spent in Sydney Tourism Region which represents 16.8% of all visitor nights spent in Australia, up from 14.0% in 2003. International visitor nights accounted for 73.4% (61.5 million) and domestic nights 26.6% (22.3 million).

**Average Length of Stay**

According to TRA, the average length of stay for domestic and international visitors in Sydney in 2013 was 2.7 nights and 21.8 nights respectively. The high average length of stay for international segment reflects the distance to Australia from most inbound source markets, as a long haul destination, as well as the impact of the education segment where stays are lengthened.

**Geographic Origin**

Based on latest statistics from TRA, Mainland China continues to be Sydney’s major inbound source market with visitor nights registering y-o-y growth of 9.2% in 2013. Visitor nights from Mainland China have recorded strong growth over the past decade increasing on average by 14.8% per annum, up from 2.7 million in 2003 to 10.8 million in 2013. Mainland China has been Sydney’s major source market since 2005 although a high proportion of this visitor night demand is education related.

**Operating Performance**

Over the past ten years, Sydney City accommodation market has recorded modest revenue per available room (RevPAR) growth averaging 5.1% per annum. Benign increases in supply have been offset by strengthening and occupancy levels have increased, up from 72.2% in 2002 to 84.6% in 2012. Occupancy levels peaked in 2011 at 85.8% but have declined marginally over the past year. Room rates have also increased at an average rate of 3.4% per annum over the past decade and 6.7% over the past three years.
Key Demand Drivers

Sydney is the major gateway to Australia and a key hub for the Asia Pacific region. It is Australia’s financial centre and primary real estate market in terms of quantum and value, reflected in the concentration of institutional investment in the city.

There are several major projects under construction and proposed in Sydney City which will increase the appeal of the city as a tourist destination. However, the city stands to benefit most from the Barangaroo redevelopment (East Darling Harbour) as it will change the dynamics of the city by extending and improving the amenability of the Darling Harbour precinct, as well as increasing commercial office space. The New South Wales government has also given Crown Limited the approval to go to the next stage in developing Crown Sydney at Barangaroo. The project is expected to open in 2019.

In addition, plans for a new Sydney International Convention, Exhibition & Entertainment Precinct (SICEEP) are underway. Planning consent was granted for new world-class convention, exhibition and entertainment facilities and improved public spaces at Darling Harbour, as part of the NSW Government’s vision to revitalise the area and representing a landmark project for Sydney. The current conference and exhibition facilities will close in December 2013 with construction of the new buildings commencing early in 2014. The new facilities will be completed in 2016. A temporary facility will be constructed at Glebe Island in time for the 2014 exhibition season.

Competition

Sydney City is the largest accommodation centre in Australia with 116 establishments with 20,292 rooms as at the end of June 2013.

We have also identified two proposed projects thought likely to commence in the short term including the conversion of an office building into a 3-star hotel (282 rooms) and a 60-room 4-star boutique hotel located in the Frasers Central Park development which are proposed to be completed by 2015. Star categories are approximations with the final classification to be decided upon opening. Other medium term major projects will be underpinned by the development of associated convention infrastructure.

Market Outlook

As Australia’s major gateway, Sydney attracts a high proportion of international visitors when compared to the Australian average. The city also boasts a large domestic visitor segment, being both the primary corporate centre in Australia and key leisure destination. This broad demand base will therefore underpin the city’s hotel and tourism market in the coming years.

With few accommodation projects currently under construction in Sydney City, the outlook remains promising following the recovery which has been evident over the past three years. In 2013, real RevPAR is projected to surpass the 2007-peak as occupancy levels remain robust and ADR growth strengthens in line with the benign supply outlook and a more stable demand environment.

Major infrastructure projects such as the Barangaroo urban renewal project and the development of the Sydney International Convention and Exhibition Precinct will provide an added boost to the market over the medium to long term. This is also likely to change the city dynamics with a shift towards the western corridor in Sydney.
Outlook for the Hospitality Sector in the United Kingdom

The United Kingdom (UK) economy is one of the largest in the world, ranking sixth globally and is also one of the most accommodating places in the world to do business.

In April 2014, the IMF announced that the UK economy will be the fastest growing this year of the G7 countries. This is alongside low inflation and falling unemployment.

London

In addition to being one of the world’s leading financial centres, London has strengths in the arts, education, fashion, financial services, media and tourism industries, all contributing to the city’s global economic prominence as well as driving substantial corporate demand.

London is also home to some of the world’s most famous sporting, cultural and entertainment venues, supporting major events in the city and enabling London to be one of the most visited cities in the world.

Visitor Arrivals

2012 and 2013 were both record years for London, with visitor arrivals reaching an all time high of 29.1 million in 2013, reflecting a y-o-y increase of 5.4%. Bed nights also showed a positive trend in 2013 and increased by 2.4% to a record of 124.9 million. In 2013, international arrivals totalled 16.8 million, a strong increase of 8.5% compared to the previous year. 2013 recorded the highest number of international visitors during the 10-year period, the previous peak being 2006 with 15.6 million visitors. Domestic visitors totalled 12.3 million in 2013, a 1.3% increase on 2012.

Average Length of Stay

In 2013 the average international stay was 5.8 days, a 4.9% decrease compared to 2012 and still below the peak of 6.8 days recorded during the period in 2003. The average length of stay for domestic visitors was 2.2 days in 2013, compared to 1.7 days the previous year. The average stay for domestic guests has ranged between one and two days from 2003 to 2013.

Geographic Origin

The United States of America (USA) continues to be the largest source of international visitors to London (10.6% market share), despite decreasing 8.2% from 11.2 million visitor nights in 2012 to 10.3 million visitor nights in 2013. Other major source markets in terms of visitor nights include France with a 7.7% market share, Germany (6.2%) and Italy (6.1%).

Operating Performance

Hotel occupancy has increased from 75.3% in 2004 to 82.4% in 2013. Room rates have also increased a CAGR of 4.1% since 2004, up from £96 to £138 in 2013. Serviced apartments in London post an average weekly rate of about £900 to £1,000, with occupancy usually recorded around 85.0%.

Key Demand Drivers

The city is home to some of the world’s most iconic tourist sites including Big Ben, the Houses of Parliament, Trafalgar Square and the London Eye. In addition, the city has a large number of museums and art galleries, including the British Museum (currently the most visited attraction in
the UK), the Natural History Museum, the National Gallery and the Tate Modern. Furthermore, London has some world-class parks and open spaces that include Hyde Park, Regent's Park and St. James’s Park.

These elements combine to create a world-class internationally renowned tourist destination and the London Development Authority (LDA) has plans to expand London’s tourism product even further through the London Tourism Action Plan.

**Competition**

As at November 2013, the graded hotel supply in London comprised more than 1,378 hotels with a total of 131,116 rooms. Despite major developments in the budget sector, the London market remains dominated by 4-star room supply (around 37%). Hotel development in the capital is set to remain buoyant for the remainder of 2014. If all planned hotel developments are realised, hotel supply in London will increase by a total of 15,479 rooms over the next three years, a growth of 9.1% on current supply.

As at May 2014, there are 180 serviced apartment properties located across London, representing a supply of 8,991 units. The vast majority of these are owner-operated, comprising over 75% market share. There are currently 12 confirmed serviced apartment projects with a total of 1,294 units in the development pipeline. If all projects are realised by the end of 2017, serviced accommodation supply is expected to increase 14.4%.

**Market Outlook**

In the short-run the tourism outlook is positive, especially with recent plans to ease visa requirements for Chinese visitors. The UK government plans on trebling the number of Chinese visitors coming to the UK by 2015. Visit Britain also forecasts a strong growth in international tourist arrivals in 2014, particularly from emerging European source markets such as Russia, Poland and the Baltic states.

Demand for the UK capital continues to be one of the highest of any city in Europe and there is a very large room pipeline as a result, particularly in the budget and midscale segments. This new supply will likely create a cap on rates that can be charged by hoteliers in these segments, however this will improve as the global economy continues to recover and we see a strengthening in foreign travel, particularly from developing and emerging markets such as Mainland China and Brazil.

**Glasgow**

Situated in the central belt of Scotland on the west coast, Glasgow is the commercial capital and the largest city in Scotland with a total population of approximately 600,000. In recent years, Glasgow has moved from a post-industrial city to an economically regenerated city. Glasgow is also Europe’s fastest growing conference destination with the Scottish Exhibition and Conference Centre (SECC) becoming increasingly popular for major exhibitions and events.

**Visitor Arrivals**

According to the latest annual international tourist arrivals statistics from Visit Scotland, the total number of arrivals to the city of Glasgow reached 515,000 in 2013, 1.2% down on the prior year. Glasgow’s tourism is highly dependent on domestic visitors, which represents approximately 76.7% of total arrivals in 2013.
Average Length of Stay

Approximately 80% of domestic visitors stay between one and three nights in Glasgow and an estimated 10% of domestic visitors stay between four and seven nights. As compared to Scotland, an estimated 65% of domestic visitors stay for one to three nights while a larger proportion of 25% stay for four to seven nights. The average trip duration for overseas tourists was 6.1 days as compared with domestic tourists which was recorded at 2.1 days.

Geographic Origin

The key tourism source markets for Glasgow in 2011 includes Germany, the USA, Canada, France and Spain – comprising a total of 50.0% of all arrivals to the city. Germany is the top source market to Glasgow, with a 15.0% market share, increasing by 4.0 percentage points from the prior year. The USA followed closely behind at 14.0% at a similar rate of increase.

Operating Performance

Despite continued growth in hotel supply, hoteliers in Glasgow reported excellent performance in 2013. RevPAR increased by a notable 6.7% y-o-y, driven by a 3.6% increase in occupancy and 3.0% rise in ADR.

Key Demand Drivers

Situated in the central belt of Scotland on the west coast, Glasgow is the commercial capital and the largest city in Scotland. The city has the second largest shopping centre in the UK after London. In recent years, Glasgow has moved from a post-industrial city to an economically regenerated city. Major regeneration projects include the Glasgow Harbour projects, Queens Dock 2 project and developments of several shopping centres.

Glasgow is also Europe’s fastest growing conference destination with the Scottish Exhibition and Conference Centre (SECC) becoming increasingly popular for major exhibitions and events. The new SSE Hydro Arena, which opened on 30 September 2013, will be a significant demand driver for the SECC, which will fundamentally increase the activity within the SECC campus. In addition, the completion of the SSE Hydro Arena provides Glasgow with a state-of-the-art concert venue.

In anticipation of the Commonwealth Games in summer 2014, Glasgow has been put in the international spotlight. The Year of Homecoming and Ryder Cup in 2014 are also major events set to contribute to the Scottish economy over the coming 18 months driving increases in domestic tourism, further supported by substantial infrastructure improvements ahead of the 2014 Commonwealth Games.

Competition

The Glasgow hotel market currently offers 83 graded hotels and 7,312 graded hotel rooms. Hotel supply is concentrated in the mid-market segment (27% of total supply), with the budget and four-star segments representing a further 19% and 21% of supply respectively. There are only two five-star hotels present in the city. Hotel development in Glasgow continues to attract new brands into the market. Of the 49 hotels in the Glasgow pipeline, 39% are on hold and 47% are speculative/unconfirmed according to hotel supply database AM:PM.

As at October 2013, there are 10 serviced apartment properties located across Glasgow, representing a supply of 307 units. The vast majority of these are owner-operated, comprising over 80% market share. At present there is only one proposed serviced apartment in Glasgow.
**Market Outlook**

The upcoming 2014 Commonwealth Games, Ryder Cup and Homecoming year are likely to drive additional arrivals to the city. The significant regeneration schemes (completed and underway) in advance of the Commonwealth Games will benefit demand levels at hotels well beyond the event itself. Infrastructure improvements, new shopping and leisure space will add to the overall attractiveness of Glasgow as a tourist destination, strengthen its position as a gateway to Scotland and ultimately, boost occupancy levels at hotels in the city.

Despite a large hotel pipeline (relative to existing supply), occupancy growth is likely to remain steady in the medium-long term due to increased tourism demand generated during and after the 2014 Commonwealth Games.

**Edinburgh**

Edinburgh is one of the UK’s main tourist destinations, offering a vast number of cultural sites, summer festivals and golf facilities. Furthermore, the city has started to develop itself as a popular business and event destination, whilst tourism is also an important economic foundation of the city. As Edinburgh is a World Heritage Site, tourists come to visit historic sites such as Edinburgh Castle, the Palace of Holyrood House and the Georgian New Town.

**Visitor Arrivals**

In 2013, overall visitor arrivals to Edinburgh reached 1.3 million, recording a 4.4% decline over the prior year. The city has recorded a CAGR of 1.8% over the last five years. In 2013, international tourist arrivals represented 35.5% of all visits.

**Average Length of Stay**

The average length of stay in Edinburgh is two nights for UK visitors and four nights for international visitors.

**Geographic Origin**

The USA remains Edinburgh’s largest single international source market for visitors at 16% in 2011, reporting an approximate 50% growth over the prior year. Germany follows closely behind, and with 174,000 visitors secures a 13% share.

**Operating Performance**

Performance over 2013 indicates a return of any loss in demand during 2012. RevPAR increased by a notable 14.7%, as hotels in most prime locations benefit from enhanced demand to the city. Results were achieved following an increase of 5.9% in occupancy and 8.3% in ADR, despite the recent additions in hotel supply.

**Key Demand Drivers**

Tourism is an important economic foundation of the city. As Edinburgh is a UNESCO World Heritage Site, tourists come to visit historic sites such as Edinburgh Castle (named the top UK Heritage Attraction for the third year running in the 2013 British Travel Awards), the Palace of Holyrood House and the Georgian New Town. Other popular attractions in Edinburgh are the National Gallery of Scotland, the Royal Museum, the Museum of Scotland and the Royal Botanic Gardens.
The city also attracts a healthy number of business visitors every year. The International Congress and Convention Association (ICCA) ranked Edinburgh second in the UK and 33rd in the world for the number of international association meetings held.

**Competition**

According to hotel supply database AM:PM, Edinburgh comprised 187 graded hotels and serviced apartments with a total of more than 12,413 rooms as at YTD June 2014. The accommodation market is well balanced across all quality levels, although the 3-and 4-star segments account for a slightly larger share. 5-star hotels make up around 8% of total keys and serviced apartments with the least at 7% of total keys. Hotel development in the Scottish capital is set to remain buoyant during 2014 and beyond.

As at May 2014, there are 26 serviced apartment properties located across Edinburgh, representing a supply of 820 units. The vast majority of these are independently operated, with 70% of operators having only one serviced property. There are currently ten confirmed serviced apartment projects with a total of 804 units in the development pipeline. If all projects are realised by the end of 2016, serviced accommodation supply is expected to increase by 38%. However, all but one of the pipeline projects are currently on hold/speculative.

**Market Outlook**

Performance in 2013 indicates a return of any loss in demand during 2012. RevPAR increased by a notable 14.6%, as hotels in most prime locations benefit from enhanced demand to the city. Results were achieved following an increase of 4.3% in occupancy and 8.3% in ADR, despite the recent additions in hotel supply. In 2014, we expect to see continued growth on trading figures backed by the arrival of the Ryder Cup, Homecoming Year and Commonwealth Games.

**Outlook for the Hospitality Sector in Kobe, Japan**

Kobe is the capital of Hyogo Prefecture, located near the centre of Japan, in the Kansai region on Honshu Island. It is the fifth largest city in Japan having 1.54 million residents as of October 2013. As one of the core cities in the Kansai region, Kobe is recognised as a business hub both domestically and globally. The city has an extensive transportation network of air, sea and land routes, enabling convenient accessibility.

**International Visitor Arrivals**

According to statistics from the Japan Tourism Agency, the total number of international accommodation guests recorded a 46% year-on-year increase in 2013. Domestic visitors form the bulk of visitor arrivals to Hyogo Prefecture, accounting for 96.3% of total accommodation guests in Hyogo Prefecture in 2013. In 2013, the number of domestic accommodation guests to Hyogo Prefecture was recorded at 12.6 million, a 4.8% increase over the previous year.

**Geographic Origin**

Since 2012, Taiwan has overtaken South Korea and Mainland China, becoming Hyogo Prefecture’s top inbound source market. The first direct flight connecting Taipei and Kansai International Airport was available from June 2012 and boosted visitation from Taiwan. In 2013, visitor arrivals from Taiwan accounted for 29.1% of total international accommodation guests, followed by 16.1% from South Korea and 11.9% from Hong Kong. Mainland Chinese accommodation guests comprise of 10.9% and are the fourth largest international market to Hyogo Prefecture.
**Operating Performance**

Occupancy levels have seen an improvement in 2012, reaching 73.5% as at YTD April 2014 due to the economic recovery. Hotels in Kobe showed limited growth in ADR as occupancy levels are still at a moderate level between 70% and 75%. As at YTD April 2014, ADR of upscale full-service hotels was recorded at JPY 11,993, corresponding to an increase of 1.6% over the same period in 2013.

**Key Demand Drivers**

Kobe’s tourist attractions are located throughout the city, with a higher concentration in the Sannomiya/Motomachi, Kitano and Kobe Bay area. Leisure demand to these areas is typically higher. Kobe is conveniently accessible by train or car from Osaka, Kyoto and Nara which are major tourism destinations. Many tourists combine the above-mentioned destinations with Kobe. Kobe also has a number of global and domestic companies which generate corporate demand to the city. These include Procter & Gamble, Nestle, Kawasaki Heavy Industries, Asahi Holdings and “K” Line Group which has established headquarters in Kobe.

In addition, MICE events held in Kobe are also key demand drivers. According to Japan National Tourism Organization (JNTO), Kobe was the sixth largest host of events since 2010. A total of 92 meetings were held in 2012, in which the majority were meetings related to biomedical innovation.

The Kobe Biomedical Innovation Cluster (KBIC) has been planned in Port Island (Bay area) for 15 years. Kobe city promotes Port Island to become a centre of medical technology and 17 research and development facilities have already been constructed around Iryo Centre station. A cancer medical centre is still in construction process. In cooperation with more than 200 companies, KBIC will be one of the major national projects that also contribute to higher performance of hotels in the surroundings.

**Competition**

The number of existing hotel rooms supply saw a gradual increase from 2007 to 2013. In 2013, there were 127 hotels with 12,809 rooms in Kobe according to the Japan Ministry of Health, Labour and Welfare. The following table summarises the major projected hotel openings, reflecting limited openings in the next few years.

<table>
<thead>
<tr>
<th>Hotel Name (Developer)</th>
<th>Timing</th>
<th>Location</th>
<th>Hotel Type</th>
<th>No. of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Suite</td>
<td>Nov-15</td>
<td>Kobe Bay</td>
<td>Full-Service</td>
<td>88</td>
</tr>
<tr>
<td>Unizo Inn Kobe Sannomiya (TBD)</td>
<td>Spring 2016</td>
<td>Sannomiya</td>
<td>Limited-Service</td>
<td>TBD</td>
</tr>
<tr>
<td>TBD (Resort Trust)</td>
<td>TBD</td>
<td>Rokko</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>TBD (Lominous Hotel)</td>
<td>TBD</td>
<td>Kobe</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

**Market Outlook**

The Kobe hotel market, which is mainly reliant on domestic tourism, is stable compared to other cities in Japan. Around a quarter of total inbound tourism visiting Kobe stay for one night with a vast majority undertaking single day trips. Inbound international tourism is limited compared to neighbouring prefectures Osaka and Kyoto; however statistics have shown that international arrivals have increased, recording a 46.2% year-on-year growth in 2013. Based on improving economic fundamentals, it is expected that corporate travel will continue to record steady medium term growth.
Marketwide performance is expected to improve over the next few years underpinned by strengthening economic fundamentals. An increasing number of international MICE events will further drive the number of inbound tourists from offshore, and therefore room demand.

The city is aiming to attract one million international visitors and 100 conferences by 2015. The plan is mainly focussed on establishing Kobe as an international destination for leisure and business, developing the city as a MICE destination and promoting Kobe as a leisure destination.

**Outlook for the Hospitality Sector in Kuala Lumpur, Malaysia**

Kuala Lumpur is the cultural, financial and economic centre of Malaysia. Leisure tourism is driven by the city’s cultural diversity, strong retail offering and lower cost accommodation (when compared to other key gateway cities in Asia). The city essentially operates as a corporate market with solid weekday business whilst capturing a higher level of leisure tourists on weekends.

**Visitor Arrivals**

According to the Malaysia Tourism Board, international visitor arrivals to Malaysia recorded 25.7 million in 2013, representing growth of 2.7% year-on-year (which is a similar rate of growth for Kuala Lumpur).

**Geographic Origin**

Major source markets comprise Singapore, Indonesia and Mainland China although the Independent Market Research Consultant believes that Kuala Lumpur attracts a larger share of visitors from Europe and the Americas compared to the rest of the country.

**Operating Performance**

After declining significantly during 2009 due to the global financial crisis, the Kuala Lumpur luxury market has rebounded back to pre-crisis levels although the rate of growth has stagnated in recent years. As of YTD April 2014, ADR rose by 6.8% from MYR398 to MYR425 whilst occupancy increased by 2.3 percentage points to reach 78.3%. As a result, RevPAR increased from MYR304 to reach MYR332 representing growth of 9.3%.

**Key Demand Drivers**

Malaysia is continuing to target the lucrative MICE segment, which is expected to grow through newly introduced financial incentives targeted at planners and organisers and construction of new infrastructure. The Malaysian Convention and Exhibition Bureau (MyCEB) is competing for high-profile international conventions with a specific focus on health and medical care, science and technology, education and energy (oil and gas). Additionally, Malaysia currently has the most exhibition hall space of any country in Southeast Asia (which includes Indonesia, Thailand and Singapore) with most of the space concentrated in Kuala Lumpur.

Kuala Lumpur also remains as a prime shopping destination due to its large concentration of malls and the entry of many new international brands, such as H&M, Ralph Lauren and Armani Jeans.


Competition

As at the end of 2013, there were an estimated 41,160 rooms in Kuala Lumpur.

Approximately 3,300 rooms are expected to enter Kuala Lumpur’s hotel supply by the end of 2018. The new rooms slated to enter the market over the next few years represents a CAGR of 1.5% during this period.

Market Outlook

The growth in visitor arrivals from Indonesia and Mainland China remain promising as other traditional source markets, such as Singapore and Thailand, decline. Ultimately, improved trading performance in the luxury sector is dependent on growth in corporate demand, which leads back to demand for office space in Kuala Lumpur. The city appears able to absorb more office demand with a strong new supply pipeline.

In the short to medium term, Kuala Lumpur could face an oversupply of new hotel rooms in the upscale and luxury sectors given the large pipeline of development. Encouragingly, the Malaysian government remains committed to promoting the city as a key MICE market which is expected to drive inbound corporate travel over the coming years. This promotion of Kuala Lumpur will continue to lift demand along with the growth of its LCC network, which will further develop Kuala Lumpur as a global tourism and aviation hub.

Kuala Lumpur remains a competitive destination to travel to within the Southeast Asian region. The country faces few domestic economic issues as it benefits from low inflation and unemployment rates, a rising level of domestic consumption and better infrastructure. The re-election of the ruling party also ensures political stability in the medium term. Investor sentiment towards Kuala Lumpur should remain healthy amongst strategic investors looking to set a foothold in Malaysia.
CERTAIN INFORMATION ABOUT THE PROPERTIES

The table below sets out certain information with respect to each of the Hotels as at 31 December 2013.

<table>
<thead>
<tr>
<th></th>
<th>InterContinental Singapore</th>
<th>Novotel Rockford Darling Harbour</th>
<th>Park International London</th>
<th>Best Western Cromwell London</th>
<th>ANA Crowne Plaza Kobe</th>
<th>The Westin Kuala Lumpur</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>80 Middle Road, Singapore 188966</td>
<td>17 Little Pier Street, Darling Harbour, NSW 2000, Australia</td>
<td>117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom</td>
<td>108, 110 and 112 Cromwell Road, London, SW7 4ES, United Kingdom</td>
<td>1-Chome, Kitano-Chuo-Ku, Kobe, 650-0002, Japan</td>
<td>199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia</td>
</tr>
<tr>
<td><strong>Market Segment</strong></td>
<td>Luxury</td>
<td>Mid-scale</td>
<td>Mid-scale</td>
<td>Mid-scale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
</tr>
<tr>
<td><strong>Leasehold Tenure</strong></td>
<td>Remaining leasehold of 75 years commencing from Listing Date</td>
<td>Remaining leasehold of 84 years commencing from Listing Date</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
<td>Freehold</td>
<td>Freehold</td>
</tr>
<tr>
<td><strong>Approximate GFA (sq m)</strong></td>
<td>49,987</td>
<td>12,128</td>
<td>6,825</td>
<td>2,512</td>
<td>136,657 Hotel: 66,256 Retail: 70,401</td>
<td>79,593</td>
</tr>
<tr>
<td><strong>Number of Available Rooms</strong></td>
<td>406</td>
<td>230</td>
<td>171</td>
<td>85</td>
<td>593</td>
<td>443</td>
</tr>
<tr>
<td><strong>Occupancy Rate (FY2013) (%)</strong></td>
<td>88</td>
<td>90</td>
<td>70</td>
<td>80</td>
<td>77</td>
<td>79</td>
</tr>
<tr>
<td><strong>RevPAR (FY2013)</strong></td>
<td>SGD263</td>
<td>AUD147</td>
<td>GBP70</td>
<td>GBP69</td>
<td>JPY8,865</td>
<td>MYR374</td>
</tr>
</tbody>
</table>

1 This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.

2 The Vendor currently owns a freehold interest in each of Park International London and Best Western Cromwell London. The leasehold interest in each of Park International London and Best Western Cromwell London to be acquired by FH-REIT are in respect of a shorter leasehold period than the length of the freehold title held by the Vendor. Upon expiry of the leasehold interests to be held by FH-REIT, title to these Hotels will revert to the Vendor.

3 ANA Crowne Plaza Kobe is held through a TBI, in the form of a beneficiary interest in a Japanese trust that holds title to ANA Crowne Plaza Kobe.
<table>
<thead>
<tr>
<th></th>
<th>InterContinental Singapore</th>
<th>Novotel Rockford Darling Harbour</th>
<th>Park International London</th>
<th>Best Western Cromwell London</th>
<th>ANA Crowne Plaza Kobe&lt;sup&gt;3&lt;/sup&gt;</th>
<th>The Westin Kuala Lumpur</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appraised Value by Colliers</strong>&lt;sup&gt;1&lt;/sup&gt; (as at 31 December 2013) (million)</td>
<td>SGD457.0</td>
<td>AUD68.0&lt;sup&gt;2&lt;/sup&gt;</td>
<td>GBP39.3</td>
<td>GBP17.0</td>
<td>JPY11,200.0&lt;sup&gt;1&lt;/sup&gt;</td>
<td>MYR455.0</td>
</tr>
<tr>
<td><strong>Appraised Value by CBRE</strong> (as the case may be) (as at 31 December 2013) (million)</td>
<td>SGD457.0</td>
<td>AUD68.0&lt;sup&gt;2&lt;/sup&gt;</td>
<td>GBP39.3</td>
<td>GBP17.0</td>
<td>JPY11,200.0&lt;sup&gt;1&lt;/sup&gt;</td>
<td>MYR455.0</td>
</tr>
<tr>
<td><strong>Appraised Value by JLL</strong> (as at 31 March 2014) (million)</td>
<td>–</td>
<td>AUD66.0</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Purchase Price</strong> (million)</td>
<td>SGD497.1&lt;sup&gt;2&lt;/sup&gt;</td>
<td>AUD66.0</td>
<td>GBP39.3</td>
<td>GBP17.0</td>
<td>JPY11,200.0&lt;sup&gt;4&lt;/sup&gt;</td>
<td>MYR455.0</td>
</tr>
<tr>
<td><strong>Fixed Rent (per annum)</strong> (million)</td>
<td>SGD8.0</td>
<td>AUD2.5</td>
<td>GBP1.3</td>
<td>GBP0.6</td>
<td>JPY600.0</td>
<td>MYR14.8</td>
</tr>
<tr>
<td><strong>Proportion of Fixed Rent to Gross Rental Income under the Master Lease and Tenancy Agreements (FY2013)</strong> (%)</td>
<td>39.8</td>
<td>39.4</td>
<td>55.4</td>
<td>58.9</td>
<td>51.3</td>
<td>51.2</td>
</tr>
</tbody>
</table>

<sup>1</sup> The appraised value of ANA Crowne Plaza Kobe by both of Colliers and CBRE, and accordingly, the purchase consideration to be paid by FH-REIT, has excluded the retail component in light of the terms of the Retail Master Lease Agreement (under which the master lessee assumes the economic benefits and losses attributable to the retail component).

<sup>2</sup> In view of the planned refurbishment for InterContinental Singapore in 2014 to 2015, cashflows of the property will be negatively affected. BCH Hotel Investment Pte Ltd, the vendor of InterContinental Singapore, will therefore set aside S$8.05 million from the Purchase Price in escrow to provide Payment Top-Up (as defined herein) to FHT for the period from the Listing Date to 30 November 2015 to ensure that cashflows will not be temporarily reduced during this period. The S$8.05 million is an estimated amount based on the expected loss of F&B and room revenue arising from the refurbishments. Accordingly, the REIT Manager is of the view that this amount is sufficient to make up for the cash flows that would be temporarily reduce as a result of the refurbishments during this period. The aggregate payment top-up amount for InterContinental Singapore for the Forecast Period 2014 and Projection Year 2015 amounts to S$2.15 million and S$5.9 million, respectively, based on management’s expectations of the Properties’ performance under normal circumstances in the long-term. Due to the refurbishment of InterContinental Singapore, had the Payment Top-Up not been provided by the vendor, Stapled Securityholders may suffer from a temporary fluctuation in cashflows if the GOP falls below each of the relevant thresholds. The vendor shall pay the top-up sum amount where, inter alia, (i) in respect of the first payment period from Listing Date to 30 September 2014, the GOP falls below S$9,300,000, (ii) in respect of the second period from 1 October 2014 to 31 March 2015, the GOP falls below S$16,000,000, (iii) in respect of the third payment period from 1 April 2015 to 30 September 2015, the GOP falls below S$14,000,000 and (iv) in respect of the fourth and last payment period from 1 October 2015 to 30 November 2015, the GOP falls below S$4,700,000 or the aggregate of the GOP for the first payment period and the fourth payment period falls below the total sum of S$14,000,000. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Payment Top-Up Agreements” and “Profit Forecast and Profit Projection – Sensitivity Analysis” for further details.)

<sup>3</sup> As at 31 March 2014.

<sup>4</sup> The amount represents an allocation of the purchase price of FH-REIT’s TBI in the property.
<table>
<thead>
<tr>
<th>Hotel Component</th>
<th>Percentage of GOP Less Fixed Rent plus FF&amp;E Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>76.5%</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>77.8%</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>91.5%</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>91.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable Rent (FY2013) (million)</th>
<th>Pro Formo Variable Rent/Fixed Rent Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGD12.1</td>
<td>60.2%</td>
</tr>
<tr>
<td>JPY599.0</td>
<td>48.8%</td>
</tr>
<tr>
<td>AUD3.9</td>
<td>41.1%</td>
</tr>
<tr>
<td>GBP1.0</td>
<td>44.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Breakdown of Gross Rental Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels, Serviced Residences and the Initial Portfolio</td>
</tr>
</tbody>
</table>

1. Furniture, fixtures and equipment ("FF&E") reserve not utilised and not carried forward to the following year, if any.
2. The Master Lessees and Tenant will be wholly-owned subsidiaries of the Sponsor, except for the Master Lessee for the retail component of ANA Crowne Plaza Kobe, Y.K. Toranomon Properties, which will be wholly-owned subsidiaries of the Sponsor post-listing. BCH Hotel Investment Pte Ltd, JBB Hotels Sdn. Bhd. and Viewgrand Trust C will only become wholly-owned subsidiaries of the Sponsor post-listing of FHT.
3. For information only as the retail component does not contribute to the gross revenue of FH-REIT due to the terms of the Retail Master Lease Agreement (under which the master lessee assumes the economic benefit and losses attributable to the retail component). The lease term for the retail component under the Retail Master Lease Agreement is perpetual and the lease shall continue for as long as the property remains in existence.
4. The gross rental income under the Master Lease Agreements and Tenancy Agreement comprises the sum of a Fixed Rent and a Variable Rent. The Variable Rent formula for the hotels is pegged to a percentage of the GOP. The GOP for different hotels vary depending on the individual hotel’s operating margins. As the operating margins of InterContinental Singapore and Novotel Rockford Darling Harbour are considerably higher than the other hotels in the Initial Portfolio, the Variable Rent (which is based on a percentage of GOP) translates to a higher proportion of the gross rental income.
<table>
<thead>
<tr>
<th>Hotel Name</th>
<th>Term of Master Lease or Tenancy (years)</th>
<th>Hotel Manager</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
<td>InterContinental Hotels Group (Asia Pacific) Pte. Ltd.</td>
<td>BCH Hotel Investment Pte Ltd</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>10 + 10 + 10 + 10 years commencing from the Listing Date (at the option of the Master Lessee)</td>
<td>Rockford Indigo (Hotels) Pty Limited³</td>
<td>Viewgrand Trust B</td>
</tr>
<tr>
<td>Park International London</td>
<td>10 years commencing from the Listing Date (fixed and non-renewable)</td>
<td>TCC Hotel Group Co., Ltd</td>
<td>Global-Link Investments Limited</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>10 years commencing from the Listing Date (at the option of the Tenant)</td>
<td>TCC Hotel Group Co., Ltd</td>
<td>Global-Link Investments Limited</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe³</td>
<td>Three + three + three years commencing from the Listing Date (at the option of the Tenant)³</td>
<td>IHG ANA Hotels Group Japan LLC</td>
<td>Excellence Prosperity (Singapore) Pte. Ltd</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>Three + three + three years commencing from the Listing Date (at the option of the Tenant)³</td>
<td>Starwood Asia Pacific Hotels &amp; Resorts Pte Ltd</td>
<td>JBB Hotels Sdn. Bhd.</td>
</tr>
</tbody>
</table>

1. Within 14 business days from the commencement date of the Tenancy Agreement, JBB Hotels Sdn Bhd is obliged to apply for the approval of the relevant state authority on the conversion of the tenancy into a lease for 20 years with an option for the lessee to obtain an additional lease for a further 20 years. (See "Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to The Westin Kuala Lumpur – Tenancy Agreement").

2. The Hotel Managers are third parties independent from the Sponsor and the TCC Group save for the Hotel Managers of Park International London and Best Western Cromwell London which are subsidiaries of the TCC Group.

3. With effect from 1 January 2014, the hotel manager for Novotel Rockford Darling Harbour is Rockford Hotels Pty Limited (as trustee for the Rockford Hotels Management Trust).

4. The Vendors of the Hotels are subsidiaries of the TCC Group.
The table below sets out certain information with respect to each of the Serviced Residences as at 31 December 2013.

<table>
<thead>
<tr>
<th></th>
<th>Fraser Suites Singapore</th>
<th>Fraser Suites Sydney</th>
<th>Fraser Place Canary Wharf</th>
<th>Fraser Suites Queens Gate</th>
<th>Fraser Suites Glasgow</th>
<th>Fraser Suites Edinburgh</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>491A River Valley Road,</td>
<td>488 Kent Street,</td>
<td>80 Boardwalk Place,</td>
<td>39B Queens Gate Gardens,</td>
<td>No 1-19 Albion Street,</td>
<td>12-26 St Giles Street,</td>
</tr>
<tr>
<td></td>
<td>Singapore 248372</td>
<td>Sydney, NSW 2000,</td>
<td>London E14 5SF,</td>
<td>London SW7 5RR, United</td>
<td>1-19 Albion Street,</td>
<td>Edinburgh EH11 PT,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Australia</td>
<td>United Kingdom</td>
<td>Kingdom</td>
<td>United Kingdom</td>
<td>Scotland, United</td>
</tr>
<tr>
<td><strong>Market Segment</strong></td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
<td>Upper Upscale</td>
</tr>
<tr>
<td><strong>Leasehold Tenure</strong></td>
<td>Leasedhold of 75 years</td>
<td>Leasedhold of 75</td>
<td>Leasedhold of 75 years</td>
<td>Leasedhold of 75 years</td>
<td>Leasehold of 75 years</td>
<td>Leasehold of 75 years</td>
</tr>
<tr>
<td></td>
<td>commencing from Listing Date</td>
<td>commencing from Listing Date</td>
<td>commencing from Listing Date</td>
<td>commencing from Listing Date</td>
<td>commencing from Listing Date</td>
<td>commencing from Listing Date</td>
</tr>
<tr>
<td><strong>Approximate GFA</strong></td>
<td>27,018</td>
<td>12,137</td>
<td>5,659</td>
<td>6,416</td>
<td>7,386</td>
<td>3,952</td>
</tr>
<tr>
<td>(sq m)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of Serviced Residence Units</strong></td>
<td>255</td>
<td>201</td>
<td>108</td>
<td>105</td>
<td>98</td>
<td>75</td>
</tr>
<tr>
<td><strong>Occupancy Rate</strong></td>
<td>82</td>
<td>89</td>
<td>80</td>
<td>11</td>
<td>78</td>
<td>84</td>
</tr>
<tr>
<td>(FY2013) (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RevPAR (FY2013)</strong></td>
<td>SGD267</td>
<td>AUD201</td>
<td>GBP118</td>
<td>GBP17</td>
<td>GBP52</td>
<td>GBP87</td>
</tr>
<tr>
<td><strong>Appraised Value by Colliers</strong> (as at 31 December 2013) (million)</td>
<td>SGD325.0</td>
<td>SGD201.0</td>
<td>GBP118.0</td>
<td>GBP17</td>
<td>GBP52</td>
<td>GBP87</td>
</tr>
<tr>
<td></td>
<td>(with payment top-up arrangement)</td>
<td>(with payment top-up arrangement)</td>
<td>(with payment top-up arrangement)</td>
<td>(with payment top-up arrangement)</td>
<td>(with payment top-up arrangement)</td>
<td>(with payment top-up arrangement)</td>
</tr>
<tr>
<td><strong>Appraised Value by CBRE</strong> (as at 31 December 2013) (million)</td>
<td>SGD305.0</td>
<td>GBP31.5</td>
<td>GBP46.3</td>
<td>GBP6.9</td>
<td>GBP11.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(with payment top-up arrangement)</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

1. This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement. The leasehold interest in each of the Serviced Residences is in respect of a shorter leasehold period than the underlying title held by the relevant Vendor. Upon expiry of the leasehold interest to be held by FH-REIT, title to the Serviced Residence will revert to the relevant Vendor. The underlying land tenure in respect of Fraser Suites Singapore and Fraser Place Canary Wharf is each a 999-year leasehold estate, while the underlying land tenure in respect of the remaining four Serviced Residences is a freehold estate.

2. Fraser Place Canary Wharf has expanded its room count from 96 units as at 31 December 2013 to 108 units upon completion of Phase 2 refurbishment in end-May 2014.

3. As at 31 March 2014.
<table>
<thead>
<tr>
<th></th>
<th>Fraser Suites Singapore</th>
<th>Fraser Suites Sydney</th>
<th>Fraser Place Canary Wharf</th>
<th>Fraser Suites Queens Gate</th>
<th>Fraser Suites Glasgow</th>
<th>Fraser Suites Edinburgh</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appraised Value by JLL</strong></td>
<td>—</td>
<td>AUD99.8</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>as at 31 March 2014 (million)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase Price</strong></td>
<td>SGD327.0$^1$</td>
<td>AUD103.5</td>
<td>GBP31.5</td>
<td>GBP46.3</td>
<td>GBP7.5</td>
<td>GBP11.5</td>
</tr>
<tr>
<td><strong>(million)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Rent (per annum)</strong></td>
<td>SGD7.7</td>
<td>AUD4.2</td>
<td>GBP1.4</td>
<td>GBP1.8</td>
<td>GBP0.4</td>
<td>GBP0.5</td>
</tr>
<tr>
<td><strong>(million)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Proportion of Fixed Rent to Gross Rental Income under the Master Lease Agreements (FY2013) (%)</strong></td>
<td>53.8</td>
<td>52.8</td>
<td>53.2</td>
<td>100.0</td>
<td>61.9</td>
<td>51.7</td>
</tr>
<tr>
<td><strong>Variable Rent (per annum)</strong></td>
<td>20.0% GOR + 59.0% GOP less Fixed Rent plus FF&amp;E reserve$^2$</td>
<td>20.0% GOR + 54.5% GOP less Fixed Rent plus FF&amp;E reserve$^2$</td>
<td>20.0% GOR + 65.0% GOP less Fixed Rent plus FF&amp;E reserve$^2$</td>
<td>20.0% GOR + 67.0% GOP less Fixed Rent plus FF&amp;E reserve$^2$</td>
<td>20.0% GOR + 50.0% GOP less Fixed Rent plus FF&amp;E reserve$^2$</td>
<td>20.0% GOR + 45.0% GOP less Fixed Rent plus FF&amp;E reserve$^2$</td>
</tr>
<tr>
<td><strong>Pro Forma Variable Rent (FY2013) (million)</strong></td>
<td>SGD6.6</td>
<td>AUD3.7</td>
<td>GBP1.2</td>
<td>—</td>
<td>GBP0.2</td>
<td>GBP0.5</td>
</tr>
</tbody>
</table>

In view that Fraser Suites Singapore has undergone a major refurbishment in 2012 and is still rebuilding its customer base, River Valley Apartments Pte Ltd, one of the vendors of Fraser Suites Singapore, will therefore set aside S$1.65 million from the Purchase Price in escrow to provide Payment Top-Up to FHT for a period from the Listing Date up to 30 November 2015 to provide FHT with stabilised cashflow from the property, which is not expected to perform to its optimal levels due to the rebuilding of the customer base. The aggregate payment top-up amount for Fraser Suites Singapore for the Forecast Period 2014 and Projection Year 2015 amounts to S$0.65 million and S$1 million, respectively, based on management’s expectations of the Properties’ performance under normal circumstances in the long-term. Due to the rebuilding of the customer base of Fraser Suites Singapore, had the Payment Top-Up not been provided by the vendor, Stapled Securityholder may suffer from a temporary fluctuation in cashflows if the GOP falls below each of the relevant thresholds. The vendor shall pay the top-up sum amount where, inter alia, (i) in respect of the first payment period from Listing Date to 30 September 2014, the GOP falls below S$6,000,000, (ii) in respect of the second period from 1 October 2014 to 31 March 2015, the GOP falls below S$9,000,000, (iii) in respect of the third period from 1 April 2015 to 30 September 2015, the GOP falls below S$9,000,000 and (iv) in respect of the fourth and last payment period from 1 October 2015 to 30 November 2015, the GOP falls below S$3,000,000 or the aggregate of the GOP for the first payment period and the fourth payment period falls below the total sum of S$9,000,000. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Payment Top-Up Agreements” for further details.)

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

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$^1$ In view that Fraser Suites Singapore has undergone a major refurbishment in 2012 and is still rebuilding its customer base, River Valley Apartments Pte Ltd, one of the vendors of Fraser Suites Singapore, will therefore set aside S$1.65 million from the Purchase Price in escrow to provide Payment Top-Up to FHT for a period from the Listing Date up to 30 November 2015 to provide FHT with stabilised cashflow from the property, which is not expected to perform to its optimal levels due to the rebuilding of the customer base. The aggregate payment top-up amount for Fraser Suites Singapore for the Forecast Period 2014 and Projection Year 2015 amounts to S$0.65 million and S$1 million, respectively, based on management’s expectations of the Properties’ performance under normal circumstances in the long-term. Due to the rebuilding of the customer base of Fraser Suites Singapore, had the Payment Top-Up not been provided by the vendor, Stapled Securityholder may suffer from a temporary fluctuation in cashflows if the GOP falls below each of the relevant thresholds. The vendor shall pay the top-up sum amount where, inter alia, (i) in respect of the first payment period from Listing Date to 30 September 2014, the GOP falls below S$6,000,000, (ii) in respect of the second period from 1 October 2014 to 31 March 2015, the GOP falls below S$9,000,000, (iii) in respect of the third period from 1 April 2015 to 30 September 2015, the GOP falls below S$9,000,000 and (iv) in respect of the fourth and last payment period from 1 October 2015 to 30 November 2015, the GOP falls below S$3,000,000 or the aggregate of the GOP for the first payment period and the fourth payment period falls below the total sum of S$9,000,000. (See “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Payment Top-Up Agreements” for further details.)

$^2$ Furniture, fixtures and equipment (“FF&E”) reserve not utilised and not carried forward to the following year, if any.
<table>
<thead>
<tr>
<th>Master Lessee¹</th>
<th>Proportion of Pro Forma Variable Rent to Gross Rental Income under the Master Lease Agreements (FY2013) (%)</th>
<th>Master Lessee²</th>
<th>Term of Master Lease (years)</th>
<th>Serviced Residence Operator³</th>
<th>Vendor³</th>
</tr>
</thead>
<tbody>
<tr>
<td>River Valley Apartments Pte Ltd</td>
<td>46.2</td>
<td>Frasers Townhall Residences Operations Pty Ltd</td>
<td>Fairdace Limited</td>
<td>Frasers Hospitality Pte. Ltd.</td>
<td>River Valley Apartments Pte Ltd, River Valley Shopping Centre Pte Ltd and River Valley Tower Pte Ltd</td>
</tr>
<tr>
<td>-</td>
<td>47.2</td>
<td></td>
<td>39QGG Management Ltd</td>
<td>Frasers Hospitality Pte. Ltd.</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>-</td>
<td>46.8</td>
<td></td>
<td>Fairdace Limited</td>
<td>Frasers Hospitality Pte. Ltd.</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>Frasers Hospitality Pte. Ltd.</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>-</td>
<td>38.1</td>
<td></td>
<td>-</td>
<td>Frasers Hospitality Pte. Ltd.</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>-</td>
<td>48.3</td>
<td></td>
<td>-</td>
<td>Frasers Hospitality Pte. Ltd.</td>
<td>Fairdace Limited</td>
</tr>
</tbody>
</table>

¹ The Master Lessees are wholly-owned subsidiaries of the Sponsor (except for Frasers Townhall Residences Operations Pty Ltd which will be a wholly-owned subsidiary of the Sponsor as at the Listing Date.).

² The Serviced Residence Operators are wholly-owned subsidiaries of the Sponsor.

³ The Vendors of the Serviced Residences are subsidiaries of the Sponsor.
Breakdown of Gross Rental Income by Hotels, Serviced Residences and the Initial Portfolio

Based on the unaudited pro forma financial information of FH-REIT for FY2013, the pro forma Fixed Rent and Variable Rent as a percentage of the gross rental income for the Hotels, Serviced Residences and the Initial Portfolio collectively is set out below.

<table>
<thead>
<tr>
<th></th>
<th>Hotels S$’million</th>
<th>% of Gross Rental Income under the Hotel Master Lease and Tenancy Agreements (FY2013)</th>
<th>Serviced Residences S$’million</th>
<th>% of Gross Rental Income under the Serviced Residence Master Lease Agreements (FY2013)</th>
<th>Initial Portfolio S$’million</th>
<th>% of Gross Rental Income under all Master Lease and Tenancy Agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Fixed Rent (FY2013)</td>
<td>28.7</td>
<td>47%</td>
<td>20.9</td>
<td>58%</td>
<td>49.6</td>
<td>51%</td>
</tr>
<tr>
<td>Pro Forma Variable Rent (FY2013)</td>
<td>33.0</td>
<td>53%</td>
<td>15.0</td>
<td>42%</td>
<td>48.0</td>
<td>49%</td>
</tr>
<tr>
<td>Total</td>
<td>61.7</td>
<td>100%</td>
<td>35.9</td>
<td>100%</td>
<td>97.6</td>
<td>100%</td>
</tr>
</tbody>
</table>
OPERATIONAL DATA OF THE INITIAL PORTFOLIO

Operational Data of the Hotels

The ADR, occupancy rate and RevPAR of the Hotels for FY2011, FY2012 and FY2013 are set out below.

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Currency</th>
<th>ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY2011</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>293</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>AUD</td>
<td>151</td>
</tr>
<tr>
<td>Park International London(1)</td>
<td>GBP</td>
<td>88</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>93</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>11,429</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR</td>
<td>445</td>
</tr>
</tbody>
</table>

Note:
(1) The hotel underwent a major renovation in FY2011 and was subsequently rebranded as Park International London post-renovation.

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Occupancy Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2011</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>82</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>88</td>
</tr>
<tr>
<td>Park International London(1)</td>
<td>43</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>73</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>76</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>72</td>
</tr>
</tbody>
</table>

Note:
(1) The hotel underwent a major renovation in FY2011 and was subsequently rebranded as Park International London post-renovation.

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Currency</th>
<th>RevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FY2011</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>241</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>AUD</td>
<td>133</td>
</tr>
<tr>
<td>Park International London(1)</td>
<td>GBP</td>
<td>38</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>68</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>8,686</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR</td>
<td>322</td>
</tr>
</tbody>
</table>

Note:
(1) The hotel underwent a major renovation in FY2011 and was subsequently rebranded as Park International London post-renovation.
Guest Profile of the Hotels

The following charts set out a breakdown of the guest profile of the Hotels by market segment and country of origin as of FY2013.

Note:
(1) Excludes Best Western Cromwell London as that property does not collect data on room nights by geography.

Operational Data of the Serviced Residences

The ADR, occupancy rate and RevPAR for the Serviced Residences for FY2011, FY2012 and FY2013 are set out below.
### Serviced Residence Revenue per Available Room (RevPAR)

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Currency</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore(^{(1)})</td>
<td>SGD</td>
<td>228</td>
<td>168</td>
<td>267</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>AUD</td>
<td>184</td>
<td>188</td>
<td>201</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf(^{(2)})</td>
<td>GBP</td>
<td>134</td>
<td>125</td>
<td>118</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate(^{(3)})</td>
<td>GBP</td>
<td>–(^{(4)})</td>
<td>108</td>
<td>17</td>
</tr>
<tr>
<td>Fraser Suites Glasgow(^{(5)})</td>
<td>GBP</td>
<td>48</td>
<td>45</td>
<td>52</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>75</td>
<td>77</td>
<td>87</td>
</tr>
</tbody>
</table>

**Notes:**

1. Fraser Suites Singapore was partially closed in FY2012 for renovation.
2. Fraser Place Canary Wharf was partially closed in FY2012 for renovation.
3. Fraser Suites Queens Gate was closed in FY2013 for renovation.
4. Fraser Suites Queens Gate was acquired in December 2011 and accordingly, there are no comparative results of its operations for FY2011.
5. Fraser Suites Glasgow was partially closed from August 2012 to March 2013 for renovation.

### Guest Profile of the Serviced Residences

The following charts set out a breakdown of the guest profile of the Serviced Residences by market segment and country of origin as of FY2013.

#### Guest Profile of the Serviced Residences by Market Segment as of FY2013

- Corporate and Government: 57.0%
- Leisure: 34.8%
- Groups: 8.2%

#### Guest Profile of the Serviced Residences by Country of Origin as of FY2013

- Europe: 29.6%
- Oceania: 27.9%
- North America: 10.1%
- North Asia: 6.3%
- South East Asia: 9.5%
- South Asia: 5.1%
- Others: 11.5%
Length of Stay Profile for the Serviced Residences

The leases or licenses entered into for the serviced residence units in the Serviced Residences may be for a week or up to several years. In line with normal commercial practice, renewals are generally on the same terms and conditions as the original lease/licence agreements except for the rental rate, which will be revised to the prevailing market rate.

The following chart sets out the length of stay profile of the Serviced Residences on a portfolio basis, in terms of rental income generated from the serviced residence units for FY2013.

INTERCONTINENTAL SINGAPORE

80 Middle Road, Singapore 188966

Description

InterContinental Singapore is a Peranakan-style landmark hotel with 406 guest rooms, comprising 387 hotel rooms and 19 suites. The 16-storey Hotel is located in the Bugis district and is in close proximity to the Suntec Singapore International Convention & Exhibition Centre and the Marina Bay precinct and attractions such as Haji Lane, the National Museum of Singapore, the Peranakan Museum and the Chinatown Heritage Centre. The Hotel is linked to Bugis Junction, a prime shopping mall popular with locals and tourists which is located above the Bugis MRT station and offers convenient access to the CBD and the Orchard Road shopping and entertainment district.

The Hotel's strategic location allows it to capture demand from both business and leisure travellers. The Hotel has undergone various renovation and refurbishment works since 2008, where the new Club InterContinental was established on level two of the Hotel and the refurbishment of Man Fu Yuan Chinese Restaurant and the renovation of 65 shophouse rooms and suites were completed.

InterContinental Singapore offers a variety of room options ranging from Deluxe rooms each measuring 38.0 sq m to the Presidential suite measuring 282.0 sq m. The guest rooms are equipped with amenities such as wireless and wired internet service, cable/satellite television, a mini-bar and individually controlled air-conditioning. Guests staying in the suites and executive rooms enjoy exclusive access to Club InterContinental with privileges such as a high bandwidth internet connection and use of the Hotel's boardroom.
### Room Types and Sizes

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Size (sq m)</th>
<th>Room Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deluxe</td>
<td>38.0</td>
<td>232</td>
</tr>
<tr>
<td>Premier</td>
<td>52.0</td>
<td>42</td>
</tr>
<tr>
<td>Shophouse Room</td>
<td>38.0</td>
<td>65</td>
</tr>
<tr>
<td>Shophouse Suite</td>
<td>55.0</td>
<td>12</td>
</tr>
<tr>
<td>Club</td>
<td>38.0</td>
<td>48</td>
</tr>
<tr>
<td>Executive Suite</td>
<td>129.0</td>
<td>2</td>
</tr>
<tr>
<td>Ambassador Suite</td>
<td>114.0</td>
<td>4</td>
</tr>
<tr>
<td>Presidential Suite</td>
<td>282.0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>406</strong></td>
<td></td>
</tr>
</tbody>
</table>

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Singapore’s Leading Meetings &amp; Conference Hotel</td>
<td>World Travel Awards</td>
</tr>
<tr>
<td>2013</td>
<td>Patron of Heritage</td>
<td>National Heritage Board</td>
</tr>
<tr>
<td>2013</td>
<td>Forbes Travel Guide Recommended Hotel</td>
<td>Forbes Travel Guide</td>
</tr>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
<tr>
<td>2013</td>
<td>Travellers’ Choice Awards for “Top 25 Hotel”, “Top 25 Luxury Hotel” and “Top 25 Best Service Hotel”</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>

### Meeting and Conference Facilities

InterContinental Singapore has 13 meeting rooms with a total meeting space of 1080.0 sq m. The following table sets out the size and capacity of the meeting and conference facilities in the Hotel.

<table>
<thead>
<tr>
<th>Venue</th>
<th>Size (sq m)</th>
<th>Capacity(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ballroom I</td>
<td>180.0</td>
<td>140</td>
</tr>
<tr>
<td>Ballroom II</td>
<td>180.0</td>
<td>140</td>
</tr>
<tr>
<td>Ballroom III</td>
<td>180.0</td>
<td>140</td>
</tr>
<tr>
<td>Bugis Grand Ballroom</td>
<td>546.0</td>
<td>600</td>
</tr>
<tr>
<td>Karimata</td>
<td>43.0</td>
<td>30</td>
</tr>
<tr>
<td>Malacca</td>
<td>58.0</td>
<td>40</td>
</tr>
<tr>
<td>Malacca Rooms</td>
<td>163.0</td>
<td>120</td>
</tr>
<tr>
<td>Sunda</td>
<td>62.0</td>
<td>40</td>
</tr>
<tr>
<td>The Board Room</td>
<td>32.0</td>
<td>12(^{(2)})</td>
</tr>
<tr>
<td>The Bugis Vault</td>
<td>216.0</td>
<td>90</td>
</tr>
<tr>
<td>Vault I</td>
<td>46.0</td>
<td>25</td>
</tr>
<tr>
<td>Vault II</td>
<td>48.0</td>
<td>32</td>
</tr>
<tr>
<td>Vault III</td>
<td>72.0</td>
<td>50</td>
</tr>
</tbody>
</table>

Notes:

\(^{(1)}\) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

\(^{(2)}\) Based on a boardroom setting.
F&B Facilities

Olive Tree is an all-day dining restaurant located at the lobby level of the Hotel and features an extensive buffet selection serving daily lunch and dinner as well as an à la carte menu. It has a capacity of 144 persons.

Chikuyotei is a fine-dining Japanese restaurant and serves a variety of authentic Japanese cuisine for lunch and dinner. It has a capacity of 88 persons.

Man Fu Yuan is an award-winning Chinese restaurant which serves classic Cantonese cuisine in an elegant and contemporary setting. The restaurant serves lunch and dinner and features an extensive menu of signature dishes, dim sum and other specialities. It has a capacity of 172 persons.

In addition to the three restaurants, the Hotel has a Lobby Lounge which features a Peranakan setting and offers afternoon tea in the day. There are also live piano performances in the Lobby Lounge at night. There is also the Victoria Bar which is presented in an English pub-style setting and offers a wide selection of boutique beers and whiskies.

Recreational and Other Facilities

InterContinental Singapore offers a wide range of recreational and business facilities, including a rooftop garden, an outdoor swimming pool, a 24-hour health and fitness centre and a 24-hour business centre.

Summary of Selected Information

The table below sets out a summary of selected information on InterContinental Singapore.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Luxury</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure(1)</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>49,987</td>
</tr>
<tr>
<td>Number of Available Rooms</td>
<td>406</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>SGD263</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>SGD457.0 SGD465.0 (with payment top-up arrangement)</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>SGD490.0 SGD497.5 (with payment top-up arrangement)</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>BCH Hotel Investment Pte Ltd</td>
</tr>
</tbody>
</table>

Note:

(1) This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.
Operating Statistics

The following charts show certain information on the operations of InterContinental Singapore, including the occupancy rate, the RevPAR and the Average Daily Rate of the Hotel for FY2011, FY2012 and FY2013, and a breakdown of the guest profile of the Hotel by market segment and country of origin.

![Occupancy Rate of the Hotel](chart)

- **FY11**: 82.0%
- **FY12**: 86.0%
- **FY13**: 88.0%

![RevPAR and Average Daily Rate of the Hotel](chart)

- **FY11**: 293.0
- **FY12**: 304.0
- **FY13**: 293.0

<table>
<thead>
<tr>
<th>Guest Profile by Market Segment (Room Nights, FY2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale 6.8%</td>
</tr>
<tr>
<td>MICE 9.8%</td>
</tr>
<tr>
<td>Corporate and Government 33.6%</td>
</tr>
<tr>
<td>Retail / Leisure / Transient 43.7%</td>
</tr>
<tr>
<td>Other 6.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Guest Profile by Geography (Room Nights, FY2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oceania 15.4%</td>
</tr>
<tr>
<td>Europe 17.0%</td>
</tr>
<tr>
<td>North America 9.8%</td>
</tr>
<tr>
<td>Africa and Middle East 3.8%</td>
</tr>
<tr>
<td>South Asia 2.3%</td>
</tr>
<tr>
<td>North and North East Asia 16.7%</td>
</tr>
<tr>
<td>South East Asia 22.1%</td>
</tr>
<tr>
<td>Others 2.5%</td>
</tr>
</tbody>
</table>

NOVOTEL ROCKFORD DARLING HARBOUR

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

Description

Novotel Rockford Darling Harbour is a contemporary hotel with 230 guest rooms. It is located in the vibrant district of Sydney’s Darling Harbour and is adjacent to the Sydney Entertainment Centre and the Sydney Convention and Exhibition Centre. It is in close proximity to the shops, museums, restaurants and attractions of Darling Harbour and offers convenient access to the airport.

The eight-storey Hotel is sited within the fast-growing south-west region of Sydney’s CBD and opposite Chinatown and the Chinese Gardens. The Hotel renovated 64 guest rooms in 2007.
Novotel Rockford Darling Harbour offers room options ranging from standard twin rooms each measuring 24.6 sq m to deluxe king rooms each measuring 26.2 sq m. The guest rooms are equipped with amenities such as a mini-bar and tea/coffee-making facilities. The Deluxe King Rooms offer guests with views of the Chinese gardens and the skyline, as well as amenities such as free wireless internet.

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Size (sq m)</th>
<th>Room Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deluxe King</td>
<td>26.2</td>
<td>64</td>
</tr>
<tr>
<td>Superior King</td>
<td>26.2</td>
<td>55</td>
</tr>
<tr>
<td>Standard King</td>
<td>24.6</td>
<td>59</td>
</tr>
<tr>
<td>Standard Twin</td>
<td>24.6</td>
<td>49</td>
</tr>
<tr>
<td>Superior Disabled Double</td>
<td>26.2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26.2</strong></td>
<td><strong>230</strong></td>
</tr>
</tbody>
</table>

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Top Spot to Indulge Your Inner Foodie in Australia</td>
<td>Hotel Club Awards</td>
</tr>
</tbody>
</table>

Meeting and Conference Facilities

Novotel Rockford Darling Harbour has five meeting rooms with a total meeting space of 441.0 sq m. The following table sets out the size and capacity of the meeting and conference facilities in the Hotel.

<table>
<thead>
<tr>
<th>Venue</th>
<th>Size (sq m)</th>
<th>Capacity (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darling Harbour Room</td>
<td>168.0</td>
<td>110</td>
</tr>
<tr>
<td>Pyrmont Bay Room</td>
<td>46.0</td>
<td>36</td>
</tr>
<tr>
<td>Cockle Bay Room</td>
<td>33.0</td>
<td>30</td>
</tr>
<tr>
<td>Little Pier Room 1 &amp; 2</td>
<td>92.0</td>
<td>80</td>
</tr>
<tr>
<td>Little Pier Room 1</td>
<td>46.0</td>
<td>40</td>
</tr>
<tr>
<td>Little Pier Room 2</td>
<td>46.0</td>
<td>40</td>
</tr>
</tbody>
</table>

Note:
(1) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

F&B Facilities

The Pumphouse Bar & Restaurant is housed in a refurbished heritage-listed building and serves lunch and dinner, with a capacity of 417 persons. The Pumphouse Bar & Restaurant features an outdoor terrace, ottoman-style seating areas and an open kitchen with authentic wood-fired pizzas and modern Australian cuisine.

The Brew Café is located in the Hotel’s lobby and provides the setting for corporate lunches, small business meetings and private functions. Ceezens is a restaurant located next to the lobby lounge on the Hotel’s ground floor and is open for breakfast daily.
Recreational and Other Facilities

Novotel Rockford Darling Harbour offers a gymnasium, an indoor lap pool and a business centre.

Summary of Selected Information

The table below sets out a summary of selected information on Novotel Rockford Darling Harbour.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Mid-scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure(^{(1)})</td>
<td>Leasehold of 84 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>12,128</td>
</tr>
<tr>
<td>Number of Available Rooms</td>
<td>230</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>AUD147</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 March 2014) (million)</td>
<td>AUD68.0</td>
</tr>
<tr>
<td>Appraised Value by JLL (as at 31 March 2014) (million)</td>
<td>AUD66.0</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>Viewgrand Trust C</td>
</tr>
</tbody>
</table>

Note:

\(^{(1)}\) This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.

Operating Statistics

The following charts show certain information on the operations of Novotel Rockford Darling Harbour, including the occupancy rate, the RevPAR and the Average Daily Rate of the Hotel for FY2011, FY2012 and FY2013, and a breakdown of the guest profile of the Hotel by market segment and country of origin.
PARK INTERNATIONAL LONDON

117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom

Description

Park International London is an elegant hotel with 171 guest rooms. It is set in a Victorian-style building and is located in the heart of Kensington and Chelsea. It is within close proximity of London’s leading tourist attractions such as the Natural History Museum, the Royal Albert Hall, South Kensington, and Earls Court Exhibition Centre. The Gloucester Road Tube Station is also nearby. The Hotel's strategic location allows it to capture demand from both business and leisure travellers.

The Hotel underwent a GBP16.5 million extensive refurbishment from 2010 to 2012, connecting all the seven townhouses and was renamed Park International London upon completion of the refurbishment. All guest rooms and public areas were refurbished. New public areas created include a new reception area, breakfast area and the Checkmate Bar and Restaurant.

The Hotel comprises six storeys and features three separate designs. The fifth storey features a “cottage collection” design where all guest rooms have en suite showers and Laura-Ashley-designed curtains. The first storey features a “heritage collection” where the junior suites and deluxe rooms are individually-designed to a boutique standard, with nine suites each having separate bath and shower facilities. There are also fully-equipped guest rooms for the disabled. The Hotel has three lifts which leads to all storeys.

Park International London offers a variety of room options ranging from Single Rooms each measuring 10.4 sq m to the Heritage Junior Suites each measuring 36.0 sq m. The guest rooms are equipped with amenities such as wireless internet service, a safe, tea/coffee-making facility and individually-controlled air-conditioning and heating. Complimentary WI-FI service is available in the Hotel’s lobby.
<table>
<thead>
<tr>
<th>Room Type</th>
<th>Size (sq m)</th>
<th>Room Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>10.4</td>
<td>20</td>
</tr>
<tr>
<td>Double</td>
<td>15.7</td>
<td>49</td>
</tr>
<tr>
<td>Twin</td>
<td>15.7</td>
<td>25</td>
</tr>
<tr>
<td>Queen</td>
<td>15.7</td>
<td>17</td>
</tr>
<tr>
<td>King</td>
<td>17.4</td>
<td>26</td>
</tr>
<tr>
<td>Triple</td>
<td>19.1</td>
<td>13</td>
</tr>
<tr>
<td>QD</td>
<td>22.6</td>
<td>2</td>
</tr>
<tr>
<td>Heritage Deluxe Suite</td>
<td>17.6</td>
<td>9</td>
</tr>
<tr>
<td>Heritage Junior Suite</td>
<td>36.0</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>171</strong></td>
<td></td>
</tr>
</tbody>
</table>

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>

### Meeting and Conference Facilities

The following table sets out the size and capacity of the meeting and conference facilities in the Hotel.

<table>
<thead>
<tr>
<th>Venue</th>
<th>Size (sq m)</th>
<th>Capacity&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conference room</td>
<td>38.4</td>
<td>10</td>
</tr>
</tbody>
</table>

**Note:**

<sup>(1)</sup> Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

### F&B Facilities

Piano Bar & Restaurant is a New York-style restaurant which offers a variety of beers and spirits and serves traditional British pub fare. It has a capacity of 25 persons.

The Orchid Breakfast Room serves Continental and English breakfast buffet-style every morning and has a capacity of 115 persons.

The Checkmate Bar & Restaurant in the Hotel offers Thai and Western cuisine and serves afternoon tea daily.

### Recreational and Other Facilities

Park International London offers a wide range of recreational and business facilities, including a gymnasium and a business centre.
Summary of Selected Information

The table below sets out a summary of selected information on Park International London.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Mid-scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>6,825</td>
</tr>
<tr>
<td>Number of Available Rooms</td>
<td>171</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>GBP70</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>GBP39.3</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>GBP37.7</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>P I Hotel Management Limited</td>
</tr>
</tbody>
</table>

Note:

(1) This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.

Operating Statistics

The following charts show certain information on the operations of Park International London, including the occupancy rate, the RevPAR and the Average Daily Rate of the Hotel for FY2011, FY2012 and FY2013, and a breakdown of the guest profile of the Hotel by market segment and country of origin.

Note:

(1) The hotel underwent a major renovation in FY2011 and was subsequently rebranded as Park International London post-renovation.
BEST WESTERN CROMWELL LONDON

108, 110 and 112 Cromwell Road, London, SW7 4ES, United Kingdom

Description

Best Western Cromwell London is a hotel with 85 guest rooms. It is set in a Victorian-style building and is located on Cromwell Road in the borough of South Kensington, with the Gloucester Road Tube Station in close proximity. Nearby attractions include the Science Museum, the Natural History Museum, the Victoria & Albert Museum, as well as shopping destinations such as Harrods and Harvey Nichols.

The Hotel’s strategic location allows it to capture demand from both business and leisure travellers. It is situated north-west of the Gloucester Road Tube Station which is served by the Piccadilly, Circle and District lines.

The Hotel, which forms part of a terrace, comprises three adjoining and connected Victorian houses. The 85 guest rooms are spread over the lower ground, ground and five upper floors.

Best Western Cromwell London offers a variety of room options ranging from Single Rooms to Executive Rooms. The guest rooms are equipped with amenities such as individually-controlled air-conditioning, a LCD television set, tea/coffee-making facilities and free wireless or broadband internet access.

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Size (sq m)</th>
<th>Room Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Room</td>
<td>9.7 – 11.2</td>
<td>5</td>
</tr>
<tr>
<td>Double Room</td>
<td>14</td>
<td>56</td>
</tr>
<tr>
<td>Twin Room</td>
<td>14.0 – 17.0</td>
<td>11</td>
</tr>
<tr>
<td>Garden Room</td>
<td>22.9 – 25.0</td>
<td>8</td>
</tr>
<tr>
<td>Executive Room</td>
<td>13.7 – 20.5</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>85</td>
</tr>
</tbody>
</table>
The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>

Meeting and Conference Facilities

The following table sets out the size and capacity of the meeting and conference facilities in the Hotel.

<table>
<thead>
<tr>
<th>Venue</th>
<th>Size (sq m)</th>
<th>Capacity(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conference Room</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>

Note:
(1) This conference room can only be setup in a boardroom style.

F&B Facilities

The Hotel’s bar and lounge is open daily and its breakfast room serves Continental and English breakfast buffet-style.

Recreational and Other Facilities

The Hotel’s gymnasium is located on the lower ground floor and it is open to all registered hotel guests. The Hotel also offers free Wi-Fi and 24-hour room service.

Summary of Selected Information

The table below sets out a summary of selected information on Best Western Cromwell London.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Mid-scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure(1)</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>2,512</td>
</tr>
<tr>
<td>Number of Available Rooms</td>
<td>85</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>GBP69</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>GBP17.0</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>GBP15.7</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>P I Hotel Management Limited</td>
</tr>
</tbody>
</table>

Note:
(1) This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.
Operating Statistics

The following charts show certain information on the operations of Best Western Cromwell London, including the occupancy rate, the RevPAR and the Average Daily Rate of the Hotel for FY2011, FY2012 and FY2013, and a breakdown of the guest profile of the Hotel by market segment. Breakdown of the guest profile of the Hotel by country of origin is not available.

### Occupancy Rate of the Hotel

- FY11: 73.0%
- FY12: 78.0%
- FY13: 80.0%

### RevPAR and Average Daily Rate of the Hotel

<table>
<thead>
<tr>
<th></th>
<th>FY11 (GBP)</th>
<th>FY12 (GBP)</th>
<th>FY13 (GBP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADR</td>
<td>68.0</td>
<td>69.0</td>
<td>69.0</td>
</tr>
<tr>
<td>RevPAR</td>
<td>93.0</td>
<td>89.0</td>
<td>86.0</td>
</tr>
</tbody>
</table>

### Guest Profile by Market Segment

- Retail / Leisure / Transient: 82.9%
- Corporate and Government: 3.8%
- Other: 13.3%
ANA CROWNE PLAZA KOBE

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

Description

ANA Crowne Plaza Kobe is a hotel with 593 rooms and suites. It is directly connected to the Shin-Kobe Shinkansen Station from which Tokyo and Osaka can be accessed by a three-hour and a 15-minute bullet train ride respectively. It is also one subway stop to downtown Kobe and approximately 8.0 kilometres away from the Kobe Airport. The hiking trail, Kobe Nunobiki Herb Garden and Ropeway, ascends behind the Hotel and the Hotel is within close proximity to attractions such as Kitano Ijinkangai Historic Colonial Houses, Nankinmachi China Town and the Hyogo Art Gallery.

The Hotel’s strategic location allows it to cater to mainly leisure travellers. The Hotel underwent renovation and refurbishment works in the period from 2005 to 2007 to upgrade its lobby and common facilities, introduce new restaurants on Level 36 and a new Angsana spa, and convert approximately 70 guest rooms on the higher floors into an exclusive floor and lounge area.

The Hotel comprises 40 storeys, with 37 storeys above ground and three basement floors. The Hotel also features a large on-site shopping and entertainment centre, Shinkobe Oriental Avenue, which is located over six floors, from basement three to the third storey. There are 78 retail stores and dining outlets, one supermarket and a Performing Art Theatre with a seating capacity of 668 persons.

ANA Crowne Plaza Kobe offers a variety of room options ranging from single bed rooms each measuring 15.0 sq m to the club suites each measuring 125.0 sq m. The guest rooms are equipped with amenities such as complimentary high-speed Internet, cable/satellite television and a mini-bar. Guests staying at the Club Rooms at the Hotel enjoy exclusive elevator access to dedicated floors and for entry into the Club Lounge.

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Size (sq m)</th>
<th>Room Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Room</td>
<td>15.0</td>
<td>62</td>
</tr>
<tr>
<td>Twin Room</td>
<td>22.0 – 44.0</td>
<td>283</td>
</tr>
<tr>
<td>Double Room</td>
<td>18.0 – 31.0</td>
<td>170</td>
</tr>
<tr>
<td>Jap &amp; West Room</td>
<td>54.0</td>
<td>1</td>
</tr>
<tr>
<td>Residential Suite</td>
<td>119.0</td>
<td>1</td>
</tr>
<tr>
<td>Club Twin</td>
<td>22.0 – 30.0</td>
<td>22</td>
</tr>
<tr>
<td>Club Double</td>
<td>30.0 – 40.0</td>
<td>39</td>
</tr>
<tr>
<td>Club Suite</td>
<td>33.0 – 125.0</td>
<td>14</td>
</tr>
<tr>
<td>Club Family</td>
<td>76.0</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>593</td>
</tr>
</tbody>
</table>

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>

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Meeting and Conference Facilities

ANA Crowne Plaza Kobe has event spaces which cover 3,298.0 sq m and include exhibit areas and a ballroom. The following table sets out the size and capacity of the meeting and conference facilities in the Hotel. There is also a ballroom which can accommodate up to 2,000 persons. Benefitting from its extensive banquet facilities, the Hotel's banquet and wedding revenues form a large proportion of the total revenue as compared to room revenue. For the financial year ended September 2013, banquet and wedding revenues contributed about 37% of total hotel revenue.

<table>
<thead>
<tr>
<th>Venue</th>
<th>Size (sq m)</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sky Banquet Room (four)</td>
<td>445.0</td>
<td>470</td>
</tr>
<tr>
<td>Grand Banquet Room (four)</td>
<td>1,411</td>
<td>1,820</td>
</tr>
<tr>
<td>Small-to-mid-sized Banquet Room (seven)</td>
<td>1,210</td>
<td>1,470</td>
</tr>
<tr>
<td>Meeting Room (eight)</td>
<td>232.0</td>
<td>160</td>
</tr>
</tbody>
</table>

Note:
(1) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

F&B Facilities

ANA Crowne Plaza Kobe has 11 restaurants and bars with a total seating capacity of 968 persons offering a wide range of dining options, the details of some of which are as follows.

Level 36 is a fusion-style restaurant and bar which offers views of the Kobe skyline. It serves lunch and dinner and has a capacity of 180 persons.

Suzhou is a Chinese restaurant located on the 34th floor of the Hotel which serves lunch and dinner. It has a capacity of 112 persons and features four private rooms which can be reserved for meetings.

Kobe Nadaman is a Japanese restaurant located on the 34th floor of the Hotel which serves lunch and dinner. It has a capacity of 90 persons and features a private room which can be reserved for luncheon meetings or business dinners.

Kitano is a Japanese restaurant located on the fifth floor of the Hotel and it serves lunch and dinner. It has a capacity of 27 persons.

Tankuma Kitamise is a Japanese restaurant located on the fifth floor of the Hotel which is renowned for its Kyoto cuisine. It offers different types of seating and serves breakfast, lunch and dinner. It has a capacity of 80 persons.

Jin is a sushi restaurant located on the fifth floor of the Hotel and it serves lunch and dinner. It has a capacity of 33 persons.

The Terrace is a casual-dining restaurant located on the fourth floor of the Hotel which serves buffet for breakfast, lunch and dinner. It also offers a variety of a la carte food and beverage selections. It has a capacity of 200 persons.

In addition to these restaurants, the Hotel also has a lounge and a bar with private rooms.
Recreational and Other Facilities

ANA Crowne Plaza Kobe offers a wide range of recreational and business facilities, including a health and fitness centre and a business services centre. The health and fitness centre is equipped with a gymnasium and features an all-season indoor swimming pool and a sauna bath. The Hotel also offers a 70-seat chapel, spa facilities and has a beauty salon, a florist and a gift shop on its premises.

Summary of Selected Information

The table below sets out a summary of selected information on ANA Crowne Plaza Kobe.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Upper Upscale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure</td>
<td>Freehold¹</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>136,657 (Hotel: 66,256 and Retail: 70,401)</td>
</tr>
<tr>
<td>Number of Available Rooms</td>
<td>593</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>JPY8,865</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>JPY11,200.0</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>JPY10,900.0</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>Hotel component: K.K. Shinkobe Holding Retail component: Y.K. Toranomon Properties</td>
</tr>
</tbody>
</table>

Operating Statistics

The following charts show certain information on the operations of ANA Crowne Plaza Kobe, including the occupancy rate, the RevPAR and the Average Daily Rate of the Hotel for FY2011, FY2012 and FY2013, and a breakdown of the guest profile of the Hotel by market segment and country of origin.

¹ ANA Crowne Plaza Kobe is held through a TBI, in the form of a beneficiary interest in a Japanese trust that holds ownership title to ANA Crowne Plaza Kobe.
THE WESTIN KUALA LUMPUR

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

Description

The Westin Kuala Lumpur is a luxury hotel with 443 guest rooms. It is located in the midst of Kuala Lumpur’s Golden Triangle and business district, and offers convenient access to the city’s shopping malls and nightlife. It is also in close proximity to KLCC, where numerous multinational corporations and leading financial institutions are located. The Kuala Lumpur International Airport is a 45-minute ride away from the Hotel.

The Hotel's strategic location allows it to capture demand from both business and leisure travellers. The Hotel has contemporary function venues and a conference centre which includes the Westin Grand Ballroom with Martin Architectural Lighting for an extensive variety of lighting effects and customised projections. There is also a business centre and an Executive Club Lounge which was relocated from Level 33 to Level 3 after a complete refurbishment in 2012. The Hotel has a parking facility with 280 parking lots.

The Westin Kuala Lumpur offers a variety of room options ranging from Deluxe Rooms each measuring 42.0 sq m to the Executive Residences measuring 120.0 sq m. The guest rooms feature the plush, all-white signature Heavenly Bed® and are equipped with amenities such as a flat-screen television, 24-hour in-room dining, high-speed internet access and a marble bathroom with a bathtub and a separate glass shower.

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Size (sq m)</th>
<th>Room Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deluxe City King</td>
<td>42.0</td>
<td>86</td>
</tr>
<tr>
<td>Deluxe City Twin</td>
<td>42.0</td>
<td>42</td>
</tr>
<tr>
<td>Premium City View King</td>
<td>42.0</td>
<td>39</td>
</tr>
<tr>
<td>Premium City View Twin</td>
<td>42.0</td>
<td>21</td>
</tr>
<tr>
<td>Premium Deluxe Twin Tower King</td>
<td>42.0</td>
<td>65</td>
</tr>
<tr>
<td>Room Type</td>
<td>Size (sq m)</td>
<td>Room Count</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-------------</td>
<td>------------</td>
</tr>
<tr>
<td>Premium Deluxe Twin Tower Twin</td>
<td>42.0</td>
<td>24</td>
</tr>
<tr>
<td>Accessible King</td>
<td>42.0</td>
<td>4</td>
</tr>
<tr>
<td>Westin Workout</td>
<td>42.0</td>
<td>2</td>
</tr>
<tr>
<td>Executive Club King</td>
<td>42.0</td>
<td>38</td>
</tr>
<tr>
<td>Executive Twin Tower King</td>
<td>42.0</td>
<td>18</td>
</tr>
<tr>
<td>Executive Club Twin</td>
<td>42.0</td>
<td>18</td>
</tr>
<tr>
<td>Westin Suite</td>
<td>75.0</td>
<td>21</td>
</tr>
<tr>
<td>Presidential Suite</td>
<td>114.0</td>
<td>1</td>
</tr>
<tr>
<td>Chairman Suite</td>
<td>300.0</td>
<td>1</td>
</tr>
<tr>
<td>Executive Residence 1 Bedroom</td>
<td>72.0</td>
<td>52</td>
</tr>
<tr>
<td>Executive Residence 2 Bedroom</td>
<td>120.0</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>443</td>
</tr>
</tbody>
</table>

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Malaysia’s Leading Business Hotel</td>
<td>World Travel Awards</td>
</tr>
</tbody>
</table>

Meeting and Conference Facilities

The Westin Kuala Lumpur has 25 meeting rooms and conference facilities, all equipped with state-of-the-art audio-visual equipment and broadband facilities. The following table sets out the size and capacity of the meeting and conference facilities in the Hotel.

<table>
<thead>
<tr>
<th>Venue</th>
<th>Size (sq m)</th>
<th>Capacity&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaya Boardroom</td>
<td>15.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>Malaya</td>
<td>182.0</td>
<td>120</td>
</tr>
<tr>
<td>Malaya I</td>
<td>98.3</td>
<td>70</td>
</tr>
<tr>
<td>Malaya II</td>
<td>84.3</td>
<td>70</td>
</tr>
<tr>
<td>Malaya III</td>
<td>24.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>Malaya IV</td>
<td>43.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>The Malaya Foyer</td>
<td>254.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>Westin Grand Ballroom I</td>
<td>307.0</td>
<td>300</td>
</tr>
<tr>
<td>Westin Grand Ballroom II</td>
<td>307.0</td>
<td>300</td>
</tr>
<tr>
<td>Westin Grand Ballroom</td>
<td>615.0</td>
<td>880</td>
</tr>
<tr>
<td>Grand Ballroom Foyer</td>
<td>60.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>Straits Boardroom</td>
<td>85.0</td>
<td>70</td>
</tr>
<tr>
<td>The Straits</td>
<td>219.0</td>
<td>132</td>
</tr>
<tr>
<td>Straits I</td>
<td>40.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>Venue</td>
<td>Size (sq m)</td>
<td>Capacity(1)</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Straits II</td>
<td>68.0</td>
<td>48</td>
</tr>
<tr>
<td>Straits III</td>
<td>82.0</td>
<td>60</td>
</tr>
<tr>
<td>Straits IV</td>
<td>69.0</td>
<td>48</td>
</tr>
<tr>
<td>Straits V</td>
<td>44.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>Straits VI</td>
<td>23.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>The Straits Foyer</td>
<td>299.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>Level 2 Foyer</td>
<td>360.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>The Strategy</td>
<td>51.0</td>
<td>54</td>
</tr>
<tr>
<td>Strategy I</td>
<td>24.0</td>
<td>30</td>
</tr>
<tr>
<td>Strategy II</td>
<td>24.0</td>
<td>30</td>
</tr>
<tr>
<td>Synergy III</td>
<td>58.0</td>
<td>70</td>
</tr>
<tr>
<td>Strategy III</td>
<td>56.0</td>
<td>70</td>
</tr>
<tr>
<td>The Synergy</td>
<td>159.0</td>
<td>200</td>
</tr>
<tr>
<td>Synergy I</td>
<td>75.0</td>
<td>90</td>
</tr>
<tr>
<td>Synergy II</td>
<td>83.0</td>
<td>100</td>
</tr>
<tr>
<td>Conference Centre Foyer</td>
<td>349.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>Westin Reflect</td>
<td>58.0</td>
<td>40</td>
</tr>
<tr>
<td>The Round</td>
<td>15.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>The Rectangle</td>
<td>30.4</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

**Note:**

(1) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.

**F&B Facilities**

The Westin Kuala Lumpur has six restaurants which offer a wide range of dining options, the details of which are as follows.

Five Sen5es is a Chinese restaurant which serves Cantonese cuisine. It offers a view of the Pavilion Shopping Centre and has five private dining rooms. It has a capacity of 137 persons.

Prego is a two-level Italian restaurant which overlooks the area of Jalan Bukit Bintang. It features an open kitchen and has a capacity of 158 persons.

QBA Latin Grill & Bar is a two-level restaurant serves Latin American cuisine. It features an open courtyard and has a capacity of 350 to 400 persons.

Splash is a casual poolside restaurant which serves lunch and dinner daily. It has a capacity of 52 persons.

The Living Room is an open dining area which is located on the Hotel's upper ground floor. It serves breakfast, lunch and dinner a la carte or buffet-style, and has a capacity of 259 persons.

DELI TREAT is located within The Living Room with snacks, pastries and sandwiches for take away.
Recreational and Other Facilities

The Westin Kuala Lumpur offers a wide range of recreational and business facilities, which includes an outdoor swimming pool, a gymnasium and a business centre. In addition to secretarial services and communication equipment at the business centre, the business centre offers three boardrooms that can accommodate groups from six to 15 persons. Guests staying at Westin Executive Club Rooms and suites enjoy access to the Westin Executive Club Lounge with full business and social amenities, as well a skyline view. The Hotel also offers complimentary wireless high-speed internet access in public areas, babysitting service and limousine service.

Summary of Selected Information

The table below sets out a summary of selected information on The Westin Kuala Lumpur.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Upper Upscale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure</td>
<td>Freehold</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>79,593</td>
</tr>
<tr>
<td>Number of Available Rooms</td>
<td>443</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>MYR374</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>MYR455.0</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>MYR445.0</td>
</tr>
</tbody>
</table>

Operating Statistics

The following charts show certain information on the operations of The Westin Kuala Lumpur, including the occupancy rate, the RevPAR and the Average Daily Rate of the Hotel for FY2011, FY2012 and FY2013, and a breakdown of the guest profile of the Hotel by market segment and country of origin.
FRASER SUITES SINGAPORE

491A River Valley Road, Singapore 248372

Description

Fraser Suites Singapore is a 255-unit serviced residence located in the prime River Valley residential district. Strategically located in Singapore’s District 10, the 20-storey Serviced Residence offers convenient access to Orchard Road and the CBD. It is in close proximity to the American, British, Brunei and Indonesian embassies and the vibrant riverside corridor of Clarke Quay and Boat Quay. The Dempsey entertainment area, which offers a diverse mix of restaurants, cafes, art galleries and bespoke boutiques housed in renovated army barracks and set amidst lush greenery is also located close by.

The sizes of the newly refurbished serviced residence units in Fraser Suites Singapore range from 50.0 sq m for a One Bedroom unit to 350.0 sq m for a Penthouse unit. Each unit is fully furnished with separate living, dining, kitchen and bedroom areas, including state-of-the art home entertainment system, bathroom amenities and wireless internet access.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Size (sq m)</th>
<th>Unit Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>50.0 – 62.0</td>
<td>102</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>86.0 – 93.0</td>
<td>113</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>107.0</td>
<td>34</td>
</tr>
<tr>
<td>Penthouse</td>
<td>189.0 – 350.0</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>255</strong></td>
</tr>
</tbody>
</table>

The following table sets out some of the notable awards and accolades which the Serviced Residence has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
<tr>
<td>2012-2013</td>
<td>Excellence Service Award</td>
<td>SPRING Singapore</td>
</tr>
</tbody>
</table>

F&B Facilities

The Dining Room is an all-day café with _al fresco_ seating. The Serviced Residence also features barbecue facilities and provides daily breakfast services.
Recreational and Other Facilities

Fraser Suites Singapore offers a wide range of recreational and business facilities, such as the branded Retreat, an extensive indoor and outdoor playzone, a 24-hour fully-equipped gymnasium, a jet pool, a swimming pool, steam and sauna facilities and a lobby lounge with complimentary internet access.

Summary of Selected Information

The table below sets out a summary of selected information on Fraser Suites Singapore.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Upper Upscale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure(^{(1)})</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>27,018</td>
</tr>
<tr>
<td>Number of Serviced Residence Units</td>
<td>255</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>SGD267</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>SGD325.0 SGD327.0 (with payment top-up arrangement)</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>SGD305.0 SGD306.5 (with payment top-up arrangement)</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>River Valley Apartments Pte Ltd</td>
</tr>
</tbody>
</table>

Note:

(1) This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.

Operating Statistics

The following charts show certain information on the operations of Fraser Suites Singapore, including the occupancy rate, the RevPAR and the Average Daily Rate of the Serviced Residence for FY2011, FY2012 and FY2013, breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence’s rental income for FY2013.

Occupancy Rate of the Serviced Residence

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12(^{*})</th>
<th>FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>84.0%</td>
<td>55.0%</td>
<td>82.0%</td>
</tr>
</tbody>
</table>

RevPAR and Average Daily Rate of the Serviced Residence

Note:

\(^{*}\) Serviced Residence was partially closed in FY2012 for renovation
FRASER SUITES SYDNEY

488 Kent Street, Sydney, NSW 2000, Australia

Description

Fraser Suites Sydney is a 201-unit luxury serviced residence located in the Sydney CBD, with convenient access to Sydney's vibrant entertainment and shopping precinct, and local attractions including Darling Harbour, Cockle Bay, Chinatown and Hyde Park. It is located adjacent to the Darling Harbour precinct and within the heart of vibrant shopping and the entertainment quarter. Fraser Suites Sydney is also within immediate reach of major corporate headquarters. Being close to Town Hall Station provides easy access to local modes of transportation like trains, buses and the light rail line.

The Serviced Residence is designed by the internationally renowned architects Foster and Partners. It comprises 41 storeys which are accessible by three passenger lifts. Guests staying at the Serviced Residence enjoy direct access to Regent Place, at three-storey retail plaza which offers a myriad of food and beverage outlets.
The sizes of the serviced residence units in Fraser Suites Sydney range from 26.0 sq m for a Studio Apartment unit to 191.0 sq m for a Penthouse unit. Each unit is fully furnished with spacious living areas and enjoys panoramic views of the city’s skyline.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Size (sq m)</th>
<th>Unit Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>26.0</td>
<td>55</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>46.0 – 64.0</td>
<td>144</td>
</tr>
<tr>
<td>Penthouse</td>
<td>137.0 – 191.0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>201</strong></td>
</tr>
</tbody>
</table>

The following table sets out some of the notable awards and accolades which the Serviced Residence has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
<tr>
<td>2009-2013</td>
<td>Hotel &amp; Accommodation Excellence</td>
<td>HM Magazine</td>
</tr>
</tbody>
</table>

**F&B Facilities**

The Mezzanine Lounge serves daily breakfast.

**Recreational and Other Facilities**

Fraser Suites Sydney offers a wide range of recreational and business facilities comprising a leisure centre and conference rooms. The leisure centre features a gymnasium, a heated lap pool and spa and sauna facilities. Conference facilities include internet access and secretarial services, and offers conference spaces. The Serviced Residence also has a secured undercover car park complex which provides privacy for its guests.

The following table sets out the size and capacity of the meeting and conference facilities in the Serviced Residence.

<table>
<thead>
<tr>
<th>Venue</th>
<th>Size (sq m)</th>
<th>Capacity(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool 1</td>
<td>29.0</td>
<td>16</td>
</tr>
<tr>
<td>Liverpool 2</td>
<td>26.0</td>
<td>14</td>
</tr>
<tr>
<td>Bathurst</td>
<td>20.0</td>
<td>12</td>
</tr>
<tr>
<td>Boardroom</td>
<td>33.0</td>
<td>18</td>
</tr>
<tr>
<td>Kent 1</td>
<td>58.0</td>
<td>40</td>
</tr>
<tr>
<td>Kent 2</td>
<td>58.0</td>
<td>32</td>
</tr>
</tbody>
</table>

**Note:**

\(^{(1)}\) Based on a theatre setting. Capacity will differ based on the type of setting used and is not limited to the commonly used setting that this table is based on.
Summary of Selected Information

The table below sets out a summary of selected information on Fraser Suites Sydney.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Upper Upscale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure(1)</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>12,137</td>
</tr>
<tr>
<td>Number of Serviced Residence Units</td>
<td>201</td>
</tr>
<tr>
<td>RevPAR (FY2013) (S$)</td>
<td>AUD201</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 March 2014) (million)</td>
<td>AUD103.5</td>
</tr>
<tr>
<td>Appraised Value by JLL (as at 31 March 2014) (million)</td>
<td>AUD99.8</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>Frasers Townhall Residences Operations Pty Ltd</td>
</tr>
</tbody>
</table>

Note:
(1) This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.

Operating Statistics

The following charts show certain information on the operations of Fraser Suites Sydney, including the occupancy rate, the RevPAR and the Average Daily Rate of the Serviced Residence for FY2011, FY2012 and FY2013, breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence’s rental income for FY2013.
The following chart shows the breakdown of the average lease period for FY2013 for Fraser Suites Sydney.

FRASER PLACE CANARY WHARF
80 Boardwalk Place, London E14 5SF, United Kingdom

Description

Fraser Place Canary Wharf is located by the River Thames, right next to the heart of London’s new financial district, and a stone-throw away from the O2. It is also within walking distance to the Canary Wharf shopping and entertainment complex, which is linked to the Docklands Light Railway and the Canary Wharf underground station, providing direct access to the West End, the London City Airport and the ExCel London Exhibition Centre.

The Serviced Residence is recently refurbished and comprises 14 storeys, with each floor having only four to eight units. There are three passenger lifts which facilitate access to the upper storeys of the Serviced Residence.
The sizes of the serviced residence units in Fraser Place Canary Wharf range from 21.0 sq m for a Studio Apartment unit to 200.4 sq m for the Penthouse unit. Each unit is fully furnished with spacious living areas, and include amenities such as wireless internet access and a flat-screen satellite television. All units feature Eames dining chairs, Kartell and Flos lighting and enjoy views of Canary Wharf, the River Thames and The O2 in Greenwich.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Size (sq m)</th>
<th>Unit Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>21.0 – 34.0</td>
<td>45</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>40.0 – 50.0</td>
<td>48</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>74.0</td>
<td>14</td>
</tr>
<tr>
<td>Penthouse</td>
<td>200.4</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>108</strong>(1)</td>
</tr>
</tbody>
</table>

Note:

(1) Fraser Place Canary Wharf has expanded its room count from 96 units as at 31 December 2013 to 108 units upon completion of Phase 2 refurbishment in end-May 2014.

The following table sets out some of the notable awards and accolades which the Serviced Residence has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>

**F&B Facilities**

The Marina Café on the ground floor serves continental and express breakfasts, snacks and drinks and has a capacity for 30 people. The Serviced Residence also provides an order-in restaurant facility.

**Recreational and Other Facilities**

Fraser Place Canary Wharf offers a wide range of recreational and business facilities, such as a 24-hour gymnasium and a full-service business centre.

**Summary of Selected Information**

The table below sets out a summary of selected information on Fraser Place Canary Wharf.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Upper Upscale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure(1)</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>5,659</td>
</tr>
<tr>
<td>Number of Serviced Residence Units</td>
<td>108(2)</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>GBP118</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>GBP30.5</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>GBP31.5</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>Fairdace Limited</td>
</tr>
</tbody>
</table>
Note:
(1) This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.
(2) Fraser Place Canary Wharf has expanded its room count from 96 units as at 31 December 2013 to 108 units upon completion of Phase 2 refurbishment in end-May 2014.

Operating Statistics

The following charts show certain information on the operations of Fraser Place Canary Wharf, including the occupancy rate, the RevPAR and the Average Daily Rate of the Serviced Residence for FY2011, FY2012 and FY2013, breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence’s rental income for FY2013.

Occupancy Rate of the Serviced Residence

<table>
<thead>
<tr>
<th>Year</th>
<th>Occupancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>89.0%</td>
</tr>
<tr>
<td>FY12</td>
<td>80.0%</td>
</tr>
<tr>
<td>FY13</td>
<td>80.0%</td>
</tr>
</tbody>
</table>

RevPAR and Average Daily Rate of the Serviced Residence

<table>
<thead>
<tr>
<th>Year</th>
<th>RevPAR</th>
<th>ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>151.0</td>
<td>134.0</td>
</tr>
<tr>
<td>FY12</td>
<td>156.0</td>
<td>125.0</td>
</tr>
<tr>
<td>FY13</td>
<td>147.0</td>
<td>118.0</td>
</tr>
</tbody>
</table>

Geographical Breakdown by Room Revenue

- Europe: 70.1%
- North America: 8.7%
- North Asia: 4.7%
- South Asia: 4.5%
- South East Asia: 4.2%
- Oceania: 2.2%
- Others: 5.6%

The following chart shows the breakdown of the average lease period for FY2013 for Fraser Place Canary Wharf.
FRASER SUITES QUEENS GATE

39B Queens Gate Gardens, London SW7 5RR, United Kingdom

Description

Fraser Suites Queens Gate is a 105-unit serviced residence located in the Kensington district of central London. It offers convenient access to Knightsbridge, Chelsea, Hyde Park, the Royal Albert Hall and Harrods. It is also within close proximity to the Gloucester Road underground station (where the Piccadilly, Circle and District lines provide access to the business centres in the City of London).

The Serviced Residence is housed in a 19th century-style preserved historical building and comprises seven storeys, with two passenger lifts serving all floors. It recently underwent an extensive renovation and features elegant interiors and a dining conservatory.

The sizes of the serviced residence units in Fraser Suites Queens Gate range from 23.0 sq m for a Studio Deluxe unit to 80.0 sq m for a Two Bedroom Deluxe unit. Each unit is fully furnished with classic and spacious living areas, en-suite bathrooms, wireless internet access and top quality furniture, linen and electronic appliances.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Size (sq m)</th>
<th>Unit Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>23.0 – 40.0</td>
<td>60</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>38.0 – 48.0</td>
<td>39</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>52.0 – 80.0</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>105</strong></td>
</tr>
</tbody>
</table>

F&B Facilities

The Serviced Residence has a café with a capacity for 32 people. It also has an external courtyard with a guest seating area. The Serviced Residence provides an order-in restaurant facility. It also features a bar which is located on the ground level and has a capacity for 14 people.

Recreational and Other Facilities

Fraser Suites Queens Gate offers a range of recreational and business facilities, such as a gymnasium and a meeting room which can accommodate up to 30 people. There is also a guest laundry at the lower ground floor and a business zone with internet workstations.
Summary of Selected Information

The table below sets out a summary of selected information on Fraser Suites Queens Gate.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Upper Upscale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>6,416</td>
</tr>
<tr>
<td>Number of Serviced Residence Units</td>
<td>105</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>GBP17(2)</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>GBP45.0</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>GBP46.3</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>39QGG Management Limited</td>
</tr>
</tbody>
</table>

Notes:

1. This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.

2. Fraser Suites Queens Gate was closed in FY2013 for renovation.

Operating Statistics

Fraser Suites Queens Gate was acquired in December 2011 and accordingly, there are no comparative results of its operations for FY2011.

The following charts show certain information on the operations of Fraser Suites Queens Gate, including the occupancy rate the RevPAR and the Average Daily Rate of the Serviced Residence for FY2012 and FY2013, breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence’s rental income for FY2013.

*Serviced Residence was closed from October 2012 to August 2013 for renovation*
FRASER SUITES GLASGOW

No 1-19 Albion Street, Glasgow G1 1LH, Scotland, United Kingdom

Description

Fraser Suites Glasgow is a 98-unit serviced residence located in Merchant City, the heart of Glasgow’s historic centre, with the Scottish Exhibition and Conference Centre in close proximity. It offers convenient access to the restaurants, boutiques, theatres and pavement cafes in Merchant City. It is also within close proximity to George Square, the Gallery of Modern Art, Glasgow Cathedral and the shopping destinations of Buchanan Street and St Enoch Centre.

The Serviced Residence is newly renovated and is housed in a restored 1850s building (which was once the city bank) with a classic Victorian Scots façade and it comprises five storeys with two passenger lifts which serve all floors.
The sizes of the serviced residence units in Fraser Suites Glasgow range from 41.0 sq m for a Studio Apartment unit to 59.0 sq m for a Two Bedroom unit. Each unit is fully furnished with a kitchenette, high-speed broadband internet and electronic appliances.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Size (sq m)</th>
<th>Unit Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>41.0</td>
<td>31</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>49.0</td>
<td>59</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>59.0</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59.0</strong></td>
<td><strong>98</strong></td>
</tr>
</tbody>
</table>

The following table sets out some of the notable awards and accolades which the Hotel has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awarer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Certificate of Excellence</td>
<td>TripAdvisor</td>
</tr>
</tbody>
</table>

**F&B Facilities**

The Serviced Residence has a contemporary breakfast room and provides an order-in restaurant facility.

**Recreational and Other Facilities**

The Serviced Residence has a 24-hour gymnasium and meeting facilities.

**Summary of Selected Information**

The table below sets out a summary of selected information on Fraser Suites Glasgow.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Upper Upscale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure(1)</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>7,386</td>
</tr>
<tr>
<td>Number of Serviced Residence Units</td>
<td>98</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>GBP52</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>GBP7.5</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>GBP6.9</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>Fairdace Limited</td>
</tr>
</tbody>
</table>

Note:

(1) This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.
Operating Statistics

The following charts show certain information on the operations of Fraser Suites Glasgow, including the occupancy rate, the RevPAR and the Average Daily Rate of the Serviced Residence for FY2011, FY2012 and FY2013, breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence’s rental income for FY2013.

**Occupancy Rate of the Serviced Residence**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>70.0%</td>
<td>73.0%</td>
<td>78.0%</td>
</tr>
</tbody>
</table>

**RevPAR and Average Daily Rate of the Serviced Residence**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>RevPAR (GBP)</td>
<td>69.0</td>
<td>62.0</td>
<td>67.0</td>
</tr>
<tr>
<td>ADR</td>
<td>48.0</td>
<td>45.0</td>
<td>52.0</td>
</tr>
</tbody>
</table>

**Guest Profile of the Serviced Residence**

- Banking & Finance: 8.4%
- Consultancy Services: 5.1%
- Education: 0.5%
- Electronic & Manufacturing: 8.6%
- Fast Moving Consumer Goods: 1.6%
- Government and NGOs: 6.3%
- Healthcare & Life Sciences: 2.3%
- Media and Telecommunication: 7.2%
- Oil & Gas: 9.4%
- Others: 50.6%

**Geographical Breakdown by Room Revenue**

- Europe: 70.7%
- North America: 12.1%
- North Asia: 1.6%
- South Asia: 4.9%
- Oceania: 3.7%
- Others: 7.0%

The following chart shows the breakdown of the average lease period for FY2013 for Fraser Suites Glasgow.
FRASER SUITES EDINBURGH

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

Description

Fraser Suites Edinburgh is a 75-unit serviced residence located in the Edinburgh city centre. It offers convenient access to the Royal Mile, Princes Street and Edinburgh Castle, and is surrounded by restaurants, bars, cafes and shops in the historic quarter. It is also within close proximity to attractions such as the Holyrood Palace, the National Gallery of Art, the National Museum of Scotland and Arthur’s Seat.

The Serviced Residence is set in a 1750s sandstone building on the historic St Giles Street off the Royal Mile. It comprises eight storeys with one passenger lift.

The sizes of the serviced residence units in Fraser Suites Edinburgh range from 24 sq m for a Studio Apartment unit to 47.0 sq m for an Executive Suite. Each unit is fully furnished with designer furniture, complimentary high-speed internet access, designer bathroom and amenities.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Size (sq m)</th>
<th>Unit Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>24</td>
<td>63</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>36</td>
<td>9</td>
</tr>
<tr>
<td>Executive suites</td>
<td>47</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75</strong></td>
<td></td>
</tr>
</tbody>
</table>

The following table sets out some of the notable awards and accolades which the Serviced Residence has received.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Award</th>
<th>Awardeer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>The Green Tourism Business Scheme – Silver</td>
<td>Green Tourism</td>
</tr>
</tbody>
</table>
**F&B Facilities**

The Broadsheet Bistro serves breakfast and other meals.

**Recreational and Other Facilities**

The Serviced Residence has a fitness suite and a meeting room overlooking the city centre.

**Summary of Selected Information**

The table below sets out a summary of selected information on Fraser Suites Edinburgh.

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Upper Upscale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Tenure&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>Leasehold of 75 years commencing from Listing Date</td>
</tr>
<tr>
<td>Approximate GFA (sq m)</td>
<td>3,952</td>
</tr>
<tr>
<td>Number of Serviced Residence Units</td>
<td>75</td>
</tr>
<tr>
<td>RevPAR (FY2013)</td>
<td>GBP87</td>
</tr>
<tr>
<td>Appraised Value by Colliers (as at 31 December 2013) (million)</td>
<td>GBP8.0</td>
</tr>
<tr>
<td>Appraised Value by CBRE (as at 31 December 2013) (million)</td>
<td>GBP11.5</td>
</tr>
<tr>
<td>Master Lessee</td>
<td>Frasers (St Giles Street) Management Limited</td>
</tr>
</tbody>
</table>

**Note:**

<sup>(1)</sup> This refers to the length of leasehold title acquired by FH-REIT (directly or indirectly) under the relevant Sale and Purchase Agreement.

**Operating Statistics**

The following charts show certain information on the operations of Fraser Suites Edinburgh, including the occupancy rate, the RevPAR and the Average Daily Rate of the Serviced Residence for FY2011, FY2012 and FY2013, breakdowns of the guest profile of the Serviced Residence by industry and country of origin of the Serviced Residence’s rental income for FY2013.
The following chart shows the breakdown of the average lease period for FY2013 for Fraser Suites Edinburgh.

**Average Lease Period for FY2013 for the Serviced Residence**

- Less than 2 weeks: 97.6%
- 2 weeks and more: 1.0%
- 1 to 6 months: 1.4%

**OTHER GENERAL INFORMATION ABOUT THE INITIAL PORTFOLIO**

**Capital Expenditure**

The cost of FF&E at the Properties will be borne by the Master Lessees or Tenant under the respective Master Lease and Tenancy Agreement. Other capital expenditures in respect of the Properties will be borne by FHT.

**Fraser Place Canary Wharf**

With the recent completion of Phase 2 refurbishment, which was undertaken by the Sponsor, Fraser Place Canary Wharf expanded its room count from 96 to 108 units.

Moving forward, the Master Lessee will set aside periodic FF&E Reserves at 2.5% of the Gross Revenue per annum, which will be used for the repairs and maintenance of the Property.
Newly refurbished Serviced Residences

Fraser Suites Singapore, Fraser Suites Queens Gate and Fraser Suites Glasgow have completed refurbishments in 2012 and 2013. As such, these properties are relatively new in the market. For each of these properties, the Master Lessee will set aside periodic FF&E Reserves at 2.5% of the Gross Revenue per annum which will be used for repairs and maintenance of the Property.

Serviced Residences with no planned refurbishment

For Fraser Suites Sydney and Fraser Suites Edinburgh which have been relatively well-maintained, the Managers have not planned any major capital expenditure other than the FF&E Reserves amounting to 2.5% of the Gross Revenue per annum. This will be used in general for the repairs and maintenance of the Property.

Hotels with planned refurbishment

In addition, the Managers are planning to spend approximately S$6 million in Forecast Period 2014 and another S$20 million in Projection Year 2015 in refurbishing the guest rooms, the food & beverage areas, the public areas and the gymnasium of InterContinental Singapore. S$20 million will be funded out of working capital or borrowings, with the balance funded from the FF&E Reserve carried forward from prior years.

Moving forward, the Master Lessee will set aside 4% of the Gross Revenue per annum which will be used for repairs and maintenance of the Property.

For Novotel Rockford Darling Harbour and ANA Crowne Plaza Kobe, the Managers anticipate that there will be minor works to refurbish the public areas, replacement of certain operating equipment and upgrade of certain mechanical and electrical equipment funded from the FF&E Reserve carried forward from prior years.

For each of these hotels, the Master Lessee will set aside 3% of the Gross Revenue per annum which will be used for repairs and maintenance of the Property.

Newly refurbished Hotels

Park International and Best Western Cromwell had completed their refurbishments in 2012 and 2013.

For The Westin Kuala Lumpur, the club lounge has been completely refurbished in 2013. In addition, the Managers anticipate minor refurbishment works for the hotel to be funded from the FF&E Reserve carried forward from prior years.

For Park International and Best Western Cromwell, the Master Lessees will set aside periodic FF&E Reserves at 3% of the Gross Revenue per annum which will be used for repairs and maintenance of the Property, while for The Westin Kuala Lumpur, the Tenant will set aside periodic FF&E Reserves at 4% of the Gross Revenue per annum which will be used for repairs and maintenance of the Property.

(See “Capitalisation and Indebtedness” for further details on financing the above planned works and “Profit Forecast and Profit Projection” for further details on capital expenditure.)
Insurance

The Properties are insured in a manner consistent with industry practice and all relevant laws and regulations in the respective countries where they are located. This includes property damage and business interruption insurance and public liability insurance policies. There are, however, certain types of risks that are not covered by such insurance policies. (See Risk Factors – “FH REIT may suffer material losses in excess of insurance proceeds or in respect of losses which are uninsured”.)

The industry practice in Japan is to procure earthquake insurance for hotel properties only where the PML for a property is in excess of 15%. ANA Crown Plaza Kobe does not have a PML in excess of 10%. Nevertheless, FH-REIT has procured earthquake insurance for ANA Crown Plaza Kobe.

Legal Proceedings

None of FHT, FH-REIT, FH-BT, the REIT Manager or the Trustee-Manager is currently involved in any material litigation nor, to the best of the knowledge of the Managers, is any material litigation currently contemplated or threatened against FHT, FH-REIT, FH-BT, the REIT Manager or the Trustee-Manager.

Encumbrances

InterContinental Singapore

There is a mortgage created over InterContinental Singapore in favour of Bank of China Limited, which will be discharged on the Listing Date upon the completion of the acquisition of InterContinental Singapore by FH-REIT.

The Westin Kuala Lumpur

There is a charge created over The Westin Kuala Lumpur in favour of Public Bank (L) Limited, which will be discharged on the Listing Date upon the completion of the acquisition of The Westin Kuala Lumpur. On Listing Date, a charge will be created over The Westin Kuala Lumpur in favour of the ABS Security Trustee pursuant to the terms of the MTN Programme.

Fraser Suites Sydney

There is a mortgage created over Fraser Suites Sydney in favour of Australia and New Zealand Banking Group Limited, which will be discharged prior to the Listing Date.
## Competition

The following table sets out some of the competition faced by the Serviced Residences and Hotels:

<table>
<thead>
<tr>
<th>Property</th>
<th>Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Singapore</strong></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>Ascott Raffles Place Singapore, Great World Serviced Apartments, Pan Pacific Serviced Suites Orchard Singapore, Orchard Parksuites, Regency House, Treetops Executive Residences</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>Fairmont Singapore, Mandarin Oriental Singapore, Conrad Centennial Singapore, Pan Pacific Singapore, Swissotel the Stamford</td>
</tr>
<tr>
<td><strong>Malaysia</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td></td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>Portopia Hotel, Okura Kobe, Oriental Hotel, Kobe Meriken Park Oriental Hotel, Hotel Crown Palais Kobe, Kobe Bay Sheraton Hotel &amp; Towers, La Suite Kobe Harborland</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>Radisson Hotel &amp; Suites, Parkroyal Darling Harbour, Swissotel Sydney, Hilton Hotel, Rydges World Square</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>Four Points Sheraton Sydney Darling Harbour, Holiday Inn Darling Harbour, Parkroyal Darling Harbour Sydney, Rydges World Square Sydney</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td></td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>Marriott London West India Quay, Marriot Executive Apartments London West India Quay, Hilton Canary Wharf, Radisson Edwardian Blu New Providence Wharf</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>Citadines South Kensington, Think Apartments Earls Court, Radisson Blu Edwardian Vanderbilt, Millennium Baileys Hotel</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>Marriott Glasgow, Millennium Glasgow, Radisson Blu Hotel, Menzies Hotel</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>Radisson Blu Hotel, The Howard Hotel, Channing's Hotel, Malmaison Edinburgh Scotsman Hotel, The Bonham Hotel, The Glasshouse Autograph Collection, Apex City, Hotel Du Vin Edinburgh</td>
</tr>
</tbody>
</table>
The global hospitality industry is highly competitive. Each of the Hotels and Serviced Residences experience competition primarily from other similar properties in their immediate vicinity, and also with other properties in their geographical market.

The level of competition in the hospitality industry is affected by various factors, including changes in economic conditions, both locally, regionally and globally, changes in local, regional and global populations, the supply and demand for hotel rooms and changes in travel patterns and preferences. Competing properties may offer more facilities at their premises at similar or more competitive prices compared to the facilities offered at the Hotels or Serviced Residences. Competing hotels may also significantly lower their rates or offer greater convenience, services or amenities, to attract more guests. If these efforts are successful, the results of operations at the Hotels or Serviced Residences may be adversely affected. There can also be no assurance that demographic, geographic or other changes will not adversely affect the convenience or demand for the Hotels or Serviced Residences.

**Future Competing Developments**

Supported by favourable demand drivers that will boost the respective local hospitality sectors, the future supply of serviced residences and hotels in the Initial Portfolio Properties’ geographic areas of operations are expected to grow. Future developments which may compete with the Serviced Residences and Hotels in their respective geographic areas of operations include the following:

**Singapore**

Approximately 8,500 rooms are anticipated to enter Singapore’s hotel market between January 2013 and December 2016, excluding any proposed Government Land Sales sites for hotels. Assuming all the proposed projects materialise from 2013 to 2016, Singapore’s hotel room inventory will grow by approximately 16.5% from 51,622 rooms in January 2013 to 60,164 rooms by December 2016.

**Malaysia**

Approximately 3,000 rooms are expected to enter Kuala Lumpur’s hotel supply from September 2013 to 2018. The new rooms slated to enter the market over the next few years represents a CAGR of 1.5% from 2013 to 2018.

**Japan**

Limited openings in Kobe are expected in the next few years, with only 5 hotels known to be under development.
Australia

In Sydney, four proposed projects thought likely to commence in the short term include the conversion of an office building into a 3-star hotel (282 rooms), a 5-star 9-room hotel and a 60 room 4-star boutique hotel located in the Frasers Central Park development which are all proposed to be completed by 3Q 2015.

United Kingdom

Hotel development in London is set to remain buoyant for the remainder of 2013. If all planned hotel developments are realised, hotel supply in London will increase by 4.0% and 3.0% in 2013 and 2014 respectively with a total of 7,152 rooms. There are currently eight confirmed serviced apartment projects with a total of 832 units in the development pipeline. If all projects are realised by the end of 2015, serviced accommodation supply is expected to increase by 10.3%.

At present there is only one proposed serviced apartment in Glasgow. In Edinburgh, there are currently eight confirmed serviced apartment projects with a total of 469 units in the development pipeline. If all projects are realised by the end of 2015, serviced accommodation supply in Edinburgh is expected to increase by 58%.

Employees

FH-REIT, its subsidiaries, and FH-BT do not have employees.

Seasonality

All information provided in this section is extracted from Appendix E, “Independent Hospitality Industry Report”. See Appendix E for further details.

The hospitality sector is affected by seasonality due to the influence of weather and local events on travel demand. Seasonality will cause FHT’s performance to fluctuate over the period of each financial year.

Singapore

As Singapore is both a corporate and leisure destination with consistent weather patterns throughout the year, there are no major fluctuations in visitor arrivals. From May to August, higher visitation numbers are recorded, coinciding with the annual Great Singapore Sale, the winter season in Australia and the summer holidays in Europe and the USA. October and November are typically stronger corporate months. Late November to December coincides with the regional year-end school holidays and Christmas/New Year festive holidays which usually draw many visitors to the city. The lull period is generally around the Chinese New Year period in January/February.

Australia

In Sydney, occupancy levels typically peak in February and March and again in October and November. These months tend to be the strong periods for leisure travel, as well as conferences and exhibitions.
UK

Occupancy rates in London are generally quite seasonal, with regular spikes in performance during the peak autumn and summer months. Despite this, the summer of 2012 experienced a pre-Olympic slump with trading performance down during the months of June and July. In August, record trading performance levels were seen with an impressive RevPAR growth of 44.0% on the back of the Olympic Games.

Due to a greater average length of stay, serviced apartments in London are not as exposed to the decrease in demand on weekends experienced by many hotels located close to commercial locations. In terms of seasonality, demand for serviced apartment accommodation is driven by corporate events and holiday periods with low demand typically between December and March. The strongest months are usually June and July with occupancy exceeding 90.0%.

Demand in Glasgow usually peaks between August and October. This is due to a combination of strong corporate and leisure demand. Several major events are held to coincide with the summer holidays, including the annual Piping Live and Merchant City Festivals. These events attract approximately 70,000 visitors annually. The convention calendar might also result in strong peaks in demand although this varies from year to year. January and December are typically low seasons due to the cold winters.

Seasonality in Edinburgh’s hotel performance is chiefly led by events and conferences occurring in the city including concerts and rugby internationals at Murrayfield Stadium. Although strong performance is achieved in the spring, the peak tends to be reached in August when the city’s August festival takes place. The Edinburgh Festival is a month long arts extravaganza which actually constitutes several festivals running at the same time. Lowest performance tends to be recorded in the winter months.

Japan

The peak season for leisure demand to Japan is during the months of March and August during the Japanese spring and summer holidays. Corporate demand usually peaks during the months of periods of low leisure demand in Japan. Whilst the Hyogo Prefecture is more of a leisure destination, Kobe is popular with MICE events which contribute to strong corporate visitation.

Malaysia

Kuala Lumpur is predominately a corporate market but is still popular with leisure tourists offering fairly consistent weather patterns throughout the year. According to the Malaysia Tourism Board, a noticeable spike in international visitor arrivals is evident in March and July each year, traditionally conference months and the end of monsoon season (February).

From May to August, higher visitation numbers are recorded, coinciding with the winter season in Australia and the summer holidays in Europe and the USA. October to December is typically a stronger corporate period with a number of year-end MICE events taking place. The Chinese New Year period in January – February depicts the lowest number of inbound tourists as well as August – September (due to Ramadan).

Marketing Activities

The Hotel Managers and the Serviced Residence Operators will engage in sales and marketing activities targeted at the Properties’ main sources of bookings as broken down by industry segment and channel, including corporate procurement and human resource departments, corporate secretaries, travel agents, relocation agents, housing agents and customers.
Examples of marketing activities undertaken by the Hotel Managers and the Serviced Residence Operators include:

- participation in international and local trade-related shows;
- sales trips to key countries;
- roadshows held in source destinations and key cities;
- targeted database networking with top procurement accounts and participation in major consortia and TMC (travel management companies) programmes;
- preferred partnerships with regional relocation and distribution partners to grow market share;
- e-marketing, social media marketing and partnership marketing; and
- loyalty programmes:
  - IHG Rewards Club, a loyalty programme for members making frequent bookings at IHG hotels worldwide, including ANA Crowne Plaza Kobe and InterContinental Singapore;
  - Starwood Preferred Guest, a loyalty program for members making frequent bookings at Best Western hotels worldwide, including Best Western The Cromwell;
  - Le Club, a loyalty program for members making frequent bookings at Accor locations worldwide, including Novotel Rockford Darling Harbour; and
  - Fraser World guest recognition programme for loyal customers with tiered benefits suited for transient and extended stay segments.
OVERVIEW OF THE ACQUISITION OF THE PROPERTIES

HOLDING STRUCTURE OF FHT

Notes:

(1) “Australian Properties” refer to Novotel Rockford Darling Harbour and Fraser Suites Sydney.

(2) “UK Properties” refer to Park International London, Best Western Cromwell London, Fraser Place Canary Wharf, Fraser Suites Queens Gate, Fraser Suites Glasgow and Fraser Suites Edinburgh.

(3) Dormant as at the Listing Date. In the event that FH-BT is appointed as master lessee for any of the Properties, the Trustee-Manager intends to appoint a professional hotel manager or serviced residence operator (as the case may be) to manage and operate the Property.
InterContinental Singapore

The REIT Trustee will acquire the leasehold title to InterContinental Singapore from BCH Hotel Investment Pte Ltd, which is currently a wholly-owned Singapore-incorporated subsidiary of the TCC Group. On Listing, the REIT Trustee will have ownership of a registrable leasehold interest for the remaining unexpired leasehold estate in InterContinental Singapore. The transfer pertaining to the remaining unexpired leasehold estate in InterContinental Singapore shall be registered with the Singapore Land Authority after completion of the acquisition by FHT of the said leasehold interest in InterContinental Singapore and the interests of FHT will be protected by a caveat pending completion of the registration.

BCH Hotel Investment Pte Ltd currently holds the employees and operating licence in respect of the Hotel and it will become the master lessee of the Hotel pursuant to a master lease agreement to be entered into between the REIT Trustee, the REIT Manager and BCH Hotel Investment Pte Ltd.

Post-listing of FHT, the Sponsor will acquire BCH Hotel Investment Pte Ltd, whereupon the latter shall become its wholly-owned subsidiary.

Fraser Suites Singapore

The REIT Trustee will acquire a 75-year leasehold interest in Fraser Suites Singapore from River Valley Apartments Pte Ltd, River Valley Shopping Centre Pte Ltd and River Valley Tower Pte Ltd, wholly-owned subsidiaries of the Sponsor. River Valley Apartments Pte Ltd currently holds the employees in respect of the Serviced Residence and River Valley Apartments Pte Ltd will become the master lessee of the Serviced Residence pursuant to a master lease agreement to be entered into between the REIT Trustee, the REIT Manager and River Valley Apartments Pte Ltd.

On Listing, the REIT Trustee will have ownership of a registrable 75-year leasehold interest in Fraser Suites Singapore. The 75-year leasehold interest in Fraser Suites Singapore shall be registered with the Singapore Land Authority after completion of the acquisition by FHT of the 75-year leasehold interest in Fraser Suites Singapore and the interests of FHT will be protected by a caveat pending completion of the registration.
A managed investment scheme has been established in Australia which is intended to qualify as a managed investment trust ("MIT") for the purposes of the Australian Taxation Administration Act 1953 (Cth) and will not be a registered scheme under the Australian Corporations Act 2001 (Cth) (the "Corporations Act").

The managed investment scheme ("MIT Australia") has in turn established two MIT Sub-trusts, each of which will acquire one Property. The REIT Trustee will hold 50% of the units issued in MIT Australia, and the remaining 50% will be held by FHT Australia Pte. Ltd. (a Singapore incorporated company that is wholly-owned by FH-REIT). The trustee of MIT Australia (the "MIT Trustee") will be the sole holder of units issued in each of the two sub-trusts.

The trustee of MIT Australia and the trustee of each of the MIT Sub-trusts is a professional trustee which will hold an Australian Financial Services Licence. The manager of MIT Australia and each of the sub-trusts ("MIT Manager") is an Australia-incorporated company that is a wholly-owned subsidiary of the REIT Manager.

The Australian Hotel

One of the MIT Sub-trusts will acquire a leasehold interest in Novotel Rockford Darling Harbour from Viewgrand Trust B, which is a British Virgin Islands trust wholly-owned by the TCC Group.

The master lessee of Novotel Rockford Darling Harbour will be Golden Shower Development (PTC) Limited, as trustee of Viewgrand Trust C. Golden Shower Development (PTC) Limited, along with Viewgrand Trust C, will be transferred to the Sponsor post-listing of FHT.
On Listing, the MIT Sub-trust will have ownership of a registrable leasehold interest in Novotel Rockford Darling Harbour. The leasehold interests in Novotel Rockford Darling Harbour shall be registered with the relevant land authority in the New South Wales after the completion of FHT’s acquisition of such leasehold interests and the interests of FHT will be protected by a caveat pending completion of the registration.

The Australian Serviced Residence

The other MIT Sub-trust will acquire a 75-year leasehold interest in Fraser Suites Sydney from Frasers Town Hall Residences Pty Ltd, which is a subsidiary of the Sponsor.

The master lessee of Fraser Suites Sydney will be Frasers Town Hall Residences Operations Pty Ltd, which will be a wholly-owned subsidiary of the Sponsor as at the Listing Date.

On Listing, the MIT Sub-trust will have ownership of a registrable 75-year leasehold interest in Fraser Suites Sydney. The 75-year leasehold interest in Fraser Suites Sydney shall be registered with the relevant land authority in the New South Wales after the completion of FHT’s acquisition of such leasehold interests from Frasers Town Hall Residences Pty Ltd and the interests of FHT will be protected by a caveat pending completion of the registration.

ACQUISITION OF THE UK PROPERTIES

The REIT Trustee will incorporate a company in Singapore, which will in turn incorporate six companies in Jersey to hold the 75-year leasehold interest in each of the UK Properties.
The UK Hotels

Two of FH-REIT’s Jersey companies will each acquire a 75-year leasehold interest in Park International London and Best Western Cromwell London from Global-Link Investments Limited, a wholly-owned subsidiary of the TCC Group.

The master lessee of the UK Hotels will be P I Hotel Management Limited (“PIHML”), which is a UK-incorporated subsidiary of the TCC Group Companies. PIHML holds the employees and operating licences for the UK Hotels. The Sponsor will acquire PIHML, whereupon the latter shall become its wholly-owned subsidiary.

On Listing and following completion of the 75-year leases (pursuant to the Sale and Purchase Agreements), the Jersey companies will have ownership of a registrable 75-year leasehold interest in Park International London and Best Western Cromwell London. The 75-year leasehold interests shall be registered with the United Kingdom land registry after the completion of the acquisition by FHT of the 75-year leasehold interests and the interests of the Jersey companies will be protected by a priority search pending completion of the registration.

The UK Serviced Residences

The remaining four Jersey companies will each acquire or have acquired (as the case may be) a 75-year leasehold interest in Fraser Place Canary Wharf, Fraser Suites Queens Gate, Fraser Suites Glasgow and Fraser Suites Edinburgh (the “UK Serviced Residences”) from wholly-owned subsidiaries of the Sponsor. The master lessees for the UK Serviced Residences are all wholly-owned UK-incorporated subsidiaries of the Sponsor.

On Listing and following completion of the 75-year leases (pursuant to the Sale and Purchase Agreements), the Jersey companies will have ownership of a registrable 75-year leasehold interest in the UK Serviced Residences, respectively. The 75-year leasehold interests shall be registered with the United Kingdom land registry after the completion of the acquisition by FHT of the 75-year leasehold interests and the interests of the Jersey companies will be protected by a priority search pending completion of the registration.
Legal title to ANA Crowne Plaza Kobe is currently held by the ANA Crowne Plaza Kobe Trustee in its capacity as trustee. Kobe Excellence TMK holds the TBI in respect of ANA Crowne Plaza Kobe.

FH-REIT will enter into a share purchase agreement with Excellence Prosperity (Singapore) Pte Ltd to acquire Excellence Prosperity TMK Pte. Ltd. and a wholly-owned subsidiary of FH-REIT will enter into a share purchase agreement with Excellence Prosperity (Singapore) Pte Ltd to acquire Excellence Prosperity (Singapore) Pte Ltd's Japanese subsidiary, Excellence Prosperity Japan K.K.. Excellence Prosperity (Singapore) Pte Ltd is a wholly-owned subsidiary of the TCC Group. Excellence Prosperity TMK Pte. Ltd. holds 49.5% of the preferred equity of Kobe Excellence TMK and Excellence Prosperity Japan K.K. holds the remaining 50.5%. Excellence Prosperity TMK Pte. Ltd. also holds 100% of the specified equity of Kobe Excellence TMK.

The master lessee of the hotel component will be K.K. Shinkobe Holding and the master lessee of the retail component will be Y.K. Toranomon Properties. K.K. Shinkobe Holding and Y.K. Toranomon Properties are currently owned by Excellence Prosperity (Singapore) Pte Ltd. The Sponsor will acquire K.K. Shinkobe Holding from Excellence Prosperity (Singapore) Pte Ltd.
FH-REIT will establish an ABS structure in respect of The Westin Kuala Lumpur. The Malaysian SPV will acquire the legal title to The Westin Kuala Lumpur from the Originator, which is a wholly-owned Malaysia-incorporated subsidiary of the TCC Group. The Originator currently holds the employees and operating licence in respect of The Westin Kuala Lumpur and it will become the tenant of The Westin Kuala Lumpur pursuant to the Tenancy Agreement to be entered into between the Malaysian SPV and the Originator/the Tenant (both being JBB Hotels Sdn. Bhd.). Within 14 business days from the commencement date of the Tenancy Agreement, the Originator/the Tenant is obliged to apply for the approval of the relevant state authority to convert the existing tenancy into a lease with an option for the lessee to renew the lease for a further 20 years. The lease will mirror the existing terms of the Tenancy Agreement, save for amendments which are required by or are consistent with the law and excluding any further option to renew.

Post-listing of FHT, the Sponsor will acquire the Originator, whereupon the latter shall become its wholly-owned subsidiary.

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1 Asset-backed securities are notes backed by financial assets. In a typical ABS structure in Malaysia, the ABS notes will be issued by a Malaysian special purpose vehicle and the proceeds from such issuance will be used to fund the purchase of the financial asset, in this case, being The Westin Kuala Lumpur. Payment of the sums due under the ABS notes will be funded from the cashflow of The Westin Kuala Lumpur, comprising rental payments/lease payments under the tenancy/lease (as the case may be).

2 Under the National Land Code of Malaysia ("NLC"), a tenancy is for a term of three years and below, while a lease can be for a term exceeding 3 years. A grant of lease to a foreign company (as defined under the NLC) requires State Authority consent but FH-REIT has proceeded on the basis of a tenancy as there are no issues with a tenancy under the ABS structure. Once the State Authority consent is obtained, the tenancy will be converted into a lease. (See "Overview of Relevant Laws and Regulations in Australia, The United Kingdom, Japan and Malaysia – Relevant Laws and Regulations in Malaysia – Leases and Tenancies").
The ordinary shares in the Malaysian SPV will be held by a share trustee under a discretionary trust for the benefit of certain charitable organisations. The Singapore SPV (a wholly-owned subsidiary of FH-REIT) will subscribe for the Class B Junior MTNs and Class C Junior MTNs issued by the Malaysian SPV.

On Listing, the Malaysian SPV will beneficially own The Westin Kuala Lumpur. The transfer documents to effect the transfer of The Westin Kuala Lumpur from the Originator to the Malaysian SPV shall be registered with the relevant land registry in Malaysia after completion of the acquisition by the Malaysian SPV of The Westin Kuala Lumpur and the interest of the Malaysian SPV will be protected by entering a private caveat against the legal title to The Westin Kuala Lumpur pending completion of the registration.
MANAGEMENT AND CORPORATE GOVERNANCE

FHT

FHT comprises FH-REIT, a Singapore-based REIT, and FH-BT, a Singapore-based business trust registered under the BTA. The REIT Manager and the Trustee-Manager, being the responsible entities of FH-REIT and FH-BT, respectively, each has their own board of directors (which will comprise the same persons) and its own set of procedures in relation to corporate governance.

As at the Listing Date, for the purpose of avoiding any conflict between FH-REIT and FH-BT, the REIT Manager Board and the Trustee-Manager Board will comprise the same directors.

Due to the different legislative and regulatory requirements in relation to a REIT as compared with a business trust, the corporate governance procedures and disclosure requirements in relation to the REIT Manager are different from those in relation to the Trustee-Manager.

The REIT Manager

The manager of FH-REIT is Frasers Hospitality Asset Management Pte. Ltd., which is a wholly-owned subsidiary of the Sponsor.

The REIT Manager was incorporated in Singapore under the Companies Act on 20 November 2013. It has an issued and paid-up capital of S$1.0 million and its registered office is located at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958. The telephone and facsimile numbers of the REIT Manager are +65 6276 4882 and +65 6276 6328, respectively.

The REIT Manager has been issued a CMS Licence for REIT management pursuant to the SFA and is regulated by the MAS.

The REIT Trustee

The trustee of FH-REIT is The Trust Company (Asia) Limited. The REIT Trustee is a company incorporated in Singapore on 30 December 2005 and it is an indirect wholly-owned subsidiary of The Trust Company Limited, which is ultimately owned by Perpetual Limited, one of the largest trustees in Australia and is listed on the Australian Securities Exchange. The REIT Trustee is registered as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under the SFA and is regulated by the MAS. It also holds a capital markets services licence for the provision of custodial services for securities. The REIT Trustee acts as trustee to two Singapore listed REITs and several unit trusts, custodian to several private pension funds and private equity funds, and bond trustee to institutional and retail bond issues and supervises over S$12 billion of corporate assets. The ultimate parent company of the REIT Trustee, Perpetual Limited and its controlled entities, currently has in excess of AUD420 billion of funds under administration across its Corporate Trust fiduciary business.

As at the date of this Prospectus, the REIT Trustee has a paid-up capital of S$7,974,811. The REIT Trustee’s registered address is 8 Marina Boulevard, #05-02, Marina Bay Financial Centre, Singapore 018981. The telephone and facsimile numbers of the REIT Trustee are +65 6645 0830 and +65 6438 0255, respectively.
The Trustee-Manager

The trustee-manager of FH-BT is Frasers Hospitality Trust Management Pte. Ltd., which is a wholly-owned subsidiary of the Sponsor.

The Trustee-Manager was incorporated in Singapore under the Companies Act on 13 January 2014. As at the Latest Practicable Date, it has an issued and paid-up capital of S$1.00 and its issued and paid-up capital will be increased to S$10,000 on or prior to the Listing Date. Its registered office is located at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958. The telephone and facsimile numbers of the Trustee-Manager are +65 6276 4882 and +65 6276 6328, respectively. There has been no change in the ownership of the Trustee-Manager for the period from the date of its incorporation to the Latest Practicable Date.

Under Section 10(2)(a) of the BTA, the Trustee-Manager is required to act in the best interests of all the holders of FH-BT Units as a whole. Further, under Section 11(1)(a) of the BTA, a Director of the Trustee-Manager is required to act honestly and exercise reasonable diligence in the discharge of the duties of his office and, in particular, shall take all reasonable steps to ensure that the Trustee-Manager discharges its duties under, among other things, Section 10(2)(a) of the BTA.

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

(i) the Trustee-Manager shall ensure that the FH-BT Units remain stapled to the FH-REIT Units; and

(ii) the Trustee-Manager and the Trustee-Manager Directors shall act in the best interests of all the Stapled Securityholders as a whole.

In the event that FH-BT becomes active and engages in development contracts which carry a substantially different risk vis-a-vis FH-REIT, such transactions (including contracts) should be subject to the threshold set out in Rule 1006 of the Listing Manual.

Substantial Shareholders of the Managers

Each of the REIT Manager and the Trustee-Manager is a wholly-owned subsidiary of the Sponsor. As at the Latest Practicable Date, each of InterBev Investment Limited, International Beverage Holdings Limited, Thai Beverage Public Company Limited, TCC Assets Limited, Siriwana Co., Ltd., Maxtop Management Corp., Risen Mark Enterprise Ltd., Golden Capital (Singapore) Limited, MM Group Limited, Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi has a deemed interest in 100.0% of the shares in each of the REIT Manager and the Trustee-Manager and are accordingly substantial shareholders of each of the Managers. None of the Directors of the Managers nor the Chief Executive Officer of the Managers has an interest, whether direct or deemed under Section 4 of the SFA, in the shares of the Managers.

Composition of the Board of Directors of the Managers

Under Regulation 12 of the Business Trusts Regulations (the “BTR”), the Trustee-Manager Board is required to comprise:

• at least a majority of the Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;

• at least one-third of the Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
• at least a majority of Trustee-Manager Directors who are independent from any single substantial shareholder of the Trustee-Manager.

On the other hand, under paragraph 2.1 of the Code of Corporate Governance 2012, at least one-third of the REIT Manager Board is required to comprise independent directors. However, at least half of the Board should comprise independent directors where:

• the Chairman and the Chief Executive Officer is the same person;
• the Chairman and the Chief Executive Officer are immediate family members;
• the Chairman is part of the management team; or
• the Chairman is not an independent director.

While FH-REIT remains stapled to FH-BT, in order to avoid any conflict between FH-REIT and FH-BT, each of the directors of the REIT Manager Board will also be a director of the Trustee-Manager Board and vice versa. Accordingly, a majority of the directors of the Trustee-Manager Board and the REIT Manager Board will be independent directors.

**Board of Directors of the Managers**

The Board of Directors of the Managers is entrusted with the responsibility for the overall management of the Managers.

The following table sets forth information regarding the Directors of the Managers:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Address</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Law Song Keng</td>
<td>69</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958</td>
<td>Chairman and Independent Director</td>
</tr>
<tr>
<td>Mr Chua Phuay Hee</td>
<td>60</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr Liew Choon Wei</td>
<td>59</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr David Wong See Hong</td>
<td>61</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Mr Choe Peng Sum</td>
<td>53</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Mr Lim Ee Seng</td>
<td>63</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Mr Panote Sirivadhanabhaki</td>
<td>36</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>
As at the Latest Practicable Date, none of the Directors of the Managers has any family relationship with or is related to one another, with any Executive Officers of the REIT Manager or the Trustee-Manager, or with any employee of the REIT Manager or the Trustee-Manager upon whose work FHT is dependent on.

In addition, save for Mr Panote Sirivadhanabhakdi, as at the Latest Practicable Date, none of the Directors of the Managers is related to any person with an interest in not less than 5.0% of the shares in issue ("Substantial Shareholder") of the Managers or any person expected to be a Substantial Stapled Securityholder (as defined herein) as at the Listing Date. Mr Panote Sirivadhanabhakdi is a son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, each a Substantial Shareholder and is a sibling of Atinant Bijananda, Thapani Sirivadhanabhakdi, Wallapa Traisorat and Thapanee Techajareonvikul, each a Substantial Stapled Securityholder.

None of the independent directors of the Managers sits on the boards of the principal subsidiaries of FH-REIT and FH-BT that are based in Singapore or other jurisdictions.

Each of the independent directors of the Managers confirms that they are able to devote sufficient time to discharge their duties as an independent director of the Managers.

**Experience and Expertise of the Board of Directors of the Managers**

Information on the business and working experience of the Directors of the Managers are set out below.

**Mr Law Song Keng** was appointed as the Chairman of the Board and an Independent Director of the Managers on 10 June 2014.

Mr Law is currently also a director of IFS Capital Ltd, ECICS Ltd, Asia Capital Reinsurance Company Pte Ltd, ACR Capital Holdings and Great Eastern Holdings Ltd.

Mr Law began his career with the Ministry of Finance in 1970 and moved on to the Monetary Authority of Singapore where he was appointed the Insurance Commissioner and Actuary in 1980. He was subsequently appointed Deputy Managing Director (Administration and Insurance) in 1988. Mr Law held the position of Managing Director and CEO of Overseas Assurance Corporation Ltd from 1992 to 2003.

Previously a member of the Central Provident Fund Board as well as a Director of the Inland Revenue Authority of Singapore, the Singapore Deposit Insurance Corporation and Manulife (Singapore) Pte Ltd, Mr Law was also Chairman of the Singapore Insurance Institute, and President of the Singapore Actuarial Society, the Life Insurance Association and the General Insurance Association.

Mr Law received his Bachelor of Science in Mathematics (First Class Honours) from the University of Singapore and Master of Science in Actuarial Science from the Northeastern University, Boston, USA. He qualified as a Fellow of the Society of Actuaries, USA, in 1978 and attended the Advanced Management Program at Harvard University in 1989. Mr Law was awarded the Public Service Star (BBM) in 2001.

**Mr Chua Phuay Hee** was appointed as an Independent Director of the Managers on 10 June 2014.
Mr Chua Phuay Hee is the former Executive Director for finance, risk management, IT and corporate services at Wilmar International Ltd, a leading agribusiness listed on the Singapore stock exchange. He retired in December 2011 after serving nine years during which the group expanded its global business rapidly and had a successful public listing in 2006.

Mr Chua currently sits on the board of Temasek Life Sciences Laboratory Limited and chairs its audit & risk management committee. He is also a non-executive director of Industrial Bank in China, a commercial bank listed on the Shanghai Stock Exchange. He was on the board of Wilmar International from 2006-2011 and also an independent director at Eltech Electronics Limited in the 1990s.

Prior to Wilmar International Ltd, Mr Chua was Chief Financial Officer and Chief Risk Officer at Keppel TatLee Bank, which was merged into OCBC Bank in 2002. Mr Chua joined Tat Lee Bank as Executive Vice President in 1990 and was actively involved in its merger with Keppel Bank in 1998. He left the bank in 2002 and served for a few months as chief executive officer of a property fund, China Homes Limited.

Mr Chua started his working career with the Insurance Commissioner’s Department at the Monetary Authority of Singapore in 1981. He then moved to head the personnel department in 1983 and Securities Industry Department from 1987 to 1990.

Mr Chua received a Bachelor of Science (First Class Honours) degree in mathematics from Nanyang University, Singapore and a Master of Science (Actuarial Science) degree from Northeastern University, Boston, USA under an Asia Foundation scholarship.

Mr Liew Choon Wei was appointed as an Independent Director of the Managers on 10 June 2014.

Mr Liew was with Ernst & Young from 1979 to 2013. Mr Liew was an accountant with Ernst & Young from November 1979 to June 1990 and was made a partner of Ernst & Young in July 1990. Mr Liew has been the Audit Partner in charge of some of the significant clients of Ernst & Young in the real estate, banking, media, hospitality, and retail industries until his retirement from Ernst & Young at end March 2013. Mr Liew headed the firm’s Real Estate Industry Group and represented the firm in the E&Y Global Real Estate Group.

Mr Liew is a Fellow of The Association of Chartered Certified Accountants and is a Chartered Accountant of Singapore.

Mr David Wong See Hong was appointed as an Independent Director of the Managers on 10 June 2014.

Mr Wong was the Deputy Chief Executive of the Bank of China (Hong Kong) Group from 2008 to 2013, with overall responsibility for the financial market businesses which include Global Markets, Global Transaction Banking, Investment Management, Insurance, Asset Management and other capital market-related businesses. He was also a Director of BOC Group Life Assurance Company Limited from 2008 to 2013. Prior to joining the Group, Mr Wong was the Corporate Executive Vice President and Country Executive of ABN AMRO Bank (“ABN”) and was responsible for ABN’s operations in South East Asia. He joined ABN in 1995 and has held various senior positions within ABN, including Regional Head of Financial Markets, Country Executive in Singapore, and Managing Director of the Hong Kong Branch. Mr. Wong has spent over 30 years in the banking sector and has extensive knowledge and experience in treasury and financial products.

Mr Wong served as a board member of Energy Market Authority till March 2009 and was a Board Member of the Civil Service College in Singapore from March 2007 to Oct 2013, and currently serves as Customer Advisory Board Member of Thomson Reuters and Finance Management Committee Member of the HK Management Association in Hong Kong.
Mr Wong graduated from the University of Singapore with a Bachelor’s Degree in Business Administration and was awarded a Master’s Degree in Science in Investment Management by the Hong Kong University of Science and Technology. He was awarded the Financial Industry Certified Professional from the Institute of Banking and Finance, Singapore.

Mr Choe Peng Sum was appointed as a Non-Executive Director of the Managers on 20 November 2013.

Mr Choe is currently the Chief Executive Officer of Frasers Hospitality Pte. Ltd.

Mr Choe brings with him over 30 years of experience in the hospitality industry. As Chief Executive Officer of Frasers Hospitality Pte. Ltd., Mr Choe stewarded the company from its inception in 1998 with two properties in Singapore, to 92 properties (operational and signed up) in over 49 cities globally with a total of over 15,000 apartments. Today, Frasers Hospitality Pte. Ltd. is regarded as the top three global companies for serviced residences.

Mr Choe started his career in the hospitality industry with Westin and subsequently Shangri-La International in 1981, where he was awarded the Shangri-La overseas scholarship. Mr Choe held senior management positions with Shangri-La Singapore and The Portman Shangri-La Shanghai, China, before returning to Singapore in 1996 to start up the hospitality arm of Singapore conglomerate, Fraser and Neave, Limited.

Mr Choe graduated from Cornell University (Ithaca, New York) with a Bachelor of Science with Distinction. He was awarded the National Dean’s List (USA) as well as the Phi Kappa Phi for academic excellence. Mr Choe is also currently Chairman of the Board of Directors for Crest Secondary School, a board member of the Council of Private Education set up by the Ministry of Education, Singapore, a governing Council member of the Singapore Quality Awards, Spring Singapore, Singapore’s business representative to ASEAN in the East Asia Business Council and a Lay-person Member of the Complaints Panel for the Singapore Pharmacy Council.

Mr Lim Ee Seng was appointed as a Non-Executive Director of the Managers on 10 June 2014.

Mr Lim is also the Chief Executive Officer of FCL. Mr Lim joined FCL in October 2004 where as its Chief Executive Officer he is responsible for the management and performance of the FCL Group’s entire portfolio of real estate business that spans over 11 countries. These include property development, property investment, retail mall management, and an international chain of serviced residences.

Mr Lim has more than 26 years of experience in the real estate industry. From 1996 to October 2004, he was the Managing Director of MCL Land Limited, a public listed company on the SGX-ST. Under his leadership, MCL Land Limited became a reputed developer of numerous successful property development projects known for their quality and reliability.

From 1989 to 1996, Mr Lim was the General Manager of the property division of First Capital Corporation Ltd (now known as GuocoLand Limited), a public listed company on the SGX-ST, where he played a key role in transforming the company into a major property development and investment group.

Mr Lim holds a Masters degree in Project Management and a Bachelors degree in Civil Engineering from the National University of Singapore. He was a board member of the Building & Construction Authority of Singapore from 2005 to 2009, and a council member of the Chinese Chamber of Commerce from 2000 to 2004. He is also currently the second vice president of the Real Estate Developers Association of Singapore.
Mr Panote Sirivadhanabhakdi was appointed as a Non-Executive Director of the Managers on 10 June 2014.


Mr Panote has been an Executive Director of Univentures Public Company Limited since 2007 and is the Chief Executive Officer of Univentures Public Company Limited. Mr Panote obtained a Bachelor of Science in Manufacturing Engineering from Boston University (USA) in 2000, a Master of Science in Analysis, Design and Management of Information Systems from the London School of Economics and Political Science (UK) in 2005, and Industrial Engineering and Economics from Massachusetts University (USA) in 1997.

Save for Mr David Wong See Hong, Mr Liew Choon Wei and Mr Choe Peng Sum, for whom appropriate arrangements have been made to orientate each of them in acting as a director of the manager of a publicly-listed REIT and BT, each of the Directors of the Managers has served as a director of a public-listed company and/or manager of a publicly-listed REIT or business trust and has appropriate experience to act as Directors of the Managers and are familiar with the rules and responsibilities of a director of a publicly-listed company and/or manager or trustee-manager of a publicly-listed REIT or business trust.

List of Present and Past Principal Directorships of the Directors

A list of the present and past directorships of each Director of the Managers over the last five years preceding the Latest Practicable Date is set out in Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”.
FH-REIT

Management Reporting Structure of the REIT Manager

Board of Directors
Mr Law Song Keng (Chairman and Independent Director)
Mr Chua Phuay Hee (Independent Director)
Mr Liew Choon Wei (Independent Director)
Mr David Wong See Hong (Independent Director)
Mr Choe Peng Sum (Non-Executive Director)
Mr Lim Ee Seng (Non-Executive Director)
Mr Panote Sirivadhanabhakdi (Non-Executive Director)

Chief Executive Officer
Ms Eu Chin Fen

Nominating Committee
Mr Law Song Keng (Chairman)
Mr Liew Choon Wei
Mr Panote Sirivadhanabhakdi

Audit, Risk and Compliance Committee
Mr Law Song Keng (Chairman)
Mr Liew Choon Wei
Mr David Wong See Hong

Chief Financial Officer
Ms Valerie Foo Meei Foon

Director of Investment / Head of Investor Relations
Mr Colin Low
Hsien Yang

Director of Asset Management
Ms Tan Hwee Leng
Agnes
Executive Officers of the REIT Manager

The executive officers of the REIT Manager are entrusted with the responsibility for the daily operations of the REIT Manager. The following table sets forth information regarding the executive officers of the REIT Manager:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Address</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Eu Chin Fen</td>
<td>42</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point,</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Singapore 119958</td>
<td></td>
</tr>
<tr>
<td>Ms Valerie Foo Meei</td>
<td>40</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point,</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Foon</td>
<td></td>
<td>Singapore 119958</td>
<td></td>
</tr>
<tr>
<td>Mr Colin Low Hsien</td>
<td>37</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point,</td>
<td>Director of Investment/Head of Investor</td>
</tr>
<tr>
<td>Yang</td>
<td></td>
<td>Singapore 119958</td>
<td>Relations</td>
</tr>
<tr>
<td>Ms Tan Hwee Leng</td>
<td>38</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point,</td>
<td>Director of Asset Management</td>
</tr>
<tr>
<td>Agnes</td>
<td></td>
<td>Singapore 119958</td>
<td></td>
</tr>
</tbody>
</table>

Roles and Responsibilities of the Executive Officers of the REIT Manager

The Chief Executive Officer of the REIT Manager is responsible for working with the REIT Manager Board to determine the overall business, investment and operational strategies for FH-REIT. The Chief Executive Officer will also work with the other members of the management team of the REIT Manager and the Master Lessees and Tenant to ensure that the business, investment and operational strategies of FH-REIT are carried out as planned. In addition, the Chief Executive Officer is responsible for the overall management and planning of the strategic direction of FH-REIT, including overseeing the acquisition of hospitality and hospitality-related assets and asset and property management strategies for FH-REIT.

The Chief Financial Officer of the REIT Manager is responsible for the finances of FH-REIT. A key role of the Chief Financial Officer is to focus, monitor and report on the financial performance of FH-REIT. The Chief Financial Officer is also responsible for the preparation of statutory accounts, co-ordination with external auditors, managing tax affairs and treasury matters, and preparation of performance reports for investors and regulators.

The Head of Investor Relations of the REIT Manager is responsible for facilitating communications and liaising with Stapled Securityholders. This includes producing annual reports to the Stapled Securityholders and ensuring compliance by FHT with the reporting requirements under the Listing Manual and the law. The key role of the Head of Investor Relations is to maintain continuous disclosure and transparent communications with Stapled Securityholders and the market. He will promote and market FHT to Stapled Securityholders, prospective investors and media through regular communication.

The Director of Asset Management of the REIT Manager is responsible for formulating the business plans in relation to FH-REIT’s properties with short-, medium- and long-term objectives, with a view to optimising the income of FH-REIT. The Director of Asset Management will ensure that the asset management team works closely with the Master Lessees and Tenant to implement FH-REIT’s strategies to optimise the income generation potential and minimise the expense base of the properties without compromising their marketability. The asset management team led by the Director of Asset Management focuses on the operations of FH-REIT’s properties, the
implementation of the short- to medium-term objectives of FH-REIT’s portfolio and supervises the Master Lessees and Tenant in the implementation of FH-REIT’s property-related strategies including analysing and recommending asset enhancement initiatives.

The **Investment Manager** of the REIT Manager is responsible for identifying, researching and evaluating potential acquisitions and related investments or divestments where applicable.

**Experience and Expertise of the Executive Officers of the REIT Manager**

Information on the working experience of the executive officers of the REIT Manager is set out below.

**Ms Eu Chin Fen** is the Chief Executive Officer of the Managers.

Prior to joining the REIT Manager, Ms Eu was the Chief Investment Officer of Frasers Hospitality Pte. Ltd. from April 2011 where she was responsible for business development and investments relating to the hospitality division of the Frasers Centrepoint Limited group of companies and setting strategic directions for the division together with the division’s Chief Executive Officer.

From July 2010 to March 2011, she was the Senior Vice President of the Asset-Backed Securitisation team of DBS Bank Ltd., where she was responsible for origination and listing of real estate investment trusts and business trusts in Singapore. She was the Vice President and Assistant Vice President of the Asset-Backed Securitisation team of DBS Bank Ltd. from July 2006 to June 2010 and June 2005 and June 2006, respectively. During her stint with the Asset-Backed Securitisation team at DBS Bank Ltd., she was involved in project management of various initial public offerings (“IPO”) and secondary fund raising projects, including the IPO of Frasers Centrepoint Trust, the IPO of Pacific Shipping Trust, the re-capitalisation of Frasers Commercial Trust via a rights issue and issuance of convertible perpetual preferred units, the IPO of Perennial China Retail Trust, the IPO of Mapletree Industrial Trust and the secondary fund raising of CDL Hospitality Trust.

From February 2004 to June 2005, Ms Eu was a Relationship Manager at DBS Bank Ltd. From July 1999 to June 2003, she held the position of Assistant Vice President with Incofood Management Services Pte Ltd and was responsible for acquisitions of businesses for the Incofood group in Singapore. She was involved in the acquisition and takeover of Coffee Club (S) Pte Ltd in 2003 and the acquisition and takeover of Chocolate Products Sdn Bhd group of companies from Lion Corporation in Malaysia in 2001.

Ms Eu holds a Bachelor of Business in Financial Analysis degree from Nanyang Technological University of Singapore. She is a Chartered Financial Analyst.

**Ms Valerie Foo Meei Foon** is the Chief Financial Officer of the Managers.

Ms Foo has more than 15 years of financial experience, with her most recent position being the Regional Financial Controller of Frasers Hospitality Pte. Ltd. from October 2009, where she was responsible for the financial accounting and reporting of the Frasers Hospitality group of companies and provided strategic financial input on decision making issues affecting the companies. From March 2007 to October 2009, she was the Regional Financial Manager of Frasers Hospitality Pte. Ltd., in charge of the full spectrum of financial, accounting and management reporting activities for Singapore investment holding companies and overseas subsidiaries and oversaw the treasury activities of the properties under the hospitality division of the Frasers Centrepoint Limited group of companies, including cash flow management and management of gearing within optimised levels.
From January 2005 to March 2007, Ms Foo was the Finance Manager of Infineon Technologies Asia Pacific Pte Ltd where she oversaw the financial systems of seven companies in the Asia-Pacific region (including Singapore, Indonesia, India, Hong Kong, Taiwan, Korea and Australia).

Ms Foo was the Assistant Manager, Overseas Accounting (Regional), the Regional Accountant for South East Asia and the Interline Accountant, of Singapore Airlines Limited from April 2001 to January 2005, September 2000 to March 2001 and December 1996 to September 2000, respectively.

Ms Foo holds a Bachelor of Accountancy degree (Honours) from Nanyang Technological University of Singapore and a Master of Business Administration (International Management) from Royal Melbourne Institute of Technology. Ms Foo is a Chartered Accountant of Singapore.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the REIT Manager Audit, Risk and Compliance Committee to cause them to believe that Ms Foo does not have the competence, character and integrity expected of the Chief Financial Officer of the Managers. The REIT Manager Audit, Risk and Compliance Committee considers that Ms Foo’s chartered accountant qualification coupled with her extensive experience of over 15 years of financial experience makes her a suitable candidate to be the Chief Financial Officer of the Managers. On this basis, the Audit, Risk and Compliance Committee is of the opinion that Ms Foo is suitable as the Chief Financial Officer on the basis of her qualifications and relevant past experience.

Mr Colin Low Hsien Yang is the Director of Investment and Head of Investor Relations of the REIT Manager.

Prior to joining the REIT Manager, Mr Low was Director of Business Development with Frasers Hospitality Pte. Ltd. from October 2011 to November 2013, where he was responsible for Frasers Hospitality’s overall expansion across Asia-Pacific.

From April 2011 to September 2011, Mr Low was Senior Manager in Regional Investments and Asset Management of CapitaMalls Asia Limited, where he was responsible for evaluating potential investment deals. From September 2008 to December 2010, he was an Investment Manager with AIG Global Real Estate Investment (Asia) LLC.

From April 2005 to August 2008, Mr Low was with The Ascott Limited, where his last held position was Director of Business Development. From August 2001 to April 2005, Mr Low was with United Overseas Bank Limited where his last held position was Assistant Vice President in the Corporate Banking division.

Mr Low holds a Bachelor of Social Science (with Honours) in Economics from National University of Singapore.

Ms Tan Hwee Leng Agnes is the Director of Asset Management of the REIT Manager.

Ms Tan joined Frasers Hospitality Pte. Ltd. as its Asset Manager in December 2013.

From February 2007 to June 2013, Ms Tan was Director of Business Development and Asset Management of The Ascott Limited, where she was responsible for deal sourcing and structuring, financial analysis, development of new business initiatives and asset management of the company’s portfolio in Singapore and China.
From April 2001 to February 2007, Ms Tan was with United Engineers Developments Pte Ltd as a Manager in Business Development, where she was responsible for evaluating investment proposals, formulating business plans and development proposals, market research and financial analysis. From June 1999 to March 2001, Ms Tan was a Senior Marketing Executive in Office Services with CB Richard Ellis Pte Ltd.

Ms Tan holds a Bachelor of Science with Honours in Real Estate from National University of Singapore.

List of Present and Past Principal Directorships of the Executive Officers of the REIT Manager

A list of the present and past directorships of each Executive Officer of the REIT Manager over the last five years preceding the Latest Practicable Date is set out in Appendix H, "List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers".

Compliance Officer

The REIT Manager has appointed Mr Chong Kim Soon as the Compliance Officer. The Compliance Officer will report to the Chief Executive Officer of the REIT Manager, the REIT Manager Board and his duties include:

- assisting the REIT Manager in putting in place suitable compliance processes to ensure that the REIT Manager fulfils the compliance requirements under the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual, the CMS Licence, and all applicable laws, regulations and guidelines, as well as updating the Directors, the Chief Executive Officer, Executive Officers, and employees of the REIT Manager on such compliance requirements;
- preparing returns to the MAS as required under the SFA (including those required by the CMS Licence);
- assisting in any other matters concerning compliance with the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual, the CMS Licence and all applicable laws, regulations and guidelines.

Company Secretary of the REIT Manager

The company secretaries of the REIT Manager (each, a “Company Secretary”) are Mr Piya Treruangrachada and Mr Anthony Cheong Fook Seng. Mr Piya Treruangrachada is a member of the Institute of Singapore Chartered Accountants and Mr Anthony Cheong Fook Seng is a Fellow of the Institute of Singapore Chartered Accountants. Mr Piya Treruangrachada and Mr Anthony Cheong Fook Seng are also the company secretaries of the Trustee-Manager.

The roles of the Company Secretary include the following:

- ensuring that board procedures of the REIT Manager Board are followed;
- ensuring, under the direction of the Chairman, good information flows within the REIT Manager Board and its board committees and between the management and the Non-Executive Directors;
- assisting the REIT Manager with corporate secretarial administration matters for the REIT Manager, both in its personal capacity and in its capacity as manager of FH-REIT, including attending all board meetings;
• assisting in the application process for the appointment of new directors to the REIT Manager Board and Trustee-Manager Board; and

• assisting the REIT Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

Shared Services Arrangements

The REIT Manager will discharge its duties as a manager of FH-REIT diligently and may, in its personal capacity, enter into shared services arrangements with the Sponsor for the provision of corporate administrative and support services required by the REIT Manager from time to time, subject to such laws, regulations and guidelines, as may be applicable. Such services may include information technology support, tax, human resources, legal, regulatory compliance and corporate secretarial services, as well as data collation to be used by the REIT Manager to make decisions.

The Key Roles of the REIT Manager Board

The key roles of the REIT Manager Board are to:

• guide the corporate strategy and directions of the REIT Manager;

• ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;

• oversee the proper conduct of the REIT Manager; and

• ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

The REIT Manager Board will meet to review the key activities and business strategies of FH-REIT. The REIT Manager Board intends to meet regularly, at least once every three months, to deliberate the strategic policies of FH-REIT, including acquisitions and disposals, approval of the annual budget and review of the performance of FHT. The REIT Manager Board will also review any offer of the Sponsor ROFR Properties and TCC ROFR Properties under the FCL ROFR and TCC ROFR, respectively, to FH-REIT, subject to the procedures to deal with potential conflicts of interest issues instituted by the REIT Manager. Accordingly, in a potential acquisition by FH-REIT pursuant to the FCL ROFR or TCC ROFR, any nominees appointed by the Sponsor or, as the case may be, the TCC Group, to the REIT Manager Board to represent its interests will abstain from deliberations and voting on such matters.

Each Director of the REIT Manager has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of FH-REIT. The Directors of the REIT Manager will contribute in different ways to further the interests of FH-REIT.

The REIT Manager Board intends to approve a set of internal controls which sets out approved limits for capital expenditure, investments and divestments, and borrowings as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Taking into account the fact that FH-REIT is only constituted on 12 June 2014 and will only acquire its portfolio on the Listing Date, the REIT Manager Board, with the concurrence of the REIT Manager Audit, Risk and Compliance Committee, is of the opinion that the internal controls as further described in:
are adequate in addressing financial, operational and compliance risks faced by FH-REIT.

Changes to regulations and accounting standards are monitored closely by the members of the REIT Manager Audit, Risk and Compliance Committee (see “Management and Corporate Governance – FH-REIT – The REIT Manager Audit, Risk and Compliance Committee” for further details). To keep pace with regulatory changes, where these changes have an important bearing on the disclosure obligations of the REIT Manager or its Directors, the REIT Manager Directors will be briefed either during the meetings of the REIT Manager Board or at specially convened sessions involving the relevant professionals. The management will also provide the REIT Manager Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

Four Directors of the REIT Manager comprising a majority of the REIT Manager Board of seven directors are non-executive and independent of the management. This enables the management to benefit from their external, diverse and objective perspectives on issues that are brought before the REIT Manager Board. It would also enable the REIT Manager Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process.
The positions of Chairman of the REIT Manager Board and Chief Executive Officer of the REIT Manager are held by two different individuals in order to maintain effective checks and balances. The Chairman of the REIT Manager Board is Mr Law Song Keng, while the Chief Executive Officer is Ms Eu Chin Fen. Mr Law Song Keng is also the Chairman of the Trustee-Manager Board.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer of the REIT Manager. The Chairman is responsible for the overall management of the REIT Manager Board as well as ensuring that the members of the REIT Manager Board and the management work together with integrity and competency, and that the REIT Manager Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the REIT Manager.

The REIT Manager Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board of Directors of the Managers also have access to independent professional advice where appropriate and whenever requested. (See “Management and Corporate Governance – FH-REIT – Company Secretary of the REIT Manager” for details of the Company Secretary and his qualifications.)

**Roles and Responsibilities of the REIT Manager in relation to management of FH-REIT**

The REIT Manager has general powers of management over the assets of FH-REIT. The REIT Manager’s main responsibility is to manage FH-REIT’s assets and liabilities for the benefit of the holders of FH-REIT Units.

The REIT Manager is responsible for formulating the business plans in relation to FH-REIT’s properties. The REIT Manager will work closely with the Hotel Managers and the Serviced Residence Operators through the Master Lessees and Tenant to implement FH-REIT’s strategies. Further, the REIT Manager will set the strategic direction of FH-REIT and give recommendations to the REIT Trustee on the acquisition, divestment or enhancement of assets of FH-REIT in accordance with its stated investment strategy.

The REIT Manager is required under paragraph 4 of the Property Funds Appendix to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, but so long as FH-REIT holds its first annual general meeting within 18 months of its constitution, it need not hold it in the year of its constitution or in the following year.

The REIT Manager has covenanted in the FH-REIT Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner, to ensure that FH-REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for FH-REIT at arm’s length and on normal commercial terms.

The REIT Manager will also be responsible for ensuring that FH-REIT complies with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix), the FH-REIT Trust Deed, the Stapling Deed, the CMS Licence, the Tax Ruling and all relevant contracts.
The REIT Manager may require the REIT Trustee to borrow on behalf of FH-REIT (upon such terms and conditions as the REIT Manager deems fit, including the charging or mortgaging of all or any part of the FH-REIT Deposited Property) whenever the REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable the REIT Trustee to meet any liabilities or whenever the REIT Manager considers it desirable that monies be borrowed or raised to:

- finance the acquisition of any Authorised Investments, directly or indirectly, through SPVs; or
- finance the repurchase and/or redemption of FH-REIT Units by the REIT Manager; or
- finance the distributions of FH-REIT.

However, the REIT Manager must not direct the REIT Trustee to incur a borrowing, if to do so, would mean that FH-REIT’s total borrowings exceed the Aggregate Leverage limit of 35.0% of the value of the FH-REIT Deposited Property at the time the borrowing is incurred. The Aggregate Leverage of FH-REIT may exceed 35.0% (up to a maximum of 60.0%) only if a credit rating from Fitch Inc., Moody’s or S&P is obtained and disclosed to the public. FH-REIT will continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of the FH-REIT Deposited Property.

In the absence of fraud, gross negligence, wilful default or breach of the FH-REIT Trust Deed or the Stapling Deed by the REIT Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the FH-REIT Trust Deed. In addition, the REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as manager of FH-REIT, to have recourse to the FH-REIT Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the FH-REIT Trust Deed by the REIT Manager. The REIT Manager may, in managing FH-REIT and in carrying out and performing its duties and obligations under the FH-REIT Trust Deed, with the written consent of the REIT Trustee, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the FH-REIT Trust Deed, provided always that the REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

**Fees Payable to the REIT Manager**

_**Management fees payable to the REIT Manager**_

The REIT Manager is entitled under the FH-REIT Trust Deed to the following management fees:

- a Base Fee of 0.3% per annum of the value of the FH-REIT Deposited Property; and

- a Performance Fee of 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee).
There should be no double-counting of fees. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee\(^1\). For the avoidance of doubt, the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

For the purpose of calculating the Base Fee, if FH-REIT holds only a partial interest in any FH-REIT Deposited Property, such FH-REIT Deposited Property shall be pro-rated in proportion to the partial interest held.

The REIT Manager may elect to receive the Base Fee and Performance Fee in cash or Stapled Securities or, as the case may be, FH-REIT Units, or a combination of cash and Stapled Securities or, as the case may be, FH-REIT Units (as it may in its sole discretion determine). For Forecast Period 2014 and Projection Year 2015, the REIT Manager has elected to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Stapled Securities. Any portion of management fees payable in the form of Stapled Securities or, as the case may be, FH-REIT Units shall be payable quarterly (in relation to the Base Fee) or semi-annually (in relation to the Performance Fee) in arrears and any portion of management fees payable in cash shall be payable monthly in arrears (in relation to the Base Fee) or semi-annually in arrears (in relation to the Performance Fee).

For so long as the Stapled Securities or, as the case may be, FH-REIT Units are listed, when management fees are payable in the form of Stapled Securities or, as the case may be, FH-REIT Units, the REIT Manager shall be entitled to receive such number of Stapled Securities or, as the case may be, FH-REIT Units as may be purchased with the relevant amount of the management fees attributable to the relevant period at an issue price equivalent to the “market price”, i.e. the volume weighted average price per Stapled Security or, as the case may be, FH-REIT Units for all trades on the SGX-ST, in the ordinary course of trading, for the last 10 Business Days\(^2\) of the relevant period in which the management fees accrue or, if the REIT Manager believes that the foregoing calculation does not provide a fair reflection of the market price of a FH-REIT Unit or a Stapled Security (which may include, among others, instances where there is disorderly trading activity in the FH-REIT Units or the Stapled Securities), means an amount as determined by the REIT Manager (after consultation with a stockbroker approved by the REIT Trustee), and as approved by the REIT Trustee, as being the fair market price, and this will be announced on the SGXNET for so long as FH-REIT is listed on the SGX-ST.

Any increase in the rate or any change in the structure of the REIT Manager’s management fees must be approved by an Extraordinary Resolution at a meeting of the holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

For the avoidance of doubt, the REIT Manager’s change in its election to receive cash or FH-REIT Units or a combination of cash and FH-REIT Units is not considered as a change in structure of the REIT Manager’s management fees.

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1. In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.

2. “Business Day” refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.
Acquisition fee and divestment fee payable to the REIT Manager

The REIT Manager is also entitled to:

• an acquisition fee\(^1\) of 0.5% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the acquisition price of any real estate purchased by FH-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs, plus any other payments\(^2\) in addition to the acquisition price made by FH-REIT or its SPV to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-REIT’s interest);

  (ii) the underlying value\(^3\) 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 a holding of shares, units or any other interests in one or more SPVs, plus any other payments\(^2\) made by FH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of FH-REIT’s interest); or

  (iii) the acquisition price of any investment purchased by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

• a divestment fee\(^4\) of 0.5% of any of the following as is applicable (subject to there being no double-counting):

  (i) the sale price of any real estate sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments\(^5\) 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);

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\(^1\) No acquisition fee is payable for the transfer of assets from FH-BT.

\(^2\) “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 are 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.

\(^4\) No divestment fee is payable for the transfer of assets to FH-BT.

\(^5\) “other payments” refer to additional payments to FH-REIT or its SPVs for the sale of the real estate, for example, where FH-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale 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.
(ii) the underlying value\(^1\) 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\(^2\) received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-REIT’s interest); or

(iii) the sale price of the 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.

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any price or value adjustment to be made post-completion (and the acquisition fee payable to the REIT Manager shall be adjusted upwards or downwards, as applicable).

For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any price or value adjustment to be made post-completion (and the divestment fee payable to the REIT Manager shall be adjusted upwards or downwards, as applicable).

Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of FH-REIT shall be paid out of the FH-REIT Deposited Property and not by the REIT Manager to such persons.

No acquisition fee is payable for the acquisition of the Properties. The acquisition fee and divestment fee are payable to the REIT Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-REIT Units (where Unstapling has taken place) (as the REIT Manager may elect) provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Stapled Securities or, as the case may be, FH-REIT Units at prevailing market price(s) instead of cash. The Stapled Securities or, as the case may be, FH-REIT Units issued to the REIT Manager as its acquisition or divestment fee should not be sold within one year from the date of their issuance.

Any increase in the maximum permitted level of the acquisition fee or divestment fee must be approved by an Extraordinary Resolution passed at a meeting of holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

**Development management fee payable to the REIT Manager**

The REIT Manager is also entitled to receive development management fees equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of FH-REIT. FH-REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments).

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1 For example, if FH-REIT sells or divests 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 received by FH-REIT as sale price and any debt of the special purpose company.

2 “other payments” refer to additional payments to FH-REIT or its SPVs for the sale of the real estate, for example, where FH-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale 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.
**Total Project Costs** means the sum of the following (where applicable):

(i) construction cost based on the project final account prepared by the project quantity surveyor;

(ii) principal consultants fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;

(iii) the cost of obtaining all approvals for the project;

(iv) site staff costs;

(v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and

(vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.

For the avoidance of doubt, land costs will not be included in the computation of Total Project Costs.

When the estimated Total Project Costs are greater than S$200.0 million\(^1\), the REIT Trustee and the REIT Manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the REIT Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the REIT Manager’s view, materially lower than the development management fee, the REIT Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of FH-REIT.

No acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project. For the avoidance of doubt, as land costs will not be included in the computation of Total Project Costs, the REIT Manager shall be entitled to receive an acquisition fee on land costs. Subject to the Property Funds Appendix, the Development Management Fee shall be paid to the REIT Manager in the form of cash.

Any increase in the percentage of the development management fee or any change in the structure of the development management fee must be approved by an Extraordinary Resolution passed at a meeting of holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

**Fees payable to other asset managers**

In the event that the REIT Manager appoints or, the REIT Trustee or any entity which is held by FH-REIT (whether wholly or partially) at the recommendation of the REIT Manager, appoints an asset manager, investment managers or any other entities (including related entities of the Managers) (the “FH-REIT Relevant Entity”) to provide asset management services or investment management services in respect of any asset of FH-REIT, the FH-REIT Relevant Entity shall be entitled to receive out of the FH-REIT Deposited Property, a fee for its services to be paid either directly (by the REIT Trustee) or indirectly (by the entity which is held by FH-REIT) (the “FH-REIT

\(^1\) The threshold of S$200.0 million is derived by the Managers based on industry estimates that the development costs of hospitality real estate assets are generally greater than development costs compared to other types of real estate asset class.
Relevant Fee”), provided that the relevant fee payable to the REIT Manager shall be reduced by the FH-REIT Relevant Fee to the extent that such FH-REIT Relevant Fee relates to asset management fee, acquisition fee, divestment fee and development management fee.

The terms and mechanics for the payment of the FH-REIT Relevant Fee shall be set out in the agreement appointing the FH-REIT Relevant Entity.

For the avoidance of doubt, any other relevant fee not related to asset management fee, acquisition fee, divestment fee and development management fee shall not reduce the fees payable to the REIT Manager. The fees which reduce the fees payable to the REIT Manager relate primarily to fees arising from the performance of services which is within the scope of duties of the REIT-Manager so as to prevent the double-charging of fees.

(See “Overview – The Structure of FHT – Certain Fees and Charges” for further details).

Retirement or Removal of the REIT Manager

The REIT Manager shall have the power to retire in favour of a corporation approved by the REIT Trustee to act as the manager of FH-REIT.

Also, the REIT Manager may be removed by notice given in writing by the REIT Trustee if:

- the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the REIT Manager;
- the REIT Manager ceases to carry on business;
- the REIT Manager fails or neglects after reasonable notice from the REIT Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the FH-REIT Trust Deed;
- the holders of FH-REIT Units, by a resolution duly passed by a majority greater than 50.0% of the total number of votes cast for and against such resolution with no participants being disenfranchised at a meeting of holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed, shall so decide;
- for good and sufficient reason, the REIT Trustee is of the opinion, and so states in writing, that a change of the REIT Manager is desirable in the interests of the holders of FH-REIT Units provided that where the REIT Manager is removed on the basis that a change of the REIT Manager is desirable in the interests of the holders of FH-REIT Units, the REIT Manager has a right under the FH-REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the REIT Manager, the REIT Trustee and all the holders of FH-REIT Units; or
- the MAS directs the REIT Trustee to remove the REIT Manager.

Corporate Governance of the REIT Manager

The following outlines the main corporate governance practices of the REIT Manager.
The REIT Manager Board

The REIT Manager Board is responsible for the overall corporate governance of the REIT Manager including establishing goals for management and monitoring the achievement of these goals. The REIT Manager is also responsible for the strategic business direction and risk management of FH-REIT. All the REIT Manager Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of performance of directors.

The REIT Manager Board has established a framework for the management of the REIT Manager and FH-REIT, including a system of internal controls and a business risk management process. The REIT Manager Board consists of seven members, four of whom are independent directors.

The composition of the REIT Manager Board is determined using the following principles:

- the Chairman of the REIT Manager Board should be a non-executive director of the REIT Manager;
- the REIT Manager Board should comprise directors with a broad range of commercial experience including expertise in property development, investment, management, marketing and leasing and/or finance; and
- while FH-REIT Units remain stapled to FH-BT Units, in order to avoid any conflict between FH-REIT and FH-BT, each of the directors of the REIT Manager Board will also be a director of the Trustee-Manager Board. In order for the Trustee-Manager Board to comply with the requirement under Regulation 12 of the BTR, a majority of the directors of the board of the trustee-manager of a business trust is required to comprise directors who are independent from management and business relationships with the trustee-manager. Accordingly, a majority of the directors of both the REIT Manager Board and the Trustee-Manager Board will comprise such independent directors.

The composition of the REIT Manager Board will be reviewed regularly to ensure that the REIT Manager Board has the appropriate mix of expertise and experience.

The REIT Manager Audit, Risk and Compliance Committee

The REIT Manager Audit, Risk and Compliance Committee is appointed by the REIT Manager Board from among the REIT Manager Directors and is composed of three non-executive members, a majority of whom (including the Chairman of the REIT Manager Audit, Risk and Compliance Committee) are required to be directors independent from management and business relationships with the REIT Manager. As at the date of this Prospectus, the members of the REIT Manager Audit, Risk and Compliance Committee are Mr Law Song Keng, Mr Liew Choon Wei and Mr David Wong See Hong, all of whom are independent directors. Mr Law Song Keng has been appointed as the Chairman of the REIT Manager Audit, Risk and Compliance Committee.

The role of the REIT Manager Audit, Risk and Compliance Committee is to monitor and evaluate the effectiveness of the REIT Manager’s internal controls. The REIT Manager Audit, Risk and Compliance Committee will review the quality and reliability of information prepared for inclusion in financial reports, and will be responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

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1 The independence of the directors in this context refers to their independence from management and business relationships with the REIT Manager.
The REIT Manager Audit, Risk and Compliance Committee’s responsibilities include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to Interested Person Transactions (as defined in the Listing Manual) and the provisions of the Property Funds Appendix relating to Interested Party Transactions (as defined in the Property Funds Appendix) (both such types of transactions constituting “Related Party Transactions”);

- reviewing transactions constituting Related Party Transactions;

- deliberating on resolutions relating to conflicts of interest involving FH-REIT;

- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

- reviewing the arrangements by which employees of FH-REIT may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;

- examining the effectiveness of financial, operating and compliance controls and risk management policies and systems at least annually;

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

- reviewing the adequacy of external audits in respect of cost, scope and performance;

- reviewing the nature and extent of non-audit services performed by external auditors;

- making recommendations to the REIT Manager Board on the appointment, reappointment and removal of external auditors and approving the remuneration and terms of engagement of external auditors;

- reviewing, on an annual basis, the independence and objectivity of the external auditors and where the external auditors also provide a substantial volume of non-audit services to FH-REIT, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

- reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

- ensuring that the internal audit function is independent from the management and will report to the chairman of the Audit, Risk and Compliance Committee and adequately qualified to perform an effective role;

- ensuring, at least annually, the adequacy of the internal audit function;

- meeting with external and internal auditors, without the presence of the executive officers of the REIT Manager, at least on an annual basis;

- reviewing the financial statements of FH-REIT;
• reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of FH-REIT and any formal announcements relating to FH-REIT’s financial performance;

• investigating any matters within the REIT Manager Audit, Risk and Compliance Committee’s terms of reference, whenever it deems necessary; and

• reporting to the REIT Manager Board on material matters, findings and recommendations.

The REIT Manager Nominating Committee

The Nominating Committee of the REIT Manager is required to be composed of three or more members:

• at least a majority of whom, including the chairman of the Nominating Committee, should be independent; and

• the lead independent director, if any, should be a member of the Nominating Committee.

As at the date of this Prospectus, the members of the REIT Manager Nominating Committee are Mr Law Song Keng, Mr Liew Choon Wei and Mr Panote Sirivadhanabhakdi, a majority of whom are independent directors. Mr Law Song Keng has been appointed as the Chairman of the Nominating Committee.

The role of the Nominating Committee is to make recommendations to the REIT Manager Board on all board appointments. The Nominating Committee should also make recommendations to the REIT Manager Board on relevant matters relating to:

(a) the review of board succession plans for directors, in particular, the Chairman and for the Chief Executive Officer;

(b) the development of a process for evaluation of the performance of the REIT Manager Board, its board committees and directors;

(c) the review of training and professional development programs for the REIT Manager Board; and

(d) the appointment and re-appointment of directors (including alternate directors, if applicable).

The Nominating Committee’s responsibilities also include, but are not limited to, the following:

• determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 of the Code of Corporate Governance 2012 and any other salient factors. If the Nominating Committee considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the REIT Manager Board for its consideration. Conversely, the Nominating Committee has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in Guideline 2.3 or Guideline 2.4 of the Code of Corporate Governance 2012, and should similarly provide its views to the REIT Manager Board for its consideration;

• where a director has multiple board representations, deciding if the director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director’s number of listed company board representations and other principal commitments;
• if a person is proposed to be appointed as an alternate director to an independent director, review with the REIT Manager Board and conclude whether the person would similarly qualify as an independent director, before his appointment as an alternate director;

• carry out the process for assessing the effectiveness of the REIT Manager Board as a whole and its board committees and for assessing the contribution by the Chairman and each individual director to the effectiveness of the REIT Manager Board;

• decide how the REIT Manager Board’s performance may be evaluated and propose objective performance criteria to the REIT Manager Board; and

• advise the Chairman on the results of the performance evaluation.

*Dealings in Stapled Securities or, as the case may be, FH-REIT Units*

Each REIT Manager Director and the CEO of the REIT Manager is to give notice to the REIT Manager of his acquisition of Stapled Securities or (in the event that Unstapling has taken place) FH-REIT Units or of changes in the number of Stapled Securities or, as the case may be, FH-REIT Units which he holds or in which he has an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of the Stapled Securities or, as the case may be, FH-REIT Units which he holds or in which he has an interest (see “The Formation and Structure of FHT, FH-REIT and FH-BT – The Formation and Structure of FH-REIT – The REIT Manager Board’s Declaration of Holdings of FH-REIT Units” for further details).

All dealings in the Stapled Securities or, as the case may be, FH-REIT Units by the REIT Manager Directors will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website http://www.sgx.com.

The directors and employees of the REIT Manager are prohibited from dealing in the Stapled Securities:

• in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of FHT or (in the event that Unstapling has taken place) FH-REIT, and ending on the date of announcement of the relevant results or (as the case may be) property valuations; and

• at any time while in possession of price sensitive information.

The directors and employees of the REIT Manager are also prohibited from communicating price sensitive information to any person.

Pursuant to Section 137ZC of the SFA, the REIT Manager will be required to, *inter alia*, announce to the SGX-ST the particulars of any acquisition or disposal of interest in FH-REIT Units by the REIT Manager as soon as practicable, and in any case no later than the end of the Business Day following the day on which the REIT Manager became aware of the acquisition or disposal. In addition, all dealings in FH-REIT Units by the Chief Executive Officer will also need to be announced by the REIT Manager via SGXNET, with the announcement to be posted on the internet at the SGX-ST website http://www.sgx.com and in such form and manner as the Authority may prescribe.
Management of Business Risk

The REIT Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of FH-REIT against a previously approved budget. The REIT Manager Board will also review the business risks of FH-REIT, examine liability management and will act upon any comments from both the internal and external auditors of FH-REIT.

The REIT Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of FH-REIT. In assessing business risk, the REIT Manager Board will consider the economic environment and risks relevant to the hospitality and hospitality-related industries. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the REIT Manager and FH-REIT and discuss any disclosure issues.

Potential Conflicts of Interest

The REIT Manager has instituted the following procedures to deal with potential conflicts of interest issues:

- The REIT Manager will not manage any other REIT which invests in the same type of properties as FH-REIT;
- All key executive officers will be employed by the REIT Manager and will not hold executive positions in any other entities;
- All resolutions in writing of the REIT Manager Directors in relation to matters concerning FH-REIT must be approved by a majority of the directors, including at least one director independent from management and business relationships with the REIT Manager;
- At least a majority of the REIT Manager Board shall comprise such independent directors;
- In respect of matters in which a REIT Manager Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the REIT Manager Directors and must exclude such interested director;
- In respect of matters in which the Sponsor has an interest, direct or indirect, for example, in matters relating to:
  - potential acquisitions of additional properties or property-related investments by FH-REIT in competition with the Sponsor; and/or
  - competition for tenants between properties owned by FH-REIT and properties owned by the Sponsor,

any nominees appointed by the Sponsor to the REIT Manager Board to represent its interests will abstain from deliberations and voting on such matters. In such matters, the quorum must comprise a majority of the REIT Manager Directors independent from management and business relationships with the REIT Manager and must exclude nominee directors of the Sponsor;
• Save as to resolutions relating to the removal of the REIT Manager, the REIT Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of FH-REIT Units convened to approve any matter in which the REIT Manager and/or any of its associates has an interest, and for so long as the REIT Manager is the manager of FH-REIT, the controlling shareholders (as defined in the Listing Manual) of the REIT Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of FH-REIT Units convened to consider a matter in respect of which the relevant controlling shareholders of the REIT Manager and/or of any of its associates have an interest; and

• It is also provided in the FH-REIT Trust Deed that if the REIT Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the REIT Trustee for and on behalf of FH-REIT with an Interested Person (as defined in the Listing Manual) and/or, as the case may be, an Interested Party (as defined in the Property Funds Appendix) (collectively, a “Related Party”) of the REIT Manager, the REIT Manager shall be obliged to consult with a reputable law firm (acceptable to the REIT Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the REIT Trustee, on behalf of FH-REIT, has a prima facie case against the party allegedly in breach under such agreement, the REIT Manager shall be obliged to take appropriate action in relation to such agreement. The REIT Manager Directors will have a duty to ensure that the REIT Manager so complies. Notwithstanding the foregoing, the REIT Manager shall inform the REIT Trustee as soon as it becomes aware of any breach of any agreement entered into by the REIT Trustee for and on behalf of FH-REIT with a Related Party of the REIT Manager and the REIT Trustee may take such action as it deems necessary to protect the rights of the holders of FH-REIT Units and/or which is in the interests of the holders of FH-REIT Units. Any decision by the REIT Manager not to take action against a Related Party of the REIT Manager shall not constitute a waiver of the REIT Trustee’s right to take such action as it deems fit against such Related Party.

Related Party Transactions

The REIT Manager’s Internal Control System

The REIT Manager has established an internal control system to ensure that all future Related Party Transactions:

• will be undertaken on normal commercial terms; and

• will not be prejudicial to the interests of FH-REIT and the holders of FH-REIT Units.

As a general rule, the REIT Manager must demonstrate to the REIT Manager Audit, Risk and Compliance Committee that such transactions satisfy the foregoing criteria, which may entail:

• obtaining (where practicable) quotations from parties unrelated to the REIT Manager; or

• obtaining valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The REIT Manager will maintain a register to record all Related Party Transactions which are entered into by FH-REIT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into.

The REIT Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by FH-REIT. The REIT Manager Audit, Risk and Compliance Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and
procedures established to monitor Related Party Transactions have been complied with. In addition, the REIT Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix have been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the REIT Manager Audit, Risk and Compliance Committee. If a member of the REIT Manager Audit, Risk and Compliance Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Further, the following procedures will be undertaken:

- 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 S$100,000 in value but less than 3.0% of the value of FH-REIT’s net tangible assets (based on the latest audited accounts) will be subject to review by the REIT Manager Audit, Risk and Compliance Committee 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 net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the REIT Manager Audit, Risk and Compliance Committee. Such approval shall only be given if such transaction is on normal commercial terms and is consistent with similar types of transactions made by the REIT Trustee with third parties which are unrelated to the REIT Manager; 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 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 REIT Manager Audit, Risk and Compliance Committee 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 the Property Funds Appendix, such transaction would have to be approved by the holders of FH-REIT Units at a duly convened meeting.

Pursuant to the Listing Manual, transactions with a value below S$100,000 are disregarded on the ground that they do not put FH-REIT at risk. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning FH-REIT relate to transactions entered into or to be entered into by the REIT Trustee for and on behalf of FH-REIT with a Related Party of the REIT Manager (which would include relevant “associates” as defined under the Listing Manual) or FH-REIT, the REIT Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of FH-REIT and the holders of FH-REIT Units, and in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the REIT Trustee has the ultimate discretion under the FH-REIT Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the REIT Manager or FH-REIT. If the REIT Trustee is to sign any contract with a Related Party of the REIT Manager or FH-REIT, the REIT Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.
Save for the transactions described under the sections “Management and Corporate Governance – FH-REIT – Related Party 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”, FH-REIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the Listing Manual) during the same financial year, is 3.0% or more of the value of FH-REIT’s latest audited net tangible assets.

The aggregate value of all Interested Person Transactions in accordance with the Listing Manual in a particular year, each of at least S$100,000 in value and which are subject to Rules 905 and 906 of the Listing Manual, will be disclosed in FHT’s annual report, or (if Unstapling has occurred), FH-REIT’s annual report for the relevant financial year.

**Role of the REIT Manager Audit, Risk and Compliance Committee for Related Party Transactions**

The REIT Manager Audit, Risk and Compliance Committee will monitor the procedures established to regulate Related Party Transactions, including reviewing any Related Party Transactions entered into from time to time and the internal audit reports to ensure compliance with the relevant provisions of the Listing Manual and the Property Funds Appendix.

If a member of the REIT Manager Audit, Risk and Compliance Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

**Related Party Transactions in connection with the Setting Up of FH-REIT and the Offering**

The REIT Trustee, on behalf of FH-REIT, has entered into a number of transactions with the REIT Manager and certain Related Parties of the REIT Manager in connection with the setting up of FH-REIT and the Offering. These Related Party Transactions are as follows:

- The REIT Trustee has entered into the FH-REIT Trust Deed with the REIT Manager.
- The REIT Trustee has also entered into the Stapling Deed with the Managers. The terms of the FH-REIT Trust Deed and Stapling Deed are generally described in “The Formation and Structure of FHT, FH-REIT and FH-BT”.
- The REIT Trustee has entered into the Sale and Purchase Agreements in relation to the Singapore Properties and ANA Crowne Plaza Kobe with the relevant Vendors. The terms of the Sale and Purchase Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties”.
- The REIT Trustee and the REIT Manager will enter into the Master Lease Agreements by the Listing Date. The terms of the Master Lease Agreements are more particularly described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties”.
- The REIT Trustee will enter into the Master Serviced Residence Management Agreement and Master Serviced Residence Licence Agreement, subject to the terms of the relevant individual serviced residence management agreements and individual serviced residence licence agreements. In accordance with the terms of the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement, the REIT Trustee will enter into the Individual Serviced Residence Management Agreements and the Individual Serviced Residence Licence Agreements in relation to the Serviced Residences.
comprised in the Initial Portfolio. The terms of the Master Serviced Residence Management Agreement and the Individual Serviced Residence Management Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Management Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Management Agreements”. The terms of the Master Serviced Residence Licence Agreement and the Individual Serviced Residence Licence Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Licence Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Licence Agreements”.

- The REIT Trustee will enter into the Master Technical Services Agreement, subject to the terms of the relevant individual technical services agreements. In accordance with the terms of the Master Technical Services Agreement, the REIT Trustee will enter into the Individual Technical Services Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Technical Services Agreement and the Individual Technical Services Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Technical Services Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Technical Services Agreements”.

- The REIT Trustee has entered into the Top-Up Deed with River Valley Apartments Pte Ltd in respect of Fraser Suites Singapore and with BCH Hotel Investment Pte Ltd in respect of InterContinental Singapore and the Escrow Agreements in connection therewith. The terms of the Payment Top-Up Deeds are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Payment Top-Up Deeds”.

- The REIT Trustee has been granted the TCCL Guarantees and Corporate Guarantees. The terms of the TCCL Guarantees and Corporate Guarantees are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties”.

- The REIT Trustee has entered into the Investment Management Agreement. The terms of the Investment Management Agreement are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to the Australian Properties – Investment Management Agreements”.

- The REIT Trustee has entered into the Non-Disturbance Agreements. The terms of the Non-Disturbance Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties”.

- The REIT Trustee has entered into the FCL ROFR, TCC ROFR and the TCC-FCL Agreement. The terms of the FCL ROFR, TCC ROFR and the TCC-FCL Agreement are more particularly described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Right of First Refusal Agreements”.

The REIT Manager has entered into the following Related Party Transactions:

- the Master Serviced Residence Management Agreement and Master Serviced Residence Licence Agreement, subject to the terms of the relevant individual serviced residence management agreements and individual serviced residence licence agreements. In accordance with the terms of the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement, the REIT Manager will enter into the Individual Serviced Residence Management Agreements and the Individual Serviced Residence Licence Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Serviced Residence Management Agreement and
the Individual Serviced Residence Management Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Management Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Management Agreements”. The terms of the Master Serviced Residence Licence Agreement and the Individual Serviced Residence Licence Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Licence Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Licence Agreements”.

• the Master Technical Services Agreement, subject to the terms of the relevant individual technical services agreements. In accordance with the terms of the Master Technical Services Agreement, the REIT Manager will enter into the Individual Serviced Residence Management Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Technical Services Agreement and the Individual Technical Services Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Technical Services Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Technical Services Agreements”.

• The REIT Manager has entered into the Investment Management Agreement. The terms of the Investment Management Agreement are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to the Australian Properties – Investment Management Agreements”.

FH-REIT’s subsidiaries and related entities have also entered into the following Related Party Transactions:

• the Sale and Purchase Agreements in relation to the rest of the Initial Portfolio (excluding the Singapore Properties and ANA Crowne Plaza Kobe) entered into by FH-REIT’s property-holding entities and the relevant Vendors;

• the FF&E Sale and Purchase Agreements in relation to Fraser Suites Sydney, Fraser Suites Edinburgh and Fraser Suites Queens Gate and ANA Crowne Plaza Kobe;

• the Master Lease and Tenancy Agreements for the lease of the rest of the Initial Portfolio (excluding the Singapore Properties) entered into by FH-REIT’s property-holding entities and the relevant Master Lessees and Tenant;

• the relevant TCCL Guarantees and Corporate Guarantees;

• the Retail Master Lease Agreement for the lease of the retail component of ANA Crowne Plaza Kobe;

• the share purchase agreement for the acquisition of Excellence Prosperity Japan K.K. entered into by a Singapore-incorporated subsidiary of FH-REIT and Excellence Prosperity (Singapore) Pte. Ltd. (the “EPJKK Share Purchase Agreement”);

• the Non-Disturbance Agreements;

• the relevant Individual Serviced Residence Management Agreements, Individual Serviced Residence Licence Agreements and Individual Technical Services Agreements;

• the investment management agreement entered into between the MIT Trustee, the MIT Manager, the REIT Manager and the Trustee-Manager in relation to MIT Australia and the
investment management agreements entered into between the MIT Sub-Trustee and the MIT Manager in relation to the MIT Sub-trusts (the “Investment Management Agreements”); and

• the servicing agreement under the ABS structure entered into between the Malaysian SPV, the REIT Manager and the Bond Trustee (the “ABS Servicing Agreement”).

In connection with the acquisition of the Australian Properties and the establishment of MIT Australia, The Trust Company (Australia) Limited will be appointed as the trustee of MIT Australia and The Trust Company (PTAL) Limited, which is a wholly-controlled entity of the MIT Trustee, will be appointed as the trustee of the sub-trusts. The Trust Company (Australia) Limited is a wholly-owned subsidiary of The Trust Company Limited. The REIT Trustee is an indirect wholly-owned subsidiary of The Trust Company Limited.

Based on its experience, expertise and knowledge of contracts, the REIT Manager Board and the executive officers of FH-REIT believe that the appointments and agreements set out above, are on normal commercial terms and are not prejudicial to the interests of FH-REIT and Stapled Securityholders.

Save as disclosed in this Prospectus, the REIT Trustee has not entered into any other transactions with the REIT Manager or any Related Party of the REIT Manager in connection with the setting up of FH-REIT.

**Exempted Agreements**

The entry into and the fees and charges payable by FH-REIT under:

• the FH-REIT Trust Deed;
• the Stapling Deed;
• the FF&E Sale and Purchase Agreements;
• the Sale and Purchase Agreements;
• the Payment Top-Up Deeds and the Escrow Agreements;
• the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement (including, for the avoidance of doubt, the option term);
• the Individual Serviced Residence Management Agreements (including, for the avoidance of doubt, the option term) and Individual Serviced Residence Licence Agreements (including, for the avoidance of doubt, the option term);
• the Master Technical Services Agreement (including, for the avoidance of doubt, the option term);
• the Individual Technical Services Agreements (including, for the avoidance of doubt, the option term);
• the EPTMK Share Purchase Agreement;
• the EPJKK Share Purchase Agreement;
• the Master Lease Agreements (including, for the avoidance of doubt, the option term);
• the Retail Master Lease Agreement;
• the Tenancy Agreement (including, for the avoidance of doubt, the initial option terms, the conversion to a 20-year lease and the subsequent option term);
• the Investment Management Agreements;
• the appointment of The Trust Company (Australia) Limited as the trustee of MIT Australia and The Trust Company (PTAL) Limited as the trustee of the sub-trusts; and
• the ABS Servicing Agreement,

which each constitutes a Related Party Transaction, are deemed to have been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect FH-REIT.

(See “Overview – Certain Fees and Charges” for the fees and charges payable by FH-REIT in connection with the establishment and on-going management and operation of FH-REIT.)

However, any renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual.

(See “– Related Party Transactions – The REIT Manager’s Internal Control System” for further details.)

**Future Related Party Transactions**

As a REIT listed on the SGX-ST, FH-REIT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulates, among other things, transactions entered into by the REIT Trustee (for and on behalf of FH-REIT) with an Interested Party relating to FH-REIT’s acquisition of assets from or sale of assets to an Interested Party, FH-REIT’s investment in securities of or issued by an Interested Party and the leasing of assets to an Interested Party.

Depending on the materiality of transactions entered into by FH-REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by an Interested Party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the holders of FH-REIT Units be obtained.

The Listing Manual regulates all Interested Person Transactions, including transactions already governed by the Property Funds Appendix. Depending on the materiality of the transaction, FH-REIT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain the prior approval of the holders of FH-REIT Units for the transaction (Rule 906 of the Listing Manual). The FH-REIT Trust Deed requires the REIT Trustee and the REIT Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as such other guidelines relating to Interested Person Transactions as may be prescribed by the SGX-ST to apply to REITs.

The REIT Manager may at any time in the future seek a general annual mandate from the holders of FH-REIT Units pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to leases and/or license agreements (including any Master Lease and Tenancy Agreement entered into by the REIT Trustee with an Interested Party) to be entered into
with Interested Persons, and all transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements of Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the REIT Trustee will appoint an independent financial adviser (without being required to consult the REIT Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of FH-REIT and the holders of FH-REIT Units.

Both the Property Funds Appendix and the Listing Manual requirements would have to be complied with in respect of a proposed transaction which is prima facie governed by both sets of rules. Where matters concerning FH-REIT relate to transactions entered or to be entered into by the REIT Trustee for and on behalf of FH-REIT with a Related Party of FH-REIT or the REIT Manager, the REIT Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The REIT Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the REIT Trustee (when acting other than in its capacity as trustee of FH-REIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of FH-REIT and the holders of FH-REIT Units. The REIT Manager shall not be liable to account to the REIT Trustee or to the holders of FH-REIT Units for any profits or benefits or other commissions made or derived from or in connection with any such transaction. The REIT Trustee shall not be liable to account to the REIT Manager or to the holders of FH-REIT Units for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the REIT Manager, its “connected persons” (as defined in the Listing Manual) and any director of the REIT Manager are prohibited from voting their respective own FH-REIT Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

**FH-BT**

FH-BT will be dormant on the Listing Date. For as long as FH-BT is dormant, the primary role of the Trustee-Manager Board will be to ensure that the Trustee-Manager complies with the requirements under the Listing Manual, the BTA and the BTR (except where waivers have been obtained) as well as the FH-BT Trust Deed and the Stapling Deed.
Management Reporting Structure of the Trustee-Manager

Board of Directors

Mr Law Song Keng (Chairman and Independent Director)
Mr Chua Phuy Hee (Independent Director)
Mr Liew Choon Wei (Independent Director)
Mr David Wong See Hong (Independent Director)
Mr Choe Peng Sum (Non-Executive Director)
Mr Lim Ee Seng (Non-Executive Director)
Mr Panote Sirivadhanabhakdi (Non-Executive Director)

Chief Executive Officer
Ms Eu Chin Fen

Chief Financial Officer
Ms Valerie Foo Meei Foon

The Trustee-Manager Board

As at the Listing Date, the Trustee-Manager Directors will be the same as the REIT Manager Directors. (See “Management and Corporate Governance – FHT – Board of Directors of the Managers” for further details.) As FH-BT will be dormant as at the Listing Date, no compensation is payable to the Directors of the Trustee-Manager.

Executive Officers of the Trustee-Manager

As at the Listing Date, the executive officers of the Trustee-Manager comprise the Chief Executive Officer and the Chief Financial Officer, who are also the Chief Executive Officer and Chief Financial Officer of the REIT Manager, respectively.
The following table sets forth information regarding the executive officers of the Trustee-Manager:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Address</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Eu Chin Fen</td>
<td>42</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Ms Valerie Foo Meei Foon</td>
<td>40</td>
<td>c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958</td>
<td>Chief Financial Officer</td>
</tr>
</tbody>
</table>

**Roles and Responsibilities of the Executive Officers of the Trustee-Manager**

The **Chief Executive Officer** of the Trustee-Manager is responsible for working with the Trustee-Manager Board to determine the overall business, investment and operational strategies for FH-BT (where relevant). The Chief Executive Officer will also work with the other members of the management team of the Trustee-Manager to ensure that the business, investment and operational strategies of FH-BT are carried out as planned. In addition, the Chief Executive Officer is responsible for the overall management and planning of the strategic direction of FH-BT.

The **Chief Financial Officer** of the Trustee-Manager is responsible for the finances of FH-BT. A key role of the Chief Financial Officer is to focus, monitor and report on the financial performance of FH-BT (where relevant). The Chief Financial Officer is also responsible for the preparation of statutory accounts, co-ordination with external auditors, managing tax affairs and treasury matters, and preparation of performance reports for investors and regulators.

(See “– FH-REIT – Executive Officers of the REIT Manager – Experience and Expertise of the Executive Officers of the REIT Manager” and Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers” for further details.)

As FH-BT will be dormant as at the Listing Date, no compensation is payable to the Chief Executive Officer and Chief Financial Officer of the Trustee-Manager.

**Employees of the Trustee-Manager**

There are two employees employed by the Trustee-Manager, being the Chief Executive Officer, Ms Eu Chin Fen, with the Chief Financial Officer, Ms Valerie Foo Meei Foon, being responsible for the finances of FH-BT. As at the date of this Prospectus, the two employees are based in Singapore and are not unionised.

**Service Agreements**

None of the members of the Trustee-Manager Board has entered or proposed to enter into service agreements with the Trustee-Manager or any subsidiary or subsidiary entity of FHT which provide for benefits upon termination of employment.

**Company Secretary of the Trustee-Manager**

The company secretaries of the Trustee-Manager, Mr Piya Treruangrachada and Mr Anthony Cheong Fook Seng, are also the company secretaries of the REIT Manager. Mr Piya Treruangrachada is a member of the Institute of Singapore Chartered Accountants and Mr Anthony Cheong Fook Seng is a Fellow of the Institute of Singapore Chartered Accountants.
The roles of the Company Secretary include the following:

- ensuring that board procedures of the Trustee-Manager Board are followed;
- assisting the Trustee-Manager with corporate secretarial administration matters for the Trustee-Manager, both in its personal capacity and in its capacity as manager of FH-BT, including attending all board meetings; and
- assisting the Trustee-Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

**The Key Roles of the Trustee-Manager Board when FH-BT becomes active**

When FH-BT becomes active, the key roles of the Trustee-Manager Board will be to:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the Trustee-Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

When FH-BT becomes active, the Trustee-Manager Board will meet to review the key activities and business strategies of the Trustee-Manager. The Trustee-Manager Board intends to meet regularly, at least once every three months, to deliberate the strategic policies of FH-BT, including acquisitions and disposals, approval of the annual budget and review of the performance of FH-BT.

Each Director of the Trustee-Manager has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of FH-BT. The Directors of the Trustee-Manager will contribute in different ways to further the interests of FH-BT.

On the basis FH-BT is dormant on the Listing Date, an application has been made to the MAS for an exemption from the requirement for an audit committee to be constituted by the Trustee-Manager Board and the functions that will be undertaken by an audit committee will be assumed by the Trustee-Manager Board. The MAS has granted an exemption from compliance with Section 15(1) of the BTA to the extent that Section 15(1) of the BTA requires an audit committee to be constituted when FH-BT is dormant, subject to certain conditions. (See “General Information – Waivers from the MAS – Paragraph (15)(b)” for further details on the exemption granted and the conditions imposed by the MAS). When FH-BT becomes active, the Trustee-Manager Board will put in place appropriate internal control systems.

A majority of the Trustee-Manager Board (namely four out of seven Directors) are non-executive and independent.

The positions of Chairman of the Trustee-Manager Board and Chief Executive Officer of the Trustee-Manager are held by two different individuals in order to maintain effective checks and balances. The Chairman of the Trustee-Manager Board is Mr Law Song Keng, while the Chief Executive Officer is Ms Eu Chin Fen. Mr Law Song Keng is also the Chairman of the REIT Manager Board. The Chairman is responsible for the overall management of the Trustee-Manager Board, while the Chief Executive Officer has full executive responsibilities over the business directions of the Trustee-Manager.
The Trustee-Manager Board has access to the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Trustee-Manager also has access to independent professional advice where appropriate and whenever requested. (See “Management and Corporate Governance – FH-BT – Company Secretary of the Trustee-Manager” for details of the Company Secretary and his qualifications.)

Roles and Responsibilities of the Trustee-Manager in relation to the management of FH-BT

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of FH-BT Units, and managing the business conducted by FH-BT. The Trustee-Manager has general powers of management over the business and assets of FH-BT and its main responsibility is to manage FH-BT’s assets and liabilities for the benefit of the holders of FH-BT Units as a whole.

The Trustee-Manager will set the strategic direction of FH-BT. The Trustee-Manager is also responsible for ensuring that FH-BT complies with the applicable provisions of all relevant laws, regulations and guidelines including the BTA, the SFA, the Listing Manual, the FH-BT Trust Deed and the Stapling Deed.

The Trustee-Manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a registered business trust under the BTA (“Due Care”) to comply with the applicable provisions of all relevant legislation, as well as the Listing Manual, and is responsible for ensuring compliance with the FH-BT Trust Deed and all relevant contracts entered into by the Trustee-Manager on behalf of FH-BT.

The Trustee-Manager, in exercising its powers and carrying out its duties as FH-BT’s trustee-manager, is required to:

- treat the holders of FH-BT Units who hold FH-BT Units in the same class fairly and equally and holders of FH-BT Units who hold FH-BT Units in different classes (if any) fairly;
- ensure that all payments out of the FH-BT Trust Property are made in accordance with the BTA, the FH-BT Trust Deed and the Stapling Deed;
- report to the Authority any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 by any other person that:
  - relates to FH-BT; and
  - has had, has or is likely to have, a material adverse effect on the interests of all the holders of FH-BT Units, or any class of holders of FH-BT Units, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the FH-BT Trust Property is properly accounted for; and
- ensure that the FH-BT Trust Property is kept distinct from the property held in its own capacity.

The Trustee-Manager may:

- while the FH-REIT Units and FH-BT Units are stapled together, lend monies to FH-REIT out of FH-BT’s property whenever the Trustee-Manager considers, among other things, that such lending is necessary or desirable in order to further the interests of the investors of the Stapled Securities as a whole; and
• borrow on behalf of FH-BT (upon such terms and conditions as it deems fit, including the charging or mortgaging of all or any part of FH-BT’s property) whenever the Trustee-Manager considers, among other things, that such borrowings are necessary or desirable in order to enable the Trustee-Manager to meet any contractual obligations or liabilities or whenever the Trustee-Manager considers it desirable that monies be borrowed or raised to:
  
  – finance the acquisition of any Authorised Investments;
  
  – finance the repurchase and/or redemption of FH-BT Units by the Trustee-Manager;
  
  – finance any distributions of FH-BT;
  
  – finance any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Investment undertaken by FH-BT or any Trust Asset (as defined under the FH-BT Trust Deed); or
  
  – while the FH-REIT Units and FH-BT Units are stapled together, on-lend monies to FH-REIT in order to further the interests of the investors of the Stapled Securities as a whole.

FH-BT will not guarantee the financial obligations, debts or any other liabilities of FH-REIT and vice versa.

The Trustee-Manager also has the following statutory duties under the BTA:

• at all times act honestly and exercise reasonable diligence in the discharge of its duties as FH-BT’s trustee-manager in accordance with the BTA and the FH-BT Trust Deed;

• act in the best interests of all holders of FH-BT Units as a whole and give priority to the interests of all holders of FH-BT Units as a whole over its own interests in the event of a conflict between the interests of all holders of FH-BT Units as a whole and its own interests;

• not make improper use of any information acquired by virtue of its position as FH-BT’s trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the holders of FH-BT Units; and

• hold the FH-BT Trust Property on trust for all holders of FH-BT Units as a whole in accordance with the terms of the FH-BT Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it shall be:

• liable to all holders of FH-BT Units as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all holders of FH-BT Units as a whole as a result of the contravention; and

• guilty of an offence and shall be liable on conviction to a fine not exceeding S$100,000.

While the Trustee-Manager is required to be dedicated to the conduct of the business of FH-BT, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the FH-BT Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be subject as trustee-
manager, to have recourse to the Trust Property of FH-BT or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or by the failure of the Trustee-Manager to exercise Due Care. The Trustee-Manager may, in managing FH-BT and in carrying out and performing its duties and obligations under the FH-BT Trust Deed, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the FH-BT Trust Deed, and shall not be liable for all acts and omissions of such persons provided that the Trustee-Manager had exercised Due Care in selecting as well as monitoring such persons.

**Constituent Documents of the Trustee-Manager**

Certain key provisions of the Memorandum and Articles of Association of the Trustee-Manager are set out below.

*A Trustee-Manager Director shall not vote on any proposal, arrangement or contract in which he is interested*

Each Trustee-Manager Director who is, directly or indirectly, interested in a transaction or proposed transaction with the Trustee-Manager has to, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Trustee-Manager Board. A Trustee-Manager Director shall not vote in respect of any transaction, contract or arrangement or any other proposal in which he has any personal material interest, directly or indirectly. A Trustee-Manager Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is disbarred from voting.

*The borrowing powers exercisable by the Trustee-Manager and how such borrowing powers may be varied*

The Trustee-Manager has full rights, powers and privileges to carry on or undertake any business or activity, do any act or enter into any transaction subject to the provisions of the Companies Act, the BTA and any other written law and the Memorandum of Association of the Trustee-Manager. In this case, the business is that of acting as trustee-manager of FH-BT.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing on behalf of FH-BT unless the power of borrowing is conferred upon it by the FH-BT Trust Deed. The FH-BT Trust Deed empowers the Trustee-Manager to borrow on behalf of FH-BT for the purpose of enabling the Trustee-Manager to meet any liabilities under or in connection with the trusts of the FH-BT Trust Deed or with any investment of FH-BT, for the purpose of financing any acquisition of any Authorised Investment on behalf of FH-BT, or financing the repurchase and/or redemption of FH-BT Units by the Trustee-Manager, or financing any distributions of FH-BT, or for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Investment undertaken by FH-BT or any Trust Asset (as defined under the FH-BT Trust Deed), or while the FH-REIT Units and FH-BT Units are stapled together, on-lend monies to FH-REIT in order to further the interests of the investors of the Stapled Securities as a whole upon such terms and conditions as it thinks fit and, in particular, by charging or mortgaging all or any of the investments of FH-BT or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of FH-BT, provided that the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the borrowing or raising of moneys which (in its opinion) cause the Trustee-Manager’s liability to extend beyond the limits of the FH-BT Trust Property.

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1 The on-lending of monies from FH-BT to FH-REIT will count towards the borrowings of FH-REIT for the purposes of calculating FH-REIT’s Aggregate Leverage.
Any variation of the borrowing powers as contained in the FH-BT Trust Deed would require the approval of the holders of FH-BT Units by way of an Extraordinary Resolution passed at a meeting of holders of FH-BT Units duly convened and held in accordance with the FH-BT Trust Deed and such other regulatory approvals as may be required to vary the terms of the FH-BT Trust Deed.

**The retirement or non-retirement of a Trustee-Manager Director under an age limit requirement**

The Memorandum and Articles of Association of the Trustee-Manager do not specify an age limit beyond which a Trustee-Manager Director shall retire¹.

**The number of units in the business trust, if any, required for the qualification of a Trustee-Manager Director**

A Trustee-Manager Director is not required to hold any FH-BT Units to qualify as a Trustee-Manager Director.

**Retirement of Trustee-Manager Directors**

The appointment of the directors on the Trustee-Manager Board shall continue until such time as they resign or become prohibited from being a director by reason of any order made under the Companies Act or the BTA, or cease to be a director by virtue of any of the provisions of the Companies Act or the BTA or the Articles of Association of the Trustee-Manager, or has a receiving order made against him or suspends payments or compounds with his creditors generally, or is found lunatic or becomes of unsound mind or is otherwise removed by way of an Ordinary Resolution passed at a meeting of the shareholder(s) of the Trustee-Manager duly convened and held.

**Fees Payable to the Trustee-Manager**

**Management Fee**

The Trustee-Manager shall be entitled under the FH-BT Trust Deed to:

(i) a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-BT Trust Property; and

(ii) a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee), payable in the event that FH-BT becomes active.

There should be no double-counting of fees. In the event that both the Trustee-Manager and the REIT Manager are entitled to the Performance Fee, such fees payable to both the Trustee-Manager and the REIT Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee². For the avoidance of doubt, the maximum Performance Fee payable to both the Trustee-Manager and the REIT Manager

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¹ Subject to the Companies Act.

² In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.
collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

For the purpose of calculating the management fee, if FH-BT holds only a partial interest in an investment from which such profit is derived, such profit shall be pro-rated in proportion to the partial interest held.

The management fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-BT Units as the Trustee-Manager may elect.

Any portion of management fee payable in the form of Stapled Securities or, as the case may be, FH-BT Units shall be payable quarterly (in relation to the Base Fee) or semi-annually (in relation to the Performance Fee) in arrears and any portion of management fees payable in cash shall be payable monthly in arrears (in relation to the Base Fee) or semi-annually in arrears (in relation to the Performance Fee). On the basis that the Stapled Securities or, as the case may be, FH-BT Units are listed, when management fees are payable in the form of Stapled Securities or, as the case may be, FH-BT Units, the Trustee-Manager shall be entitled to receive such number of Stapled Securities or, as the case may be, FH-BT Units as may be purchased with the relevant amount of the management fees at an issue price equivalent to the “market price”, i.e. the volume weighted average price per Stapled Security or, as the case may be, FH-BT Units for all trades on the SGX-ST, in the ordinary course of trading, for the last 10 Business Days of the relevant period in which the management fees accrue or, if the Trustee-Manager believes that the foregoing calculation does not provide a fair reflection of the market price of a Stapled Security or, as the case may be, a FH-BT Unit (which may include, among others, instances where there is disorderly trading activity in the FH-BT Units or the Stapled Securities), an amount as determined by the Trustee-Manager (after consultation with a stockbroker approved by the Trustee-Manager), as being the fair market price, and this will be announced on the SGXNET for so long as FH-BT is listed on the SGX-ST.

Any increase in the rate or any change in the structure of the Trustee-Manager’s management fees must be approved by an Extraordinary Resolution at a meeting of the holders of FH-BT Units duly convened and held in accordance with the provisions of the FH-BT Trust Deed.

For the avoidance of doubt, the Trustee-Manager’s change in its election to receive cash or FH-BT Units or a combination of cash and FH-BT Units is not considered as a change in structure of the Trustee-Manager’s management fees.

**Trustee Fee**

Under the FH-BT Trust Deed, 0.1% per annum of the value of the FH-BT Trust Property and subject to a minimum fee of S$10,000 per month, if any, shall be paid to the Trustee-Manager as trustee fees, provided that the value of the FH-BT Trust Property is at least S$50.0 million and FH-BT is active.

For the purpose of calculating the trustee fee, if FH-BT holds only a partial interest in any of its FH-BT Trust Property, such FH-BT Trust Property shall be pro-rated in proportion to the partial interest held.

The trustee fee shall be payable in arrears on a quarterly basis in the form of cash.

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1 “Business Day” refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.
**Acquisition Fee and Divestment Fee payable to the Trustee-Manager**

The Trustee-Manager is entitled to:

- an acquisition fee\(^1\) of 0.5% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double counting):

  (i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments\(^2\) in addition to the acquisition price made by FH-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-BT’s interest);

  (ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value\(^3\) 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-BT, whether directly or indirectly through one or more SPVs, plus any other payments\(^2\) made by FH-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of FH-BT’s interest); or

  (iii) the acquisition price of any investment purchased by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

- a divestment fee\(^4\) of 0.5% of any of the following as is applicable (subject to there being no double-counting):

  (i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by FH-BT, plus any other payments\(^5\) in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-BT’s interest);

  (ii) the underlying value\(^6\) of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments\(^5\) received by the FH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-BT’s interest); or

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1. No acquisition fee is payable for the transfer of assets from FH-REIT.
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-BT 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-BT as purchase consideration and any debt of the special purpose company.
4. No divestment fee is payable for the transfer of assets to FH-REIT.
5. “other payments” refer to additional payments to FH-BT or its SPVs for the sale of the real estate, for example, where FH-BT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements is not reflected in the sale 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.
6. For example, if FH-BT sells or divests 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 received by FH-BT at sale price and any debt of the special purpose company.
(iii) the sale price of the investment sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any price or value adjustment to be made post-completion (and the acquisition fee payable to the Trustee-Manager will be adjusted upwards or downwards, as applicable).

For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any price or value adjustment to be made post-completion (and the divestment fee payable to the Trustee-Manager will be adjusted upwards or downwards, as applicable).

The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Stapled Securities at prevailing market price(s) instead of cash. The Stapled Securities issued to the Trustee-Manager as its acquisition or divestment fee should not be sold within one year from the date of their issuance.

Any increase in the rate or any change in the structure of the Trustee-Manager’s management fee and trustee fee, or in the maximum permitted level of the acquisition fee or divestment fee, must be approved by an Extraordinary Resolution passed at a meeting of holders of FH-BT Units duly convened and held in accordance with the provisions of the FH-BT Trust Deed.

**Development Management Fee payable to the Trustee-Manager**

The Trustee-Manager is also entitled to receive development management fees equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of FH-BT.

When the estimated Total Project Costs are greater than S$200.0 million\(^1\), the Trustee-Manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the Trustee-Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Trustee-Manager’s view, materially lower than the development management fee, the Trustee-Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of FH-BT.

For the avoidance of doubt, no acquisition fee shall be paid when the Trustee-Manager receives the development management fee for a Development Project.

Any increase in the percentage of the development management fee or any change in the structure of the development management fee must be approved by an Extraordinary Resolution passed at a meeting of holders of FH-BT Units duly convened and held in accordance with the provisions of the FH-BT Trust Deed.

\(^1\) The threshold of S$200.0 million is derived by the Managers based on industry estimates that the development costs of hospitality real estate assets are generally greater than development costs compared to other types of real estate asset class.
Fees payable to other asset managers

In the event that the Trustee-Manager appoints or, any entity which is held by FH-BT (whether wholly or partially) at the recommendation of the Trustee-Manager, appoints an asset manager, investment managers or any other entities (including related entities of the Managers) (the "FH-BT Relevant Entity") to provide asset management services or investment management services in respect of any asset of FH-BT, the FH-BT Relevant Entity shall be entitled to receive out of the FH-BT Trust Property, a fee for its services to be paid either directly (by the Trustee-Manager) or indirectly (by the entity which is held by FH-BT) (the "FH-BT Relevant Fee"), provided that the relevant fee payable to the Trustee-Manager shall be reduced by the FH-BT Relevant Fee to the extent that such FH-BT Relevant Fee relates to asset management fee, acquisition fee, divestment fee and development management fee.

The terms and mechanics for the payment of the FH-BT Relevant Fee shall be set out in the agreement appointing the FH-BT Relevant Entity.

For the avoidance of doubt, any other relevant fee not related to asset management fee, acquisition fee, divestment fee and development management fee shall not reduce the fees payable to the Trustee-Manager. The fees which reduce the fees payable to the Trustee-Manager relate primarily to fees arising from the performance of services which is within the scope of duties of the Trustee-Manager so as to prevent the double-charging of fees.

In the event that FH-BT puts into place a managed investment scheme similar to that of FH-REIT, any fees payable to the investment manager will reduce the corresponding fees payable to the Trustee-Manager.

(See “Overview – The Structure of FHT – Certain Fees and Charges” for further details).

Retirement or Removal of the Trustee-Manager

Under the BTA, the Trustee-Manager may only be removed, as trustee-manager of FH-BT, if a resolution to remove the Trustee-Manager is approved by holders of FH-BT Units holding in the aggregate not less than three-fourths of the voting rights of all the holders of the FH-BT Units who, being entitled to do so, vote in person or where proxies are allowed, by proxy present at a meeting of the holders of FH-BT Units or the Trustee-Manager may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with such procedures as the MAS may prescribe. Any purported change of the trustee-manager of a registered business trust is ineffective unless it is made in accordance with the BTA.

The Trustee-Manager will remain the trustee-manager of FH-BT until another person is appointed by:

- the holders of FH-BT Units to be the trustee-manager of FH-BT; or
- the court under Section 21(1) of the BTA to be the temporary trustee-manager of FH-BT,

and such appointment shall be effective from the date stated in the resolution of the holders of FH-BT Units or court order as the effective date of the appointment of the trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to Section 21(1) of the BTA, upon application by the MAS or the Trustee-Manager or a holder of FH-BT Units, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of FH-BT for a period of three months if the court is satisfied that the appointment is in the interest of the holders of FH-BT Units.
The temporary trustee-manager of FH-BT is required, within such time and in accordance with such requirements as may be prescribed by the MAS, to take such steps to enable the holders of FH-BT Units to appoint another person as the trustee-manager (not being a temporary trustee-manager) of FH-BT.

Corporate Governance of the Trustee-Manager

The BTA stipulates requirements and obligations in respect of corporate governance that are more stringent than those for companies and collective investment schemes. Corporate governance of companies and collective investment schemes are governed by the Code of Corporate Governance 2012 and, in the case of collective investment schemes, the CIS Code. The Code of Corporate Governance 2012 and the CIS Code only set out broad principles for guidance while the regime under the BTA sets out the requirements for, among other things, board composition of a trustee-manager, audit committee composition of a trustee-manager and independence of directors of a trustee-manager. The following is a summary of the material provisions of the BTA insofar as they relate to the Trustee-Manager Board.

Composition of the Trustee-Manager Board

Under Regulation 12(1) of the BTR, the Trustee-Manager Board is required to comprise:

- at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager; and
- at least a majority of Trustee-Manager Directors who are independent from any single Substantial Shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of seven members, four of whom are Independent Directors for the purposes of the BTA, being independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager. The MAS has granted an exemption from the requirement under Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that Regulations 12(1)(a) and 12(1)(b) require the Trustee-Manager Directors to (a) be independent from management and business relationships with the Trustee-Manager and (b) be independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager, namely, the Sponsor, subject to certain conditions. (See “General Information – Waivers from the MAS – Paragraph (15)” for further details on the exemption granted and the conditions imposed by the MAS.)

In addition to compliance with requirements under the BTA, the composition of the Trustee-Manager Board is determined using the following principles:

- the Chairman of the Trustee-Manager Board should be a non-executive Director; and
- the Trustee-Manager Board should consist of Directors with a broad range of commercial experience.

The composition of the Trustee-Manager Board will be reviewed regularly to ensure that the Trustee-Manager Board has the appropriate mix of expertise and experience.
Independence of the Trustee-Manager Directors

A majority of the Trustee-Manager Directors must be independent from management and business relationships with the Trustee-Manager.

(i) Independence from management and business relationships

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of FH-BT or FHT), a Trustee-Manager Director must not have any:

• management relationships with the Trustee-Manager or with any of its subsidiaries; and
• business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his independent judgment with regard to the interests of all the holders of FH-BT Units as a whole.

(ii) Independence from management relationships

A Trustee-Manager Director is not considered to be independent from management relationships with the Trustee-Manager if:

• he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;
• any member of his immediate family:
  – is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the Trustee-Manager Board or the subsidiary, as the case may be; or
  – has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or
• he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

(iii) Independence from business relationships

A Trustee-Manager Director is not considered to be independent from business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, if:

• he is a Substantial Shareholder of the Trustee-Manager, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of FH-BT or FHT) at any time during the current or immediately preceding financial year of the Trustee-Manager; or
• he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as an Trustee-Manager Director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

(iv) Independence from Substantial Shareholders of the Trustee-Manager

A Trustee-Manager Director is considered to be independent from a Substantial Shareholder of the Trustee-Manager if he is not that Substantial Shareholder or is not connected to that Substantial Shareholder.

The Trustee-Manager Director is connected to the Substantial Shareholder if:

• in the case where the Substantial Shareholder is an individual, the Trustee-Manager Director is:
  – a member of the immediate family of the Substantial Shareholder;
  – a partner of a firm of which the Substantial Shareholder is also a partner; 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

• in the case where the Substantial Shareholder is an corporation, the Trustee-Manager Director is:
  – employed by the Substantial Shareholder;
  – employed by a subsidiary or an associated company (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005) of the Substantial Shareholder;
  – a director of the Substantial Shareholder;
  – an executive director of a subsidiary or an associated company of the Substantial Shareholder;
  – a non-executive director of a subsidiary or an associated company of the Substantial Shareholder, where the subsidiary or associated company is not the Trustee-Manager;
  – a partner of a firm of which the Substantial Shareholder is also a partner; or
  – accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial Shareholder.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a Substantial Shareholder as the Managers are wholly-owned subsidiaries of the Sponsor.
However, due to the structure of FHT, appointing a Trustee-Manager Board which is the same as the REIT Manager Board would avoid any differences or deadlock in the operation of FHT. Operationally, the structure of FHT would require a high degree of co-operation between the Managers. In order for FH-REIT and FH-BT to function effectively, it is important that the Managers co-operate with each other in, for example:

- implementation of investment strategies of FHT;
- sharing accounting and other information as may be necessary or desirable to fulfil their respective obligations under the stapling deed;
- preparing and providing financial information to investors;
- valuing assets;
- preparing property accounts;
- holding general meetings;
- issuing Stapled Securities; and
- making distributions.

The MAS has granted an exemption from the requirements under Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that Regulations 12(1)(a) and 12(1)(b) require the Trustee-Manager Directors to (a) be independent from management and business relationships with the Trustee-Manager and (b) be independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager, namely, the Sponsor, subject to certain conditions. (See “General Information – Waivers from the MAS – Paragraph (15)” for further details on the exemption granted and the conditions imposed by the MAS.) The stapling together of FH-BT Units and FH-REIT Units means that the holders of FH-BT Units are at the same time the investors of the Stapled Securities, who stand to benefit as a whole regardless of whether the appointed Trustee-Manager Directors are independent of the Sponsor. Since the FH-REIT Units and FH-BT Units are held by the same pool of investors in the same proportion, concerns and potential abuses applicable to interested party transactions will be absent in transactions between FH-REIT and FH-BT.

**Dealings in Stapled Securities or, as the case may be, FH-BT Units**

The BTA requires each Trustee-Manager Director to give notice in writing to the Trustee-Manager of his acquisition of Stapled Securities or (in the event that Unstapling has taken place) FH-BT Units or changes in the number of Stapled Securities, or (as the case may be) FH-BT Units which he holds or in which he has an interest, within two Business Days after the date on which the Trustee-Manager Director became a director of the Trustee-Manager or the date of such acquisition or the occurrence of the event giving rise to changes in the number of Stapled Securities, or (as the case may be) FH-BT Units which he holds or in which he has an interest. Pursuant to Section 13(18) of the BTA, the above shall not apply in respect of a registered business trust: (a) all or any of the units of which are listed for quotation on the official list of a securities exchange; and (b) to which Subdivision (2) of Division 2 of Part VII of the SFA applies.

Pursuant to Section 137N of the SFA, each Trustee-Manager Director and the Trustee-Manager Chief Executive Officer is required to give notice in writing to the Trustee-Manager of, among other things, particulars of his interest in FH-BT Units or of changes in the number of FH-BT Units which he has an interest, within two Business Days after the date on which the Trustee-Manager Director or Trustee-Manager Chief Executive Officer became a director or chief executive officer of the
Trustee-Manager or the date on which he acquires an interest in the FH-BT Units or he becomes aware of the occurrence of the event giving rise to changes in the number of FH-BT Units in which he has an interest.

All dealings in Stapled Securities by the Trustee-Manager Directors and the Chief Executive Officer of the Trustee-Manager, will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website http://www.sgx.com.

The directors and employees of the Trustee-Manager are prohibited from dealing in the Stapled Securities or (as the case may be) FH-BT Units:

- in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of FHT or (in the event that Unstapling has taken place) FH-BT, and ending on the date of announcement of the relevant results or (as the case may be) property valuations; and

- at any time while in possession of price sensitive information.

The directors and employees of the Trustee-Manager are also prohibited from communicating price sensitive information to any person.

Pursuant to Section 137R of the SFA, the Trustee-Manager is required to announce to the SGX-ST the particulars of its holdings in the FH-BT Units and any changes thereto as soon as practicable and in any case no later than the end of the Business Day in Singapore following the day on which it acquires or, as the case may be, disposes of any FH-BT Units.

**Management of Business Risk**

The following will be put in place by the Trustee-Manager to manage business risk when FH-BT becomes active.

The Trustee-Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of FH-BT against a previously approved budget. The Trustee-Manager Board will also review the business risks of FH-BT, examine liability management and will act upon any comments from both the internal and external auditors of FH-BT.

In assessing business risk, the Trustee-Manager Board will consider the economic environment and risks relevant to the property industry. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the Trustee-Manager and FH-BT and discuss any disclosure issues.

**Interested Person Transactions and Potential Conflicts of Interest**

In general, transactions between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of FH-BT) or any of the subsidiaries or associated companies of FH-BT); and

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

The Trustee-Manager's Internal Control System

The Trustee-Manager will establish an internal control system to ensure that all future Interested Person Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of FH-BT and Stapled Securityholders.

The Trustee-Manager will maintain a register to record all Interested Person Transactions which are entered into by FH-BT and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager will also incorporate into its internal audit plan a review of all Interested Person Transactions entered into by FH-BT.

Where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of FH-BT and Stapled Securityholders; and
- in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the transactions described under “Management and Corporate Governance – FH-BT – Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions in Connection with the Setting up of FH-BT”, FH-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of FH-BT’s latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in FH-BT’s annual report for the relevant financial year.
**Interested Person Transactions in connection with the setting up of FH-BT**

The Trustee-Manager, on behalf of FH-BT, entered into a number of transactions with certain Interested Persons in connection with the setting up of FH-BT. These Interested Person Transactions are as follows:

- The Trustee-Manager entered into the FH-BT Trust Deed in connection with the setting up of FH-BT. The terms of the FH-BT Trust Deed are generally described in “The Formation and Structure of FHT, FH-REIT and FH-BT”.

- The Trustee-Manager entered into the Stapling Deed with the REIT Manager and REIT Trustee. The terms of the Stapling Deed are generally described in “The Formation and Structure of FHT, FH-REIT and FH-BT”.

- The Trustee-Manager will enter into the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement, subject to the terms of the relevant individual serviced residence management agreements and individual serviced residence licence agreements. In accordance with the terms of the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement, the Trustee-Manager will enter into the Individual Serviced Residence Management Agreements and the Individual Serviced Residence Licence Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Serviced Residence Management Agreement and the Individual Serviced Residence Management Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Management Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Management Agreements”. The terms of the Master Serviced Residence Licence Agreement and the Individual Serviced Residence Licence Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Licence Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Licence Agreements”.

- The Trustee-Manager will enter into the Master Technical Services Agreement subject to the terms of the relevant individual technical services agreements. In accordance with the terms of the Master Technical Services Agreement, the Trustee-Manager will enter into the Individual Technical Services Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Technical Services Agreement and the Individual Technical Services Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Technical Services Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Technical Services Agreements”.

- the investment management agreement entered into between the MIT Trustee, the MIT Manager, the REIT Manager and the Trustee-Manager in relation to MIT Australia.

- The Trustee-Manager has entered into the FCL ROFR, TCC ROFR and the TCC-FCL Agreement. The terms of the FCL ROFR, TCC ROFR and the TCC-FCL Agreement are more particularly described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Right of First Refusal Agreements”.

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Exempted Agreements

The entry into and the fees and charges payable by FH-BT under the FH-BT Trust Deed, the Stapling Deed, the Master Serviced Residence Management Agreement (including for the avoidance of doubt, the option term) and Master Serviced Residence Licence Agreement (including for the avoidance of doubt, the option term), the Individual Serviced Residence Management Agreements (including for the avoidance of doubt, the option term), the Individual Serviced Residence Licence Agreements (including for the avoidance of doubt, the option term), the Master Technical Services Agreement (including, for the avoidance of doubt, the option term), the Individual Technical Services Agreements (including, for the avoidance of doubt, the option term) and the Investment Management Agreement, which each constitutes an Interested Person Transaction, are deemed to have been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect FH-BT. However, the renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual. (See “Overview – Certain Fees and Charges” for the fees and charges payable by FH-BT in connection with the establishment of FH-BT.)

Any renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual. (See “Management and Corporate Governance – FH-BT – Interested Person Transactions and Potential Conflicts of Interest – The Trustee-Manager’s Internal Control System” for further details.)

Future Interested Person Transactions

FH-BT is regulated by the Listing Manual and the BTA. The Listing Manual and the BTA regulate all Interested Person Transactions. Depending on the materiality of the transaction, FH-BT may be required to make a public announcement of the transaction (pursuant to Rule 905 of the Listing Manual), or to make a public announcement of and to obtain the prior approval of Stapled Securityholders for the transaction (pursuant to Rule 906 of the Listing Manual). Section 86 of the BTA further requires (i) the Trustee-Manager Board to make a written statement in accordance with a resolution of the Trustee-Manager Board and signed by not less than two Directors on behalf of the Trustee-Manager Board certifying that, among other things, the relevant Interested Person Transaction is not detrimental to the interests of all Stapled Securityholders as a whole based on the circumstances at the time of the transaction, and (ii) the Chief Executive Officer of the Trustee-Manager to, in his or her personal capacity, make a written statement certifying that he or she is not aware of any violation of duties of the Trustee-Manager that would have a material adverse effect on the business of FH-BT and the interests of all Stapled Securityholders as a whole. These statements must be annexed to the profit and loss accounts of FH-BT in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Board to attach to FH-BT’s profit and loss accounts, a statement of policies and practices in relation to management and governance of FH-BT containing such information as prescribed by Regulation 20 of the BTR including, among other things, a description of measures put in place by the Trustee-Manager to review Interested Person Transactions in relation to FH-BT.

The FH-BT Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as the BTA and such other guidelines relating to Interested Person Transactions as may be prescribed by the MAS or the SGX-ST applying to business trusts.
The Trustee-Manager may at any time in the future seek a general annual mandate from Stapled Securityholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with Interested Persons, and all transactions conducted under such a general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee-Manager will appoint an independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of FH-BT and Stapled Securityholders.

Both the BTA and the Listing Manual requirements would have to be complied with in respect of a proposed Interested Person Transaction that is prima facie governed by both sets of rules. Where matters concerning FH-BT relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of FH-BT with an Interested Person (as defined under the Listing Manual and/or the BTA), the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

**Potential Conflicts of Interest**

The Trustee-Manager has instituted the following procedures to deal with conflict of interest issues:

- all resolutions in writing of the Trustee-Manager Directors in relation to matters concerning FHT must be approved by a majority of the Trustee-Manager Directors, including at least one Independent Trustee-Manager Director;
- all key executive officers will be employed by the Trustee-Manager and will not hold executive positions in other entities;
- in respect of matters in which a Trustee-Manager Director or his associate (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Trustee-Manager Directors and must exclude such interested director;
- in respect of matters in which the Sponsor has an interest, direct or indirect, any nominees appointed by the Sponsor to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Trustee-Manager Directors and must exclude any nominee directors of the Sponsor; and
- where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of FH-BT and Stapled Securityholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and SGX-ST that apply to business trusts.
It should be noted that under Section 6(3) of the BTA, the Trustee-Manager is prohibited from carrying on any business other than the management and operation of FH-BT as its trustee-manager.

**ANNUAL REPORTS**

So long as FH-REIT is stapled to FH-BT, an annual report covering the period incorporating disclosures as required under the Listing Manual and all relevant laws (including the Property Funds Appendix) will be issued by FHT within the timeframe as set out in the Listing Manual and the CIS Code, and at least 14 days before the annual general meeting of Stapled Securityholders, containing, among other things, the following key items:

(i) details of all real estate transactions entered into during the accounting period;

(ii) details of FH-REIT’s and (if applicable) FH-BT’s real estate assets;

(iii) if applicable, with respect to investments other than real estate property:
   
   (a) a brief description of the business;
   
   (b) proportion of share capital owned;
   
   (c) cost;
   
   (d) (if relevant) directors of the Managers’ valuation and in the case of listed investments, market value;
   
   (e) dividends received during the year (indicating any interim dividends);
   
   (f) dividend cover or underlying earnings;
   
   (g) any extraordinary items; and
   
   (h) net assets attributable to investments;

(iv) cost of each property held by FH-REIT and (if applicable) FH-BT;

(v) annual valuation of each property of FH-REIT and (if applicable) FH-BT;

(vi) analysis of provision for diminution in value of each property of FH-REIT and (if applicable) FH-BT (to the extent possible);

(vii) annual rental income for each property;

(viii) occupancy rates for each property;

(ix) remaining term for each of FH-REIT’s and (if applicable) FH-BT’s leasehold properties;

(x) amount of distributable income of FH-REIT and (if applicable) FH-BT held pending distribution;

(xi) details of assets other than real estate of FH-REIT and (if applicable) FH-BT;

(xii) details of FH-REIT’s and (if applicable) FH-BT’s exposure to derivatives;
(xiii) details of FH-REIT’s and (if applicable) FH-BT’s investments in other property funds;

(xiv) details of borrowings by and other financial accommodation to FH-REIT and (if applicable) FH-BT;

(xv) value of the FH-REIT Deposited Property and the value of the FH-BT Trust Property and the NAV of FH-REIT and FH-BT at the beginning and end of the accounting period under review;

(xvi) the prices at which the Stapled Securities were quoted at the beginning and end of the accounting period, and the highest and lowest prices at which the Stapled Securities were traded on the SGX-ST during the accounting period;

(xvii) volume of trade in the Stapled Securities during the accounting period;

(xviii) the aggregate value of all transactions entered into by FH-REIT with a Related Party and all transactions entered into by (if applicable) FH-BT with an Interested Party during the accounting period under review;

(xix) total operating expenses of FH-REIT and (if applicable) FH-BT in respect of the accounting period, including expenses paid to the REIT Manager, the REIT Trustee, the Trustee-Manager and Related Parties (if any), and taxation incurred in relation to FH-REIT’s and (if applicable) FH-BT’s properties;

(xx) historical performance of FH-REIT and (if applicable) FH-BT, including rental income obtained and occupancy rate for each property where applicable in respect of the accounting period and other various periods of time (e.g. one-year, three-year, five-year or 10-year) and any distributions made;

(xxii) total amount of fees paid to the REIT Manager, the REIT Trustee and the Trustee-Manager and the price(s) at which any Stapled Securities were issued in part payment thereof;

(xxiii) an analysis of realised and unrealised surpluses or losses, stating separately profits and losses as between listed and unlisted investments, if applicable;

(xxiv) any extraordinary items; and

(xxv) such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

The first report will cover the period from the Listing Date to 30 September 2015.

Additionally, FHT will announce the NAV of FH-REIT and FH-BT on a quarterly basis. The announcement of the NAV of FH-REIT and FH-BT will be based on the latest available valuation of the real estate of FH-REIT and FH-BT, which will be conducted at least once a year (as required under the Property Funds Appendix). The first such valuation will be conducted by 31 December 2014.

The Trustee-Manager Board is also required under Section 86 of the BTA to make a written statement, in accordance with a board resolution and signed by not less than two directors on behalf of the Trustee-Manager Board, certifying that:
(i) fees or charges paid or payable out of the FH-BT Trust Property to the Trustee-Manager are in accordance with the FH-BT Trust Deed;

(ii) Interested Person Transactions are not detrimental to the interests of all the holders of FH-BT Units as a whole based on the circumstances at the time of the transaction; and

(iii) The Trustee-Manager Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of FH-BT or on the interests of all the holders of FH-BT Units as a whole.

Such statement must be attached to the profit and loss accounts of FH-BT.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The REIT Manager and the Trustee-Manager believe in being responsible corporate citizens and will ensure that they adhere their business operations and strategy to FCL’s existing corporate social responsibility framework, which is committed to contributing positively towards the community and the environment. The REIT Manager and the Trustee-Manager will work on corporate social responsibility initiatives under the framework in order to enhance the social well-being of the local community and contribute to a sustainable future.
THE SPONSOR AND THE STRATEGIC PARTNER

THE SPONSOR

FCL is a full-fledged international real estate company headquartered in Singapore and its principal activities are property development, investment and management of commercial property, serviced residences and property trusts. It was listed on the Main Board of the SGX-ST by way of introduction on 9 January 2014. FCL had on 28 May 2014 convened an extraordinary general meeting to seek the approval of its shareholders in relation to, inter alia, the grant of a 75-year leasehold interest in each of the six Serviced Residences to FH-REIT. For further details on the resolutions passed and the valuations of the Serviced Residences, please refer to the circular of FCL dated 12 May 2014.

The FCL Group’s property portfolio comprises properties located in Singapore and overseas, ranging from residential and commercial developments to shopping malls, serviced residences and office and business space properties, as represented by the following four lead brands/divisions:

- Frasers Centrepoint Homes (for Singapore residential development properties);
- Frasers Property (for overseas development properties);
- Frasers Centrepoint Commercial (for shopping malls, office and business space properties); and
- Frasers Hospitality (for serviced residences).

Notes:

(1) As at Latest Practicable Date, FCL holds 41.1% unitholding interest in FCT and 100.0% shareholding interest in Frasers Centrepoint Asset Management Ltd, the REIT manager for FCT.

(2) As at Latest Practicable Date, FCL holds 27.6% unitholding interest in FCOT and 100.0% shareholding interest in Frasers Centrepoint Asset Management (Commercial) Ltd, the REIT manager for FCOT.
Frasers Centrepoint Homes

Frasers Centrepoint Homes focuses on residential property development in Singapore. As at 30 September 2013, it has built over 12,000 homes in Singapore with about 7,000 homes under development (including properties under FCL’s joint venture projects). Frasers Centrepoint Homes is one of the top residential developers in Singapore in terms of new home sales as compared to its listed peers.

Frasers Property

Frasers Property is the international arm of the FCL Group which develops residential and mixed-use property projects outside of Singapore, including in China, Australia, New Zealand, Thailand, and the United Kingdom. China and Australia are the two key overseas property markets for development properties for the FCL Group. As of 30 September 2013, the Sponsor has a significant development pipeline in China and Australia, comprising 7,000 homes in two residential projects in Shanghai and Suzhou in China, and about 2,400 homes in five residential projects in Sydney and Perth in Australia (including properties under FCL’s joint venture projects).

Frasers Centrepoint Commercial

Frasers Centrepoint Commercial manages FCL’s shopping malls in Singapore under the Frasers Centrepoint Malls brand. As at the Latest Practicable Date, it manages six shopping malls in Singapore held by FCT, an entity which is listed on the SGX-ST with a market capitalisation of S$1,535 million as at the Latest Practicable Date. In addition, FCL also has interests in and/or manages six other shopping malls in Singapore, one shopping mall in China and currently has an interest in one shopping mall in Australia. The Sponsor is one of the largest retail mall owners and/or operators in Singapore with a portfolio of 12 urban and suburban malls under management.

Frasers Centrepoint Commercial also manages office and business space properties. As at 30 September 2013, FCL manages five commercial and office properties in Singapore and Australia held by FCOT, an entity which is listed on the SGX-ST with a market capitalisation of S$916 million as at Latest Practicable Date. In addition, the FCL Group also has interests in six office and business space properties located in Singapore, China and Vietnam. As at 30 September 2013, FCL has developed six commercial properties.

Frasers Hospitality

Frasers Hospitality is a scalable hospitality operation with presence in over 30 cities worldwide, managing about 8,000 apartments with another over 7,100 apartments signed up under a family of five brands (Fraser Suites, Fraser Place, Fraser Residence, Modena and Capri by Fraser), as at 30 September 2013. Based on management contracts secured as at 30 September 2013, over 7,100 apartments will be added to Frasers Hospitality’s portfolio of serviced residences over the next three years.

This will double its presence in China to 23 hospitality properties within the next three years, strengthening its presence in Beijing, Shanghai, Guangzhou and Shenzhen as well as important second-tier Chinese cities such as Wuxi, Wuhan and Chengdu.

Key Strengths

Creating value through asset enhancement initiatives

Throughout the years, the Sponsor has created value on its assets through asset enhancement initiatives. For example, the Sponsor has created additional value through asset enhancement initiatives undertaken at Anchorpoint, Northpoint and Causeway Point malls which have contributed to a net value creation of about S$165.0 million in the respective initial year post such asset enhancement initiative based on increase in the respective malls’ net property income.
The proposed asset enhancement initiative to rejuvenate China Square Central, if approved and implemented, would include the addition of 16,000 sq m of gross floor area for hotel use, subject to re-zoning of the site from white with stipulated gross plot ratio of 4.2 to white without a stipulated gross plot ratio, and this could contribute further distributable income in the years ahead.

**Track Record in AEI: Causeway Point**

* [Image of Causeway Point before and after renovation]

**Multi-segment expertise, capability and track record to undertake large-scale mixed-use developments**

The Sponsor is one of the few international developers with residential, retail and commercial business exposure. Its project design, execution and delivery capabilities of our various businesses are attested to by the technically demanding large-scale projects that it has undertaken and by the awards and accolades the Sponsor has garnered over the years. Consequently, the Sponsor is able to leverage on its experience and capability as a multi-segment real estate developer to secure large-scale and complex mixed-use projects which would otherwise elude those without such expertise. Some examples of its projects are Capri, One@Changi City and Changi City Point in Singapore and Central Park in Australia.

* [Image of Changi City and Central Park, Sydney]

* Singapore’s largest integrated business park development
* One of the largest urban land regeneration projects in Australia
Commercial development at Cecil Street

Watertown Punggol

* S$1.5b mega project strategically located within the CBD

* Integrated residential, shopping mall and public transport development at Punggol Central

THE STRATEGIC PARTNER

The TCC Group is among the largest businesses in Southeast Asia and is engaged in a variety of businesses including real estate. The TCC Group invests in and develops a wide range of real estate projects globally, including hotels, office towers, retail centres, residences, serviced apartments, convention centres, golf courses and resorts. As at 31 December 2013, it owns, among others, 17 retail shopping centres with approximately 500,000 sq m of retail space, seven commercial offices with approximately 810,000 sq m of office space, 40 hotels with over 10,000 keys/rooms in Thailand and 10 countries worldwide and over 48,000 acres of land bank for development.
THE FORMATION AND STRUCTURE OF FHT, FH-REIT AND FH-BT

The Deeds are complex documents and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Deeds. Investors should refer to the Deeds themselves to confirm specific information or for a detailed understanding of FHT, FH-REIT and FH-BT. A copy of the Stapling Deed and the FH-REIT Trust Deed are available for inspection at the registered office of the REIT Manager while a copy of the Stapling Deed and the FH-BT Trust Deed are available for inspection at the registered office of the Trustee-Manager.

THE FORMATION AND STRUCTURE OF FHT

FHT is a hospitality stapled group comprising units in FH-REIT and FH-BT. The FH-REIT Units and FH-BT Units are stapled together under the terms of the Stapling Deed and cannot be traded separately. The FH-REIT Units and FH-BT Units together form the Stapled Securities, and are treated as one instrument. FH-REIT cannot issue (including the issue of partly paid units), transfer, register the transfer, consolidate or divide, redeem or buy back or cancel any of its units, unless the same action occurs in respect of FH-BT, and vice versa.

As at the Listing Date, FH-BT will be dormant. It will, however, become active if any of the following occurs:

- It is appointed by FH-REIT as a master lessee of a Property. FH-BT will not, however, manage or operate any of the hotel or serviced residence assets in FH-REIT’s portfolio, and the intention is for FH-BT to appoint a professional hotel manager or serviced residence operator to manage that hotel or serviced residence. FH-BT exists primarily as “a master lessee of last resort” with regard to the Properties so that in the event that the Master Lessees or Tenant terminate or do not renew the Master Lease Agreements or Tenancy Agreements beyond their initial terms and FH-REIT is unable to lease any of the Properties to another master lessee for any reason, including failing to reach agreement on commercially acceptable terms with other potential master lessees, then FH-BT will enter into a master lease agreement or tenancy agreement for the Property on substantially the same terms as the previous Master Lease Agreement or Tenancy Agreement (see “The Formation and Structure of FHT, FH-REIT and FH-BT – The Formation and Structure of FH-BT” for further details);

- FH-REIT acquires hotels or serviced residences in the future, and, if there are no other suitable master lessees, leases these acquired hotels or serviced residences to FH-BT. FH-BT will then become a master lessee for that hotel or serviced residence and will appoint a professional manager to manage that hotel or serviced residence; or

- FH-BT expands into other activities on its own such as project development and asset acquisitions.

Further, through FH-BT, FHT may undertake certain hospitality-related development projects, acquisitions and investments which may not be suitable for FH-REIT. FH-BT may thus acquire and/or invest in properties in its own name.

FH-REIT will not guarantee any debt of FH-BT, and vice versa. This will help to shield each entity from the other’s financial obligations because each entity’s creditors will not have recourse to the other.
The Stapling Deed

The FH-REIT Units and FH-BT Units are stapled together under the terms of the Stapling Deed. The Stapling Deed is governed by the laws of Singapore. In the event of any inconsistencies, the terms and conditions of the Stapling Deed takes precedence over the respective constitutions of the two entities forming FHT namely, the FH-REIT Trust Deed and the FH-BT Trust Deed.

Under the terms of the Stapling Deed, FH-REIT and FH-BT must co-operate with each other in all matters concerning the Stapled Securities and must make available to each other all information in their possession as may be necessary or desirable to fulfil their respective obligations under the Stapling Deed. FH-REIT and FH-BT must also keep confidential any information obtained concerning the affairs or assets of the other.

Notwithstanding the above, FH-REIT and FH-BT will remain separate entities. The Stapling Deed does not create any association, joint venture or partnership between FH-REIT and FH-BT for any purpose or authorising the sharing of the benefits of any assets (and any profits therefrom).

The Stapling Deed requires each Stapled Securityholder to hold the same number of FH-REIT Units and FH-BT Units. These units are stapled, meaning that an individual FH-REIT Unit may not be transferred, or otherwise dealt with, without the other corresponding stapled FH-BT Unit and vice versa. The units that together form each of the Stapled Securities are treated as one instrument for trading purposes. Each of the entities in FHT must not issue (including the issue of partly paid units and options), transfer, register the transfer, consolidate or divide, redeem or buy back or cancel any of the instruments that constitute the Stapled Securities unless the same action occurs in respect of the other constituent instruments and vice versa. For example, a takeover relating to FHT would need to apply to all components of the Stapled Securities.

In addition, so long as the FH-REIT Units and FH-BT Units are stapled together, in relation to:

- **Co-operation** – The Managers must co-operate with each other to ensure that each entity complies with its obligations under the Stapling Deed, the FH-REIT Trust Deed or, as the case may be, the FH-BT Trust Deed, the Companies Act, the SFA, the BTA, the Listing Manual, the Property Funds Appendix, the Hotels Act and any other legislation and regulations that may be relevant, as applicable;

- **Administration** – FH-REIT and FH-BT must co-operate with each other to carry out all the activities necessary for the administration of FHT such as developing and maintaining investor relations, including but not limited to customer service to investors, register analysis, information coordination and distribution, coordination of investor and analyst briefing and marketing, coordination of media releases and SGX-ST announcements (if applicable); corporate branding; and liaising with and responding to queries from the public in relation to FHT;

- **Issue price** – The Managers must agree from time to time the proportion of the issue price, the repurchase price or buy-back price of a Stapled Security which is to represent the issue price, the repurchase price or the buy-back price of each unit comprising the Stapled Security. The allocation of this amount is to be determined by agreement between the Managers before the issue, redemption or buy-back of the Stapled Security;

- **Options** – An offering or issue of options over the Stapled Securities may only take place if it is part of a concurrent offering or issue of options in FH-REIT Units and FH-BT Units. An option may only be exercised if, at the same time as FH-REIT Units are acquired under one option, the same person exercises an option over an identical number of units in FH-BT;
• **Meetings** – The directors or other representatives of the Managers may attend and speak at any meeting of the holders of FH-REIT Units and any meeting of the holders of FH-BT Units or invite any other person to attend and speak. If permitted by the Companies Act, any meeting of the holders of FH-REIT Units and any meeting of the holders of FH-BT Units may be held with and as part of a joint meeting of the holders of each entity. At any such joint meeting, on a show of hands, each Stapled Securityholder has one vote, and on a poll, each Stapled Securityholder has one vote per Stapled Security;

• **Joint expenses** – All fees, costs, charges and expenses properly and reasonably incurred by the REIT Manager, the REIT Trustee and the Trustee-Manager in the carrying out of their duties under the Stapling Deed shall be paid in accordance with any agreement between the REIT Manager, the REIT Trustee and the Trustee-Manager. If the REIT Manager, the REIT Trustee and the Trustee-Manager are unable to reach agreement, the expenses will be borne equally between FH-REIT and FH-BT;

• **Interests of Stapled Securityholders** – So long as FH-REIT Units remain stapled to FH-BT Units, in exercising any power or discretion, (i) the REIT Manager, the REIT Trustee and the Trustee-Manager may have regard to the interests of Stapled Securityholders as a whole and not only to the interests of the holders of FH-REIT Units or holders of FH-BT Units separately; (ii) the REIT Manager shall exercise all due diligence and vigilance to safeguard the rights and interests of Stapled Securityholders whose rights and interests shall prevail in the event of a conflict of interests between the REIT Manager and the shareholder(s) of the REIT Manager collectively, and Stapled Securityholders; and (iii) the Trustee-Manager shall exercise all due diligence and vigilance to safeguard the rights and interests of Stapled Securityholders whose rights and interests shall prevail in the event of a conflict of interests between the Trustee-Manager and the shareholder(s) of the Trustee-Manager collectively, and Stapled Securityholders; and

• **Allocation of funds** – The Managers have the flexibility to allocate funds between FH-REIT and FH-BT. The allocation of the funds is to be determined by agreement between the REIT Manager and the Trustee-Manager based on the needs of FH-REIT and FH-BT.

Subject to the Companies Act, the SFA, the BTA, the Listing Manual, the CIS Code (including the Property Funds Appendix) and any other relevant legislation or regulations, FH-REIT and FH-BT may agree to cause the stapling of any further security to the Stapled Securities. Any such “attached securities” may be governed by the laws of a jurisdiction other than Singapore, and in the case of units in a trust constituted outside Singapore, subject to the grant by the MAS (at its discretion) of the relevant exemption under Singapore law if and when such stapling occurs. For the purposes of any such stapling, FH-REIT and FH-BT may make an in-specie distribution of securities to Stapled Securityholders.

**Unstapling**

From 20 June 2014, all Stapled Securities will remain stapled for so long as the Stapled Securities remain in issue, until otherwise determined by (a) Extraordinary Resolutions passed by the holders of FH-REIT Units and the holders of FH-BT Units respectively, and prior approval from the SGX-ST for such Unstapling; or (b) if stapling becomes unlawful or prohibited by the relevant laws, regulations and guidelines, and with notification provided to the SGX-ST prior to such Unstapling; or (c) if either FH-REIT or, as the case may be, FH-BT is terminated or (as the case may be) wound up.

On and from the occurrence of an abovementioned Unstapling event, the Managers must procure that FH-REIT Units and FH-BT Units are unstapled. The Stapling Deed will cease to be of effect from that point in time except in relation to certain on-going obligations stated in the Stapling Deed.
If, as a consequence of Unstapling, the FH-REIT Units and the FH-BT Units are no longer stapled, the Managers must promptly:

- repay any outstanding amount (including any interest thereon) under any loan given to it by the other stapling entity prior to Unstapling, unless the other party agrees otherwise; and
- pay any outstanding amounts (including any interests thereon) which the REIT Manager or the Trustee-Manager has agreed is its responsibility to repay (unless the Managers otherwise agree).

**Issue of the Stapled Securities**

The following is a summary of the provisions of the Deeds relating to the issue of Stapled Securities, on the assumption that the FH-REIT Units will remain stapled to the FH-BT Units.

The Managers have the joint exclusive right to issue Stapled Securities. The provisions of the Deeds provide that for so long as FHT is listed on the SGX-ST or such other stock exchange of repute in any part of the world ("Recognised Stock Exchange") and FH-REIT Units remain stapled to FH-BT Units, the Managers may, in accordance with the Deeds and such laws, rules and regulations as may be applicable (including the provisions of the Listing Manual), issue further Stapled Securities on any Business Day at an issue price per Stapled Security equal to the "market price", without prior approval of the holders of FH-REIT Units and FH-BT Units. However, Stapled Securityholders should note that the right of the Managers to issue Stapled Securities is subject to the following:

(a) pursuant to the Listing Rules and Section 36 of the BTA (in the case of FH-BT), Stapled Securityholders must give prior approval to the Managers (whether by way of a general mandate or by way of a specific approval) by Ordinary Resolution in general meetings of the holders of FH-REIT Units and general meetings of the holders of FH-BT Units before the Managers can jointly issue additional Stapled Securities;

(b) pursuant to the Listing Rules, the scope of the general mandate to be given in a general meeting of the holders of FH-REIT Units is limited to the issue of an aggregate number of additional FH-REIT Units which must not exceed 50.0% of the total number of FH-REIT Units in issue, of which the aggregate number of additional FH-REIT Units to be issued other than on a pro rata basis to the existing holders of FH-REIT Units must not exceed 20.0% of the total number of FH-REIT Units in issue (the “FH-REIT Unit Issue Mandate”);

(c) similarly, pursuant to the Listing Rules, the scope of the general mandate to be given in a general meeting of the holders of FH-BT Units is limited to the issue of an aggregate number of additional FH-BT Units which must not exceed 50.0% of the total number of FH-BT Units in issue, of which the aggregate number of additional FH-BT Units to be issued other than on a pro rata basis to the existing holders of FH-BT Units must not exceed 20.0% of the total number of FH-BT Units in issue (the “FH-BT Unit Issue Mandate”); and

(d) pursuant to Rule 804 and Rule 805 of the Listing Manual, the REIT Manager may not issue any new FH-REIT Units without the prior approval of the holders of FH-REIT Units in a general meeting, unless a general mandate for the issuance of new FH-REIT Units is obtained from the holders of FH-REIT Units and is still in force, subject to the limits specified in the Listing Rules. Similarly, pursuant to Section 36 of the BTA relating to the issue of new units in a business trust, the Trustee-Manager may not issue any new FH-BT Units without the prior approval of the holders of FH-BT Units in a general meeting, unless a general mandate for the issuance of new FH-BT units is obtained from the holders of FH-BT Units and is still in force.
For the purposes of the paragraph above, “market price” shall mean (i) the volume weighted average price per Stapled Security (if applicable, of the same class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which FHT is listed, in the ordinary course of trading, for the period of 10 Business Days (or such other period as prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day or, (ii) where the Managers believe that such market price is not a fair reflection of the market price of a Stapled Security (which may include, among others, instances where there is disorderly trading activity in the Stapled Securities), such amount as determined between the REIT Manager, the Trustee-Manager and the REIT Trustee (after consultation with a stockbroker approved by the REIT Trustee), as being the fair market price of a Stapled Security, provided that the basis for determining the Issue Price is duly disclosed to the holders of the Stapled Securities.

The Managers shall comply with the Listing Rules or the listing rules of such relevant Recognised Stock Exchange in determining the issue price, including the issue price for a rights issue on a pro-rata basis to all existing Stapled Securityholders, the issue price of a Stapled Security issued other than by way of a rights issue offered on a pro-rata basis to all existing Stapled Securityholders, the issue price for any reinvestment of distribution arrangement, the issue price of any Stapled Securities which are issued as full or partial consideration of an Authorised Investment by FH-REIT or FH-BT and the issue price for a conversion of instruments which may be convertible into Stapled Securities.

Where the Stapled Securities are issued as full or partial consideration for the acquisition of an Authorised Investment in conjunction with an issue of Stapled Securities to raise cash for the balance of the consideration for the said investment (or part thereof) or for acquiring other investments in conjunction with the said investment, the Managers shall have the discretion to determine that the issue price of the Stapled Securities so issued as consideration shall be the same as the issue price for the Stapled Securities issued in conjunction with an issue of Stapled Securities to raise cash for the aforesaid purposes.

If in connection with an issue of a Stapled Security, any requisite payment of the issue price for such Stapled Security has not been received by the REIT Trustee and the Trustee-Manager before the seventh Business Day after the Stapled Security was agreed to be issued (or such other date as the Managers may agree), the Managers may cancel its agreement to issue such Stapled Security by giving notice to that effect, such Stapled Security will be deemed never to have been issued or agreed to be issued. In such an event, the Managers:

• shall be entitled to charge the investor (and retain the same for their own account) a cancellation fee of such amount as the Managers may from time to time determine to represent the administrative costs involved in processing the application for such Stapled Security from such applicant; and

• may, but shall not be bound to, require the applicant to pay to the Managers for the account of FH-REIT in respect of each Stapled Security so cancelled an amount (if any) by which the issue price of such Stapled Security exceeds the repurchase price applying if such Stapled Security was requested to have been repurchased or redeemed on the same day.

Stapled Security Issue Mandate

As at the date of this Prospectus, FCL Investments Pte. Ltd. is the sole Stapled Securityholder. FCL Investments Pte. Ltd. has approved, and investors by subscribing for the Stapled Securities pursuant to or in connection with the Offering are deemed to have approved, (A) the issuance of the Stapled Securities pursuant to or in connection with the Offering, the Sponsor Stapled Securities, the TCC Stapled Securities and the Cornerstone Stapled Securities and (B) deemed to have given the authority (the “Stapled Security Issue Mandate”) to the Managers to:

(i) (a) issue Stapled Securities whether by way of rights, bonus or otherwise; and/or
make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities,

at any time and upon such terms and conditions and for such purposes and to such persons as the Managers may in their absolute discretion deem fit; and

(ii) issue Stapled Securities in pursuance of any Instrument made or granted by the Managers while the Stapled Security Issue Mandate was in force (notwithstanding that the authority conferred by the Stapled Security Issue Mandate may have ceased to be in force at the time such Stapled Securities are issued),

provided that:

(A) the aggregate number of Stapled Securities to be issued pursuant to the Stapled Security Issue Mandate (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to the Stapled Security Issue Mandate) shall not exceed 50.0% of the total number of issued Stapled Securities (excluding treasury Stapled Securities, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Stapled Securities to be issued other than on a pro rata basis to Stapled Securityholders shall not exceed 20.0% of the total number of issued Stapled Securities (excluding treasury Stapled Securities, if any) (as calculated in accordance with sub-paragraph (B) below);

(B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (A) above, the total number of issued Stapled Securities (excluding treasury Stapled Securities, if any) shall be based on the number of issued Stapled Securities (excluding treasury Stapled Securities, if any) after completion of the Offering, after adjusting for any subsequent bonus issue, consolidation or subdivision of Stapled Securities;

(C) in exercising the Stapled Security Issue Mandate, the Managers shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST), the FH-REIT Trust Deed and the FH-BT Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);

(D) (unless revoked or varied by Stapled Securityholders in a general meeting) the authority conferred by the Stapled Security Issue Mandate shall continue in force until (i) the conclusion of the first annual general meeting of FHT or (ii) the date by which first annual general meeting of FHT is required by applicable regulations to be held, whichever is earlier;

(E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Managers are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by the Stapled Security Issue Mandate may have ceased to be in force at the time the Instruments or Stapled Securities are issued; and

(F) the Managers and the REIT Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such other documents as may be required) as the Managers or, as the case may be, the REIT Trustee, may consider expedient or necessary or in the interest of FHT to give effect to the authority conferred by the Stapled Security Issue Mandate.
Unless revoked or varied by Stapled Securityholders in a general meeting, such authority shall continue in full force until the conclusion of the first annual general meeting of FHT or the date by which the first annual general meeting is required by law to be held, whichever is the earlier.

FH-REIT’s and FH-BT’s first financial year will be from the Listing Date to 30 September 2015. Accordingly, FH-REIT and FH-BT will hold their first annual general meeting within 18 months from the date of constitution of FH-REIT and the date of registration of FH-BT but they need not hold it in the year of their constitution or the following year. The Stapled Security Issue Mandate will be in force until that date.

**Suspension of Issue of the Stapled Securities**

The REIT Manager, the REIT Trustee or the Trustee-Manager may, with the prior written approval of the others, and subject to the Listing Manual (while FHT is listed on the SGX-ST) or the listing rules of any other Recognised Stock Exchange (where the Stapled Securities are listed on such other Recognised Stock Exchange), suspend the issue of the Stapled Securities during any of the following events:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;

- the existence of any state of affairs which, in the opinion of the REIT Manager, the REIT Trustee or as the case may be, the Trustee-Manager, might seriously prejudice the interests of Stapled Securityholders as a whole, the FH-REIT Deposited Property or, as the case may be, the FH-BT Trust Property;

- any breakdown in the means of communication normally employed in determining the price of any investments of FHT or (if relevant) the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of FHT cannot be promptly and accurately ascertained;

- any period when remittance of money which will or may be involved in the realisation of any investments of FHT or (if relevant) in the payment for such asset of FHT cannot, in the opinion of the REIT Manager, the Trustee-Manager or, as the case may be, the REIT Trustee, be carried out at normal rates of exchange;

- any period where the issuance of the Stapled Securities is suspended pursuant to any order or direction issued by the MAS or other relevant regulatory authorities;

- in relation to any general meeting of the holders of FH-REIT Units or the holders of FH-BT Units, any 48-hour period before such general meeting or any adjournment thereof; or

- when the business operations of the REIT Manager, the REIT Trustee or the Trustee-Manager in relation to FH-REIT or, as the case may be, FH-BT are substantially interrupted or closed as a result of, or arising from, nationalisation, expropriation, currency restrictions, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or fission or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the REIT Manager, the Trustee-Manager or, as the case may be, the REIT Trustee and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the REIT Manager, the REIT Trustee or, as the case may be, the Trustee-Manager.
In the event of any suspension while FHT is listed on the SGX-ST and/or any other Recognised Stock Exchange(s), the Managers shall ensure that immediate announcement of such suspension is made through the SGX-ST or the relevant Recognised Stock Exchange.

Redemption of the Stapled Securities

When FHT is listed on the SGX-ST and/or any other Recognised Stock Exchange

The Managers are not obliged to repurchase or cause the redemption of Stapled Securities so long as FHT is listed on the SGX-ST and/or any other Recognised Stock Exchange. It is intended that Stapled Securityholders may only deal in their listed Stapled Securities through trading on the SGX-ST. However, under the Stapling Deed, the Managers must consult and agree with each other on the terms for the repurchase and/or redemption of the Stapled Securities prior to taking any action. In the event the Managers decide to repurchase and/or cause the redemption of the Stapled Securities, such repurchase and/or redemption must be carried out in accordance with the FH-REIT Trust Deed and the FH-BT Trust Deed, subject to compliance with the relevant laws, regulations and guidelines and the listing rules of the SGX-ST and/or the listing rules of any other relevant Recognised Stock Exchange and applicable laws, regulations and guidelines.

The Managers may also, subject to all applicable laws, regulations and guidelines, the listing rules of the SGX-ST and/or any other Recognised Stock Exchange, suspend the repurchase or redemption of the Stapled Securities for any period when the issue of the Stapled Securities is suspended pursuant to the terms and conditions of the Stapling Deed.

(See “The Formation and Structure of FHT, FH-REIT and FH-BT – The Formation and Structure of FHT – Suspension of Issue of the Stapled Securities” for further details.)

When FHT is Unlisted

When FHT is Unlisted, the Managers may but are not obliged to repurchase or cause the redemption of Stapled Securities more than once a year in accordance with the rules of the Listing Manual and/or the listing rules of such Recognised Stock Exchange, suspend the repurchase or redemption of the Stapled Securities, and in relation to the Stapled Securities, means having been suspended for more than 60 consecutive calendar days from being listed, quoted or traded on the SGX-ST.

Relevant Legislation Applicable to FHT

FH-REIT is principally a Singapore-based hospitality and hospitality-related asset REIT constituted by the FH-REIT Trust Deed and is principally regulated by the SFA, the CIS Code, the Companies Act, Property Funds Appendix, other relevant legislation and regulations as well as the FH-REIT Trust Deed.

FH-BT is a business trust constituted by the FH-BT Trust Deed and is principally regulated by the BTA, the SFA, other relevant legislation and regulations as well as the FH-BT Trust Deed.
**The Take-Over Code**

Stapled Securityholders must closely adhere to the Take-Over Code in respect of any acquisitions or investments as REITs and business trusts are subject to the Take-Over Code.

Under the Take-Over Code, any person acquiring an interest, either individually or with parties acting in concert, in 30.0% or more of the Stapled Securities may be required to extend a takeover offer for the remaining Stapled Securities in accordance with the Take-Over Code. A mandatory takeover offer is also required to be made if a person holding between 30.0% and 50.0% inclusive of the Stapled Securities, either individually or in concert, acquires an additional 1.0% or more of the Stapled Securities in any six-month period under the Take-Over Code.

**THE FORMATION AND STRUCTURE OF FH-REIT**

FH-REIT is constituted by the FH-REIT Trust Deed. It is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix), other relevant regulations as well as the Stapling Deed and the FH-REIT Trust Deed. FH-REIT was authorised as a collective investment scheme by the Authority on 30 June 2014.

The terms and conditions of the FH-REIT Trust Deed shall be binding on each holder of FH-REIT Units (and persons claiming through such holder of FH-REIT Units) as if such holder of FH-REIT Units had been a party to the FH-REIT Trust Deed and as if the FH-REIT Trust Deed contains covenants by such holder of FH-REIT Units to do all such acts and things as the FH-REIT Trust Deed may require the REIT Manager and/or the REIT Trustee to do.

**Operational Structure**

FH-REIT is constituted to invest in real estate and real estate-related assets and the REIT Manager must manage FH-REIT so that the principal investments of FH-REIT are real estate and real estate-related assets (including ownership of companies or other legal entities whose primary purpose is to hold or own real estate or real estate-related assets). The principal investment strategy of FH-REIT is to invest on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate located anywhere in the world except Thailand, which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

FH-REIT aims to generate returns for the holders of FH-REIT Units by owning, buying and managing such properties in line with its investment strategy (including selling any property that has reached a stage that offers only limited scope for growth).

The REIT Manager may use certain financial derivative instruments for hedging purposes or efficient portfolio management, provided that (i) such financial derivative instruments are not used to gear FH-REIT’s overall portfolio or are intended to be borrowings of FH-REIT and (ii) the policies regarding such use of financial derivative instruments have been approved by the Board of Directors of the REIT-Manager. Subject to the restrictions and requirements in the CIS Code (including the Property Funds Appendix) and the Listing Manual, the REIT Manager is also authorised under the FH-REIT Trust Deed to invest in investments other than real estate. Although the REIT Manager may use certain financial derivative instruments to the extent permitted by such laws, rules and regulations as may be applicable including, but not limited, to the CIS Code (including the Property Funds Appendix) and the Listing Manual, the REIT Manager presently does not have any intention for FH-REIT to invest in options, warrants, commodities, futures contracts and precious metals.
The FH-REIT Trust Deed

While the FH-REIT Units remain stapled to the FH-BT Units, the terms and conditions of the FH-REIT Trust Deed shall be binding on each Stapled Securityholder (and persons claiming through such Stapled Securityholders) as if such Stapled Securityholder had been a party to the FH-REIT Trust Deed and as if the FH-REIT Trust Deed contains covenants by such Stapled Securityholder to observe and be bound by the provisions of the FH-REIT Trust Deed and an authorisation by each Stapled Securityholder to do all such acts and things as the FH-REIT Trust Deed may require the REIT Manager and/or the REIT Trustee to do.

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the FH-REIT Trust Deed and certain rights, duties and obligations of the REIT Manager, the REIT Trustee and (while FH-REIT Units remain stapled to FH-BT Units) Stapled Securityholders under the FH-REIT Trust Deed. The Property Funds Appendix also imposes certain restrictions on REITs in Singapore, including a restriction on the types of investments which REITs in Singapore may hold, a general limit on their level of borrowings and certain restrictions with respect to Interested Party Transactions. To the extent of any inconsistency between the obligations of the REIT Manager under the FH-REIT Trust Deed and the Stapling Deed, the provisions of the Stapling Deed will prevail.

The FH-REIT Units and the Holders of FH-REIT Units

The rights and interests of the holders of FH-REIT Units are contained in the FH-REIT Trust Deed. Under the FH-REIT Trust Deed, these rights and interests are safeguarded by the REIT Trustee.

Each FH-REIT Unit represents an undivided interest in FH-REIT. Holders of FH-REIT Units have no equitable or proprietary interest in the FH-REIT Deposited Property and are not entitled to the transfer to them of the FH-REIT Deposited Property (or any part thereof) or of any estate or interest in the FH-REIT Deposited Property (or any part thereof). The rights of holders of FH-REIT Units under the FH-REIT Trust Deed are limited to the right to require due administration of FH-REIT in accordance with the provisions of the FH-REIT Trust Deed, including, without limitation, by suit against the REIT Trustee or the REIT Manager.

Under the FH-REIT Trust Deed, each holder of FH-REIT Units acknowledges and agrees that it will not commence or pursue any action against the REIT Trustee or the REIT Manager seeking an order for specific performance or for injunctive relief in respect of the FH-REIT Deposited Property (or any part thereof), including all its Authorised Investments, and waives any rights it may otherwise have to such relief. If the REIT Trustee or the REIT Manager breaches or threatens to breach its duties or obligations to the holders of FH-REIT Units under the FH-REIT Trust Deed, the holders of FH-REIT Units have recourse against the REIT Trustee or the REIT Manager but this is limited to a right to recover damages or compensation from the REIT Trustee or the REIT Manager in a court of competent jurisdiction, and the holder of FH-REIT Units acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the FH-REIT Trust Deed, a holder of FH-REIT Units may not interfere or seek to interfere with the rights, powers, authority or discretion of the REIT Manager or the REIT Trustee, exercise any right in respect of the FH-REIT Deposited Property (or any part thereof) or lodge any caveat or other notice affecting the FH-REIT Deposited Property or any of the FH-REIT Deposited Property, or require that any of the FH-REIT Deposited Property be transferred to such holders of FH-REIT Units.
No certificate shall be issued to a holder of the FH-REIT Units by either the REIT Manager or the REIT Trustee in respect of FH-REIT Units issued to the holders of FH-REIT Units. For so long as FHT is listed, quoted and traded on the SGX-ST, the REIT Manager shall, appoint CDP as the unit depository for FH-REIT in respect of all scripless FH-REIT Units in accordance with CDP’s depository services terms and conditions relating to the deposit of FH-REIT Units in CDP (“Depository Services Terms and Conditions”). Stapled Securities, and all FH-REIT Units issued as part of the Stapled Securities will be represented by entries in both the register of the holders of FH-REIT Units kept by the REIT Trustee or the agent appointed by the REIT Trustee and the register of Stapled Securityholders jointly kept by the REIT Trustee and the Trustee-Manager or their agents in the name of, and deposited with, CDP as the registered holder of such Stapled Securities.

The Managers or their jointly appointed agent shall issue to CDP not more than 10 Business Days after the issue of Stapled Securities a confirmation note confirming the date of issue and the number of Stapled Securities so issued and, if applicable, also stating that Stapled Securities are issued under a moratorium and the expiry date of such moratorium and for the purposes of the FH-REIT Trust Deed and the Stapling Deed, such confirmation note shall be deemed to be a certificate evidencing title to the FH-REIT Units and the corresponding Stapled Securities issued.

There are no restrictions under the Stapling Deed, the FH-REIT Trust Deed, the FH-BT Trust Deed or Singapore law on a person’s right to purchase (or subscribe for) FH-REIT Units and to own the FH-REIT Units except in the case of a rights issue or, as the case may be, any preferential offering, where the REIT Manager has the right under the FH-REIT Trust Deed to elect not to extend an offer of FH-REIT Units under the rights issue or, as the case may be, any preferential offering to holders of FH-REIT Units whose addresses are outside Singapore. The Take-Over Code applies to REITs. As a result, acquisitions of Stapled Securities which may result in a change in effective control of FHT and the aggregate Stapled Securityholdings of an entity and its concert parties crossing certain thresholds may be subject to the provisions of the Take-Over Code, such as a requirement to make a mandatory offer for Stapled Securities.

Changes in Equity of the Holders of FH-REIT Units

The REIT Manager may at any time with the approval of the REIT Trustee and on prior written notice (i) given to each holder of FH-REIT Unit, or (ii) (when FH-REIT is listed, quoted and traded on the SGX-ST) by the REIT Trustee delivering such notice in writing to CDP for onward delivery to the Depositors, determine that each FH-REIT Unit shall be sub-divided into two or more FH-REIT Units or consolidated with one or more other FH-REIT Units and the holders of FH-REIT Units shall be bound accordingly. While Stapling applies, FH-REIT Units may not be sub-divided or consolidated unless the corresponding FH-BT Units are sub-divided or, as the case may be, consolidated at the same time and to the same extent.

The Register shall be altered accordingly to reflect the new number of FH-REIT Units held by each holder of FH-REIT Units as a result of such sub-division or consolidation and the REIT Manager shall cause CDP to alter the depository register accordingly in respect of the securities account of each relevant holder of FH-REIT Unit to reflect the new number of FH-REIT Units held by such holder of FH-REIT Unit as a result of such sub-division or consolidation.

Rights, Preferences and Restrictions Attaching to Each Class of FH-REIT Units

The FH-REIT Trust Deed provides that rights attached to the FH-REIT Units issued with special conditions have to be clearly defined in the FH-REIT Trust Deed and, if at any time, different classes of FH-REIT Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the FH-REIT Units of that class) may, subject to the provisions of any applicable laws, regulations and guidelines, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of FH-REIT Units of that class.
Currently, there is only one class of FH-REIT Units and every FH-REIT Unit carries the same voting rights. For so long as FH-REIT is listed, CDP shall be the registered holder of all the FH-REIT Units in issue and CDP shall be the registered holder of all the FH-REIT Units in issue and CDP shall pursuant to the Depository Services Terms and Conditions maintain a record in a depository register of the holders of FH-REIT Units having FH-REIT Units credited into their respective Securities Accounts and to record in the depository register the following information stated below in relation to each namely:

- the names and addresses of the holders of FH-REIT Units;
- the class of FH-REIT Units held by each holder of FH-REIT Units;
- the number of FH-REIT Units held by each holder of FH-REIT Units;
- the date on which every such person entered in respect of the FH-REIT Units standing in his name became a holder of FH-REIT Units and, where he became a holder of FH-REIT Units by virtue of an instrument of transfer, a sufficient reference to enable the name and address of the transferor to be identified;
- the date on which any transfer is registered and the name and address of the transferee; and
- where applicable, the day on which the holder of FH-REIT Units ceased to be a holder of FH-REIT Units.

Each holder of FH-REIT Units named in the depository register shall for such period as the FH-REIT Units are entered against his name in the depository register, be deemed to be the owner in respect of the number of FH-REIT Units entered against the name of such holder of FH-REIT Units in the depository register and the REIT Manager shall be entitled to rely on any and all such information in the depository register.

The entries in the depository register shall (save in the case of manifest error) be conclusive evidence of the number of FH-REIT Units held by each holder of FH-REIT Units and, in the event of any discrepancy between the entries in the depository register and the details appearing in any confirmation note or monthly statement issued by CDP, the entries in the depository register shall prevail unless the holder of FH-REIT Units proves to the satisfaction of the REIT Manager and CDP that the depository register is incorrect.

**Distributions**

Subject to the FH-REIT Trust Deed and all applicable laws, regulations and guidelines, the REIT Manager shall have the right to make regular distributions of all (or such lower percentage as the REIT Manager may determine) of its Distributable Income to holders of FH-REIT Units at semi-annual or such other intervals as the REIT Manager shall decide in its absolute discretion. All distributions are paid *pro rata* among the holders of FH-REIT Units in proportion to the amount paid-up on each of their FH-REIT Units, unless the rights attached to an issue of any FH-REIT Unit provide otherwise. Any monies payable to holders of FH-REIT Units which remain unclaimed after a period of 12 months shall be accumulated in a special account (the "Unclaimed Monies Account") from which the REIT Trustee may, from time to time, make payments to holders of FH-REIT Units claiming any such monies. Subject to the winding-up provisions in the FH-REIT Trust Deed, the REIT Trustee shall cause such sums which represent monies remaining in the Unclaimed Monies Account for five years after the date of payment of such monies into the Unclaimed Monies Account and interest, if any, earned thereon, to be paid into the courts of Singapore and any fees, costs and expenses incurred in relation to such payment into the courts of Singapore shall be deducted from the monies payable to the relevant holder of FH-REIT Units. If the said monies are insufficient to meet all such fees, costs and expenses, the REIT Trustee

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1 The Trustees Act, Chapter 337 of Singapore (the "Trustees Act") allows a trustee to discharge its liabilities towards unclaimed monies by paying such monies into Singapore courts, although it does not prescribe the period for which the monies must be unclaimed before they may be paid into the courts.
shall be entitled to have recourse to the FH-REIT Deposited Property for such payment. Where the FH-REIT is listed and to the extent that such unclaimed moneys are held by the CDP, subject to the winding-up provisions in the FH-REIT Trust Deed, the REIT Trustee shall cause such sums which are returned by the CDP to the REIT Trustee (and which have remained unclaimed by a Holder for a period of six years after the time when such moneys became payable to such holder of FH-REIT Units) to be paid into the courts of Singapore and any fees, costs and expenses incurred in relation to such payment into the courts of Singapore shall be deducted from the moneys payable to the relevant holder of FH-REIT Units PROVIDED THAT if the said moneys are insufficient to meet the payment of all such fees, costs and expenses, the REIT Trustee shall be entitled to have recourse to the FH-REIT Deposited Property for such payment.

Voting Rights

A holder of FH-REIT Units is entitled to attend, speak and vote at any general meeting of the holders of FH-REIT Units in person or by proxy and a holder of FH-REIT Units may appoint not more than two proxies to attend and vote at the same general meeting as a holder of FH-REIT Units if his name appears on the depository register as at 48 hours before the time of the relevant general meeting as certified by the depository to FH-REIT. Except as otherwise provided in the FH-REIT Trust Deed, not less than two holders of FH-REIT Units must be present in person or by proxy of one-tenth in value of all the FH-REIT Units for the time being in issue to constitute a quorum at any general meeting. Under the FH-REIT Trust Deed, on a show of hands every holder of FH-REIT Units present in person or by proxy shall have one vote, and on a poll, every holder of FH-REIT Units who is present in person or by proxy shall have one vote for every FH-REIT Unit which he holds or represents. Subject to the requirements of the prevailing listing rules of the SGX-ST, voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the general meeting or by five or more holders of FH-REIT Units (including their proxies) having the right to vote at the general meeting or by holders of FH-REIT Units (including their proxies) representing not less than 10.0% of the total voting rights of all the holders of FH-REIT Units having the right to vote at the general meeting.

Variation of Rights of Respective Classes of FH-REIT Units

If at any time different classes of FH-REIT Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the FH-REIT Units of that class) may, subject to any applicable laws, regulations and guidelines, whether or not FH-REIT is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of FH-REIT Units of that class. To every such Extraordinary Resolution of the holders of FH-REIT Units of that class, the provisions of the FH-REIT Trust Deed relating to general meetings of the holders of FH-REIT Units shall apply mutatis mutandis provided that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued FH-REIT Units of the class and that any holders of FH-REIT Units of that class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every Unit of the class held by him, PROVIDED ALWAYS that where the necessary majority for such an Extraordinary Resolution is not obtained at such meeting of the holders of FH-REIT Units, consent in writing if obtained from the holders of three-quarters of the issued FH-REIT Units of the class concerned within two months of such meeting of the holders of FH-REIT Units shall be as valid and effectual as an Extraordinary Resolution at such meeting of the holders of FH-REIT Units.

The rights conferred upon the holders of FH-REIT Units of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the FH-REIT Units of that class or by the FH-REIT Trust Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further FH-REIT Units ranking equally therewith, and would therefore require the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of FH-REIT Units of such class.
The FH-REIT Trust Deed does not impose more stringent conditions than those required by the applicable law.

**Issue of FH-REIT Units**

The REIT Manager has the right to issue FH-REIT Units for the account of FH-REIT. For so long as FH-REIT is listed on the SGX-ST, the REIT Manager may, subject to the provisions of the Listing Manual, the FH-REIT Trust Deed and any other applicable laws, regulations and guidelines, issue FH-REIT Units.

If in connection with an issue of a FH-REIT Unit, any requisite payment of the issue price for such FH-REIT Unit has not been received by the REIT Trustee before the seventh Business Day after the date on which the FH-REIT Unit was agreed to be issued (or such other date as the REIT Manager and the REIT Trustee may agree), the REIT Manager may, in its absolute discretion, cancel its agreement to issue such FH-REIT Unit and such FH-REIT Unit will be deemed never to have been issued or agreed to be issued. In such an event, the REIT Manager may, at its discretion, charge the investor (and retain the same for its own account) a cancellation fee of such amount as the REIT Manager may from time to time determine to represent the administrative costs involved in processing the application for such FH-REIT Unit.

**Suspension of Issue of FH-REIT Units**

The REIT Manager or the REIT Trustee may, with the prior written approval of the other and subject to the Listing Manual suspend the issue of FH-REIT Units during any of the following events:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- the existence of any state of affairs which, in the opinion of the REIT Manager or, as the case may be, the REIT Trustee, might seriously prejudice the interests of the holders of FH-REIT Units as a whole or the FH-REIT Deposited Property;
- any breakdown in the means of communication normally employed in determining the price of any assets of FH-REIT or the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of FH-REIT cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any asset of FH-REIT or in the payment for such asset of FH-REIT cannot, in the opinion of the REIT Manager, be carried out at normal rates of exchange;
- any period where the issuance of FH-REIT Units is suspended pursuant to any order or direction issued by the MAS or other relevant regulatory authorities;
- in relation to any general meeting of holders of FH-REIT Units, any 48-hour period before such general meeting or any adjournment thereof; or
- when the business operations of the REIT Manager or the REIT Trustee in relation to FH-REIT are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.
Such suspension shall take effect forthwith upon the declaration in writing thereof by the REIT Manager or, as the case may be, the REIT Trustee, and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the REIT Manager or, as the case may be, the REIT Trustee.

In the event of any suspension while FH-REIT is listed on the SGX-ST, the REIT Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST.

Meeting of Holders of FH-REIT Units

Under applicable law and the provisions of the FH-REIT Trust Deed, FH-REIT will not hold any meetings for holders of FH-REIT Units unless the REIT Manager or the REIT Trustee convenes a meeting or unless not less than 50 holders of FH-REIT Units or the holders of FH-REIT Units holding not less than 10.0% of issued FH-REIT Units (whichever is the lesser) request a meeting to be convened.

A meeting of holders of FH-REIT Units when convened may:

• by Extraordinary Resolution and in accordance with the FH-REIT Trust Deed, sanction any modification, alteration or addition to the FH-REIT Trust Deed which shall be agreed by the REIT Manager and the REIT Trustee as provided in the FH-REIT Trust Deed;

• by Extraordinary Resolution and in accordance with the FH-REIT Trust Deed, sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of fees payable to the REIT Manager and the REIT Trustee;

• by Extraordinary Resolution and in accordance with the FH-REIT Trust Deed, remove the auditors of FH-REIT and appoint other auditors in their place;

• by Extraordinary Resolution and in accordance with the FH-REIT Trust Deed, delist FH-REIT after it has been listed;

• by Extraordinary Resolution and in accordance with the FH-REIT Trust Deed, issue FH-REIT Units on an unpaid or partly paid basis;

• by Extraordinary Resolution and in accordance with the FH-REIT Trust Deed, remove the REIT Trustee; and

• by Extraordinary Resolution and in accordance with the FH-REIT Trust Deed, direct the REIT Trustee to take any action pursuant to Section 295 of the SFA.

A meeting of holders of FH-REIT Units may, also by Ordinary Resolution and in accordance with the FH-REIT Trust Deed, remove the REIT Manager.

Any decision to be made by resolution of the holders of FH-REIT Units other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code, the Listing Manual or any other applicable laws and regulations.

Except as otherwise provided for in the FH-REIT Trust Deed, 14 days' notice at the least (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the holders of FH-REIT Units in the manner provided in the FH-REIT Trust Deed. The quorum at a meeting shall not be less than two holders of FH-REIT Units present in person or by proxy together holding or representing one-tenth in value of all FH-REIT Units for the time being in issue. Each notice shall specify the place, day and hour
of the meeting, and the terms of the resolutions to be proposed, and each such notice may, in
general, be given by advertisement in the daily press and in writing to each stock exchange on
which FH-REIT is listed.

Subject to the requirements of the prevailing listing rules by the SGX-ST, voting at a meeting shall
be by a show of hands unless a poll is demanded by the chairman of the meeting, or by five or
more holders of FH-REIT Units present in person or by proxy, or holding or representing one tenth
in value of all FH-REIT Units represented at the meeting. Holders of FH-REIT Units do not have
different voting rights on account of the number of votes held by a particular holder of FH-REIT
Units. On a show of hands, every holder of FH-REIT Units has one vote. On a poll, every holder
of FH-REIT Units has one vote for each FH-REIT Unit of which it is the holder. The FH-REIT Trust
Deed does not contain any limitation on non-Singapore resident or foreign holders of FH-REIT
Units holding FH-REIT Units or exercising the voting rights with respect to their holdings of
FH-REIT Units.

Neither the REIT Manager nor any of its associates shall be entitled to vote or be counted as part
of a quorum at a meeting convened to consider a matter in respect of which the REIT Manager
or any of its associates has a material interest save for an Ordinary Resolution duly proposed to
remove the REIT Manager, in which case, no holder of FH-REIT Units shall be disenfranchised.

For so long as the REIT Manager is the manager of FH-REIT, the controlling shareholders (as
defined in the Listing Manual) of the REIT Manager and of any of its associates are prohibited from
voting or being counted as part of a quorum for any meeting of holders of FH-REIT Units convened
to consider a matter in respect of which the relevant controlling shareholders of the REIT Manager
and/or of any of its associates have a material interest.

Rights and Liabilities of the Holders of FH-REIT Units

The key rights of the holders of FH-REIT Units include rights to:

- receive income and other distributions attributable to FH-REIT Units held;
- receive audited financial statements and the annual reports of FH-REIT; and
- participate in the termination of FH-REIT by receiving a share of all net cash proceeds
derived from the realisation of the assets of FH-REIT less any liabilities, in accordance with
their proportionate interests in FH-REIT.

No holder of FH-REIT Units has a right to require that any asset of FH-REIT be transferred to him.

Further, the holders of FH-REIT Units cannot give any directions to the REIT Manager or the REIT
Trustee (whether at a meeting of holders of FH-REIT Units or otherwise) if it would require the
REIT Manager or the REIT Trustee to do or omit from doing anything which may result in:

- FH-REIT ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the REIT Manager or the REIT Trustee
by the FH-REIT Trust Deed or the determination of any matter which, under the FH-REIT
Trust Deed, requires the agreement of either or both of the REIT Manager and the REIT
Trustee.

The FH-REIT Trust Deed contains provisions that are designed to limit the liability of a holder of
FH-REIT Units to the amount paid or payable for any FH-REIT Unit. The provisions seek to ensure
that if the issue price of FH-REIT Units held by a holder of FH-REIT Units has been fully paid, no
such holder of FH-REIT Units, by reason alone of being a holder of FH-REIT Units, will be personally liable to indemnify the REIT Trustee or any creditor of FH-REIT in the event that the liabilities of FH-REIT exceed its assets.

Under the FH-REIT Trust Deed, each FH-REIT Unit carries the same voting rights.

**Limitations on the Right to Own FH-REIT Units**

*FH-REIT Units issued to persons resident outside Singapore*

In relation to any rights issue or preferential offering, the REIT Manager may in its absolute discretion elect not to extend an offer of FH-REIT Units under the rights issue or preferential offering to those holders of FH-REIT Units, whose addresses are outside Singapore. In the case of a rights issue, the provisional allocation of FH-REIT Units of such holders of FH-REIT Units may be offered for sale by the REIT Manager as the nominee and authorised agent of each such relevant holder of FH-REIT Unit in such manner and at such price, as the REIT Manager may determine.

Where necessary, the REIT Trustee shall have the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant holders of FH-REIT Units whose rights or entitlements have been thus sold, provided that where such proceeds payable to the relevant holders of FH-REIT Units are less than S$10.00, the REIT Manager shall be entitled to retain such proceeds as part of the FH-REIT Deposited Property.

**Amendment of the FH-REIT Trust Deed**

Save where an amendment to the FH-REIT Trust Deed has been approved by an Extraordinary Resolution passed at a meeting of holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed, no amendment may be made to the provisions of the FH-REIT Trust Deed unless the REIT Trustee certifies, in its opinion, that such amendment:

(i) does not materially prejudice the interests of the holders of FH-REIT Units and does not operate to release to any material extent the REIT Manager or the REIT Trustee from any responsibility to the holders of FH-REIT Units;

(ii) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law), including, without limitation, requirements under all other applicable laws, regulations and guidelines; or

(iii) is made to remove obsolete provisions or to correct a manifest error.

No such amendment shall impose upon any holder of FH-REIT Units any obligation to make any further payments in respect of his FH-REIT Units or to accept any liability in respect thereof.

**Circumstances under which the REIT Manager and/or REIT Trustee may be indemnified out of the FH-REIT Deposited Property**

In general, subject to any express provision under the FH-REIT Trust Deed and without prejudice to any right of indemnity at law given to the REIT Manager and/or the REIT Trustee, the REIT Manager and/or the REIT Trustee shall be entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as REIT Manager and/or the REIT Trustee to have recourse to the FH-REIT Deposited Property or any part thereof,
save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence or wilful default or breach of the FH-REIT Trust Deed by the REIT Manager and/or the REIT Trustee or a breach of trust by the REIT Trustee.

Circumstances under which the REIT Manager and/or the REIT Trustee may exclude liability in relation to carrying out of its duties with respect to FH-REIT

Subject to the duties and obligations of the REIT Trustee under the FH-REIT Trust Deed, the REIT Trustee shall at all times be entitled to rely on the recommendations, certifications and representations of the REIT Manager in relation to FH-REIT and shall not be liable for any act or omission of the REIT Manager in relation to FH-REIT save where the REIT Trustee is fraudulent, grossly negligent or in wilful default.

In the absence of fraud, gross negligence, wilful default or breach of trust by the REIT Trustee, the REIT Trustee shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the FH-REIT Trust Deed.

The REIT Manager shall not be under any liability except such liability as may be assumed by it under the FH-REIT Trust Deed nor shall the REIT Manager (save as otherwise appears in the FH-REIT Trust Deed) be liable for any act or omission of the REIT Trustee.

In the absence of fraud, gross negligence, wilful default or breach of the FH-REIT Trust Deed by REIT Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the FH-REIT Trust Deed.

Substantial FH-REIT Unitholdings

As the Stapled Securities comprise FH-REIT Units and FH-BT Units stapled together, Stapled Securityholders have to comply with the regulatory requirements imposed on both FH-REIT and FH-BT, including that of the requirement to disclose substantial holdings.

With regard to FH-REIT, any holder of FH-REIT Units with an interest in one or more FH-REIT Units constituting not less than 5.0% of all FH-REIT Units in issue (“Substantial holders of FH-REIT Units”) will be required to notify the REIT Trustee and the SGX-ST of their deemed and direct holdings and any subsequent change in the percentage level of such holdings or their ceasing to hold 5.0% or more of the total number of FH-REIT Units within two Business Days of acquiring such holdings or of such changes or such cessation. Failure to comply with the notification requirements of the SFA constitutes an offence and will render a Substantial holder of FH-REIT Units liable to a fine on conviction.

The REIT Manager also has power under the FH-REIT Trust Deed to require information to be provided where it has reasonable cause to believe that the relevant SFA provisions have been triggered. Failure to comply with a request of the REIT Manager or with the SFA requirements will also entitle the REIT Manager to take various actions with respect to the particular FH-REIT Units, including suspending voting rights and suspending distribution entitlements.

Pursuant to Sections 135 to 137B of the SFA (read with Section 137U of the SFA), Substantial Stapled Securityholders are required to notify the REIT Manager and the REIT Trustee within two Business Days after becoming aware of their becoming a Substantial Stapled Securityholder, any subsequent change in the percentage level of their interest(s) in Stapled Securities (rounded down to the next whole number) or their ceasing to be a Substantial Stapled Securityholder.

(See “The Formation and Structure of FHT, FH-REIT and FH-BT – FH-BT – Substantial FH-BT Holdings” for further details.)
The REIT Manager Board’s Declaration of Holdings of FH-REIT Units

Duty of the REIT Manager to Make Disclosure

Pursuant to Section 137ZC of the SFA, where the REIT Manager acquires or disposes of interests in FH-REIT Units or debentures or units of debentures of FHT, or the REIT Manager has been notified in writing by, inter alia, a Substantial Stapled Securityholder or director or chief executive officer of the REIT Manager pursuant to the unitholdings disclosure requirements of the SFA as set out below, the REIT Manager shall announce such information via the SGXNET and in such form and manner as the Authority may prescribe as soon as practicable and in any case no later than the end of the Business Day following the day on which the REIT Manager became aware of the acquisition or disposal or received the notice.

Directors and Chief Executive Officer of the REIT Manager

Pursuant to Section 137Y of the SFA, directors and chief executive officers of the REIT Manager are required to notify the REIT Manager in writing of, inter alia, their acquisition of interest in Stapled Securities or of changes to the number of Stapled Securities which they hold or in which they have an interest, within two Business Days after such acquisition or after becoming aware of such changes, as the case may be.

A REIT Manager Director is deemed to have an interest in FH-REIT Units in the following circumstances:

- Where the REIT Manager Director or chief executive officer of the REIT Manager is the beneficial owner of a FH-REIT Unit (whether directly through a direct Securities Account or indirectly through a depository agent or otherwise), he is deemed to have an interest in that FH-REIT Unit.
- Where a body corporate is the beneficial owner of a FH-REIT Unit and the director or chief executive officer of the REIT Manager is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate, he is deemed to have interest in that FH-REIT Unit.
- Where the REIT Manager Director’s or the REIT Manager’s chief executive officer’s (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years has any interest in a FH-REIT Unit, he is deemed to have an interest in that FH-REIT Unit.

The REIT Trustee

The trustee of FH-REIT is The Trust Company (Asia) Limited. The REIT Trustee is a company incorporated in Singapore on 30 December 2005 and it is an indirect wholly-owned subsidiary of The Trust Company Limited, which is ultimately owned by Perpetual Limited, one of the largest trustees in Australia and is listed on the Australian Securities Exchange. The REIT Trustee is registered as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under the SFA and is regulated by the MAS. It also holds a capital markets services licence for the provision of custodial services for securities. The REIT Trustee acts as trustee to two Singapore listed REITs and several unit trusts, custodian to several private pension funds and private equity funds, and bond trustee to institutional and retail bond issues and supervises over S$12 billion of corporate assets. The ultimate parent company of the REIT Trustee, Perpetual Limited and its controlled entities, currently has in excess of AUD420 billion of funds under administration across its Corporate Trust fiduciary business.
As at the date of this Prospectus, the REIT Trustee has a paid-up capital of S$7,974,811. The REIT Trustee’s registered address is 8 Marina Boulevard, #05-02, Marina Bay Financial Centre, Singapore 018981. The telephone and facsimile numbers of the REIT Trustee are +65 6645 0830 and +65 6438 0255, respectively.

Powers, Duties and Obligations of the REIT Trustee

The REIT Trustee’s powers, duties and obligations are set out in the FH-REIT Trust Deed. The powers and duties of the REIT Trustee include:

• acting as trustee of FH-REIT and, in such capacity, safeguarding the rights and interests of the holders of FH-REIT Units, for example, by satisfying itself that transactions it enters into for and on behalf of FH-REIT with a Related Party of the REIT Manager or FH-REIT are conducted on normal commercial terms, are not prejudicial to the interests of FH-REIT and the holders of FH-REIT Units, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

• holding the assets of FH-REIT on trust for the benefit of the holders of FH-REIT Units in accordance with the FH-REIT Trust Deed;

• lending monies out of the assets of FH-REIT for the benefit of Stapled Securityholders as a whole in accordance with the FH-REIT Trust Deed and subject to compliance with the applicable laws, regulations and guidelines; and

• exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of FH-REIT.

The REIT Trustee has covenanted in the FH-REIT Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of the holders of FH-REIT Units.

In the exercise of its powers, the REIT Trustee may (on the recommendation of the REIT Manager) and subject to the provisions of the FH-REIT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The REIT Trustee may, subject to the provisions of the FH-REIT Trust Deed, appoint and engage:

• a person or entity to exercise any of its powers or perform its obligations; and

• any real estate agents or managers, including a Related Party of the REIT Manager, in relation to the management, development, leasing, purchase or sale of any real estate assets and real estate-related assets.

Although the REIT Trustee may borrow money and obtain other financial accommodation for the purposes of FH-REIT and to on-lend money to FH-BT, both on a secured and unsecured basis, the REIT Manager must not direct the REIT Trustee to incur a liability if to do so would mean that total liabilities of FH-REIT exceed 35.0% of the value of the FH-REIT Deposited Property (or such other limit as may be stipulated by the Property Funds Appendix or other limit prescribed by the MAS) unless a credit rating from Fitch, Moody’s or S&P is obtained and disclosed to the public. The Property Funds Appendix allows FH-REIT to borrow up to 60.0% of the value of the FH-REIT Deposited Property only if such credit rating is obtained and disclosed to the public.

The REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the FH-REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Tax Ruling and all other applicable laws, regulations
and guidelines. It must retain FH-REIT's assets, or cause FH-REIT's assets to be retained, in safe custody and cause FH-REIT's accounts to be audited. It can appoint valuers to value the real estate assets and real estate-related assets of FH-REIT.

The REIT Trustee is not personally liable to a holder of FH-REIT Units in connection with the office of the REIT Trustee except in respect of its own fraud, gross negligence, wilful default, breach of trust or breach of the FH-REIT Trust Deed and Stapling Deed. Any liability incurred and any indemnity to be given by the REIT Trustee shall be limited to the assets of FH-REIT over which the REIT Trustee has recourse, provided that the REIT Trustee has acted without fraud, gross negligence, wilful default, breach of trust or breach of the FH-REIT Trust Deed. The FH-REIT Trust Deed contains certain indemnities in favour of the REIT Trustee under which it will be indemnified out of the assets of FH-REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

**Retirement and Replacement of the REIT Trustee**

The REIT Trustee may retire or be replaced under the following circumstances:

- The REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the FH-REIT Trust Deed); and

- The REIT Trustee may be removed by notice in writing to the REIT Trustee by the REIT Manager:
  - if the REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the REIT Trustee;
  - if the REIT Trustee ceases to carry on business;
  - if the REIT Trustee fails or neglects after reasonable notice from the REIT Manager to carry out or satisfy any material obligation imposed on the REIT Trustee by the FH-REIT Trust Deed;
  - if the holders of FH-REIT Units by Extraordinary Resolution duly passed at a meeting of holders of FH-REIT Units held in accordance with the provisions of the FH-REIT Trust Deed, and of which not less than 21 days' notice has been given to the REIT Trustee and the REIT Manager, shall so decide; or
  - if the MAS directs that the REIT Trustee be removed.

**Remuneration of the REIT Trustee**

The REIT Trustee's fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the FH-REIT Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the REIT Manager and the REIT Trustee from time to time.

Under the FH-REIT Trust Deed, the maximum fee which the REIT Trustee may charge is 0.015% per annum of the value of the FH-REIT Deposited Property. Any increase in the REIT Trustee's fee beyond the current scaled basis but subject to the maximum permitted amount of up to 0.015% per annum of the value of the FH-REIT Deposited Property will be subject to agreement between the REIT Manager and the REIT Trustee.
Any increase in the maximum permitted amount or any change in the structure of the REIT Trustee’s fee must be approved by an Extraordinary Resolution at a meeting of holders of the FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

**Changes in the Fees payable**

An Extraordinary Resolution of the holders of FH-REIT Units at a meeting convened and held in accordance with the provisions of the FH-REIT Trust Deed is required to approve:

- any increase in the rate or any change in the structure of the REIT Manager’s management fee or the REIT Trustee’s fee; and
- any increase in the rate above the permitted limit or any change in the structure of the REIT Manager’s acquisition fee, divestment fee and development management fee.

**Termination of FH-REIT**

Under the provisions of the FH-REIT Trust Deed, the duration of FH-REIT shall end on the earliest of:

- the date on which FH-REIT is terminated by the REIT Manager in such circumstances as set out under the provisions of the FH-REIT Trust Deed, as described below; or
- the date on which FH-REIT is terminated by the REIT Trustee in such circumstances as set out under the provisions of the FH-REIT Trust Deed, as described below.

The REIT Manager may in its absolute discretion terminate FH-REIT by giving notice in writing to all the holders of FH-REIT Units and the REIT Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the REIT Manager impracticable or inadvisable to continue FH-REIT;
- if the NAV of the FH-REIT Deposited Property shall be less than S$50.0 million after the end of the first anniversary of the date of the FH-REIT Trust Deed or any time thereafter; and
- if at any time FH-REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable laws or regulations, FH-REIT may be terminated by the REIT Trustee by notice in writing in any of the following circumstances, namely:

- if the REIT Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the REIT Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the REIT Trustee fails to appoint a successor manager in accordance with the provisions of the FH-REIT Trust Deed;
- if any law shall be passed which renders it illegal or in the opinion of the REIT Trustee impracticable or inadvisable to continue FH-REIT; and
- if within the period of three months from the date of the REIT Trustee expressing in writing to the REIT Manager the desire to retire the REIT Manager fails to appoint a new trustee in accordance with the provisions of the FH-REIT Trust Deed.
The decision of the REIT Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the REIT Trustee shall be under no liability on account of any failure to terminate FH-REIT pursuant to the paragraph above or otherwise. The REIT Manager shall accept the decision of the REIT Trustee and relieve the REIT Trustee of any liability to it therefor and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

In addition to the above, the holders of the FH-REIT Units may, by Extraordinary Resolution duly passed at a meeting of the holders of the FH-REIT Units held in accordance with Section 295 of the SFA, terminate FH-REIT.

Generally, upon the termination of FH-REIT, the REIT Trustee shall, subject to any authorisations or directions given to it by the REIT Manager or the holders of FH-REIT Units pursuant to the FH-REIT Trust Deed, sell the FH-REIT Deposited Property and repay any borrowings incurred on behalf of FH-REIT in accordance with the FH-REIT Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of FH-REIT before distributing the balance of the FH-REIT Deposited Property to the holders of FH-REIT Units in accordance with their proportionate interests in the FH-REIT Deposited Property.

THE FORMATION AND STRUCTURE OF FH-BT

FH-BT is constituted as a business trust by the FH-BT Trust Deed. FH-BT was registered as a business trust on 27 June 2014.

The terms and conditions of the FH-BT Trust Deed shall be binding on each holder of FH-BT Units (and persons claiming through such holder of FH-BT Units) as if such holder of FH-BT Units had been a party to the FH-BT Trust Deed and as if the FH-BT Trust Deed contains covenants by such holder of FH-BT Units to do all such acts and things as the FH-BT Trust Deed may require the Trustee-Manager to do.

The FH-BT Trust Deed

While FH-REIT Units remain stapled to FH-BT Units, the terms and conditions of the FH-BT Trust Deed shall be binding on each Stapled Securityholder (and persons claiming through such Stapled Securityholder) as if such Stapled Securityholder had been a party to the FH-BT Trust Deed and as if the FH-BT Trust Deed contains covenants by such Stapled Securityholder to observe and be bound by the provisions of the FH-BT Trust Deed and an authorisation by each Stapled Securityholder to do all such acts and things as the FH-BT Trust Deed may require the Trustee-Manager to do.

The provisions of the BTA prescribe certain terms of the FH-BT Trust Deed and certain rights, duties and obligations of the Trustee-Manager and (while FH-REIT Units remain stapled to FH-BT Units) Stapled Securityholders under the FH-BT Trust Deed. To the extent of any inconsistency between the obligations of the Trustee-Manager under the FH-BT Trust Deed and the Stapling Deed, the provisions of the Stapling Deed shall prevail.

The FH-BT Units and the Holders of FH-BT Units

The rights and interests of holders of FH-BT Units are contained in the FH-BT Trust Deed. Under the FH-BT Trust Deed, these rights and interests are safeguarded by the Trustee-Manager.

Each FH-BT Unit represents an undivided interest in FH-BT. Holders of FH-BT Units have no equitable or proprietary interest in the underlying assets of FH-BT and are not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and any real estate-related assets (or any part thereof) of FH-BT. The rights of the holders of FH-BT
Units are limited to the right to require due administration of FH-BT in accordance with the provisions of the FH-BT Trust Deed, including, without limitation, by suit against the Trustee-Manager.

Under the FH-BT Trust Deed, each holder of FH-BT Units acknowledges and agrees that it will not commence or pursue any action against the Trustee-Manager seeking an order for specific performance or for injunctive relief in respect of the assets of FH-BT (or any part thereof), including all its Authorised Investments (as defined in the FH-BT Trust Deed), and waives any rights it may otherwise have to such relief. If the Trustee-Manager breaches or threatens to breach its duties or obligations to holders of FH-BT Units under the FH-BT Trust Deed, recourse by the holders of FH-BT Units against the Trustee-Manager is limited to a right to recover damages or compensation from the Trustee-Manager in a court of competent jurisdiction, and holders of FH-BT Units acknowledge and agree that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the FH-BT Trust Deed, holders of FH-BT Units may not interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager, exercise any right in respect of the assets of FH-BT or any part thereof, or require that any Authorised Investments forming part of the assets of FH-BT be transferred to such holders of FH-BT Units.

No certificate shall be issued to holders of FH-BT Units by the Trustee-Manager in respect of FH-BT Units issued to holders of FH-BT Units. For so long as FH-T is listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange, in accordance with the listing rules and requirements of the relevant stock exchange, the Trustee-Manager shall appoint CDP as the unit depository for FH-BT in respect of all scripless Stapled Securities in accordance with the Depository Services Terms and Conditions. All Stapled Securities issued will be represented by entries in the register of holders of FH-BT Units kept by the Trustee-Manager or the agent appointed by the Trustee-Manager in the name of, and deposited with, CDP as the registered holder of such Stapled Securities and, as the case may be, in the name of Stapled Securityholders (other than the CDP) whose Stapled Securities are not deposited with the CDP. The Trustee-Manager or their jointly appointed agent shall issue to CDP not more than 10 Business Days after the issue of Stapled Securities a confirmation note confirming the date of issue and the number of Stapled Securities so issued and, if applicable, also stating that the Stapled Securities are issued under a moratorium and the expiry date of such moratorium and for the purposes of the FH-BT Trust Deed and the Stapling Deed, such confirmation note shall be deemed to be a certificate evidencing title to the FH-BT Units and the corresponding Stapled Securities issued.

There are no restrictions under the Stapling Deed, the FH-BT Trust Deed or Singapore law on a person’s right to purchase (or subscribe for) FH-BT Units and to own FH-BT Units except in the case of rights issue or, as the case may be, any preferential offering where the Trustee-Manager has the right under the FH-BT Trust Deed to elect not to extend an offer of FH-BT Units under the rights issue or, as the case may be, any preferential offering to holders of FH-BT Units whose addresses are outside Singapore.

Changes in Equity of the Holders of FH-BT Units

The Trustee-Manager may at any time and on prior written notice (such notice period shall be determined by the Trustee-Manager in its absolute discretion) to each holder of FH-BT Units by the Trustee-Manager delivering such notice in writing to CDP for onward delivery to the holders of FH-BT Units, determine that each FH-BT Unit shall be sub-divided into two or more FH-BT Units or consolidated with one or more other FH-BT Units and the holders of FH-BT Units shall be bound accordingly. The Trustee-Manager shall thereupon require each holder of FH-BT Units to deliver up to his confirmation note (if any) for endorsement or enface with the number of FH-BT Units.
thereby represented as a result of such sub-division or consolidation (in the case of a sub-division) or send or cause to be sent to each holder of FH-BT Units, a confirmation note representing the number of additional FH-BT Units to which he has become entitled by reason of the sub-division.

While Stapling applies, FH-BT Units may not be sub-divided or consolidated unless the corresponding FH-REIT Units are sub-divided or, as the case may be, consolidated at the same time and to the same extent.

The Register shall be altered accordingly to reflect the new number of FH-BT Units held by each holder of FH-BT Unit or, as the case may be, Stapled Securities as a result of such sub-division or consolidation and the Trustee-Manager shall cause CDP to alter the depository register maintained by CDP accordingly in respect of the Securities Account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP (“Securities Account”) of each holder of the FH-BT Units to reflect the new number of FH-BT Units held by such holder of FH-BT Units as a result of such sub-division or consolidation.

Rights, Preferences and Restrictions Attaching to Each Class of FH-BT Units

The FH-BT Trust Deed provides that rights attached to the FH-BT Units issued with special conditions have to be clearly defined in the FH-BT Trust Deed and, if at any time, different classes of FH-BT Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the FH-BT Units of that class) may, subject to the provisions of any applicable laws, regulations and guidelines, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of FH-BT Units of that class.

Currently, there is only one class of FH-BT Units and every FH-BT Unit carries the same voting rights. Under the BTA, only persons registered in the statutory register maintained by the Trustee-Manager are recognised as registered holders of FH-BT Units in issue. For so long as FH-BT is listed, CDP shall be the registered holder of all the FH-BT Units in issue and CDP shall pursuant to the Depository Services Terms and Conditions, maintain a record in a depository register of the holders of FH-BT Units having FH-BT Units credited into their respective Securities Accounts and to record in the depository register the following information stated below in relation to each namely:

- the names and addresses of the holders of FH-BT Units;
- the class of FH-BT Units held by each holder of FH-BT Units;
- the number of FH-BT Units held by each holder of FH-BT Units;
- the date on which every such person entered into the depository register in respect of the FH-BT Units standing in his name became a holder of FH-BT Units and, where he became a holder of FH-BT Units by virtue of an instrument of transfer, a sufficient reference to enable the name and address of the transferor to be identified;
- the date on which any transfer is registered and the name and address of the transferee; and
- where applicable, the date on which a holder of FH-BT Units ceases or ceased to be a holder of FH-BT Units.

Each holder of FH-BT Units named in the depository register shall for such period as the FH-BT Units are entered against his name in the depository register, be deemed to be the owner in respect of the number of FH-BT Units entered against the name of such holder of FH-BT Units in the depository register and would be entitled to attend and vote at general meetings of holders of FH-BT Units. The Trustee-Manager shall be entitled to rely on any and all such information in the depository register.
The entries in the depository register shall (save in the case of manifest error) be conclusive evidence of the number of FH-BT Units held by each holder of FH-BT Units and in the event of any discrepancy between the entries in the depository register and the details appearing in any confirmation note or monthly statement issued by CDP, the entries in the depository register shall prevail unless the holder of FH-BT Units proves to the satisfaction of the Trustee-Manager and CDP that the depository register is incorrect.

Distributions

Subject to applicable laws, regulations and guidelines, and the FH-BT Trust Deed, the Trustee-Manager shall have the right to make regular distributions to holders of FH-BT of such amounts to be payable out of the FH-BT Trust Property on such distribution dates as the Trustee-Manager may think fit. All distributions are paid pro rata among the holders of FH-BT Units in proportion to the amount paid-up on each of their FH-BT Units, unless the rights attached to an issue of any FH-BT Unit provide otherwise. Any monies payable to holders of FH-BT Units which remain unclaimed after a period of 12 months shall be accumulated in an Unclaimed Monies Account from which the Trustee-Manager may, from time to time, make payments to holders of FH-BT Units claiming any such monies.

Subject to the winding-up provisions in the FH-BT Trust Deed, the Trustee-Manager, may, at its discretion and if practicable, cause such sums which represent monies remaining in the Unclaimed Monies Account for five years after the date of payment of such moneys into the Unclaimed Monies Account and interest, if any, earned thereon, to be paid into the courts of Singapore and any fees, costs and expenses incurred in relation to such payment into the courts of Singapore shall be deducted from the monies payable to the relevant holder of FH-BT Units. If the said monies are insufficient to meet all such fees, costs and expenses, the Trustee-Manager shall be entitled to have recourse to the FH-BT Trust Property for such payment. Where the FH-BT is listed and to the extent that such unclaimed monies are held by the CDP, subject to the winding-up provisions in the FH-BT Trust Deed, the Trustee-Manager may, at its discretion and if practicable, cause such sums which are returned by the CDP to the Trustee-Manager (and which have remained unclaimed by a holder of FH-BT Units for a period of six years after the time when such monies became payable to such holder of FH-BT Units) to be paid into the courts of Singapore and any fees, costs and expenses incurred in relation to such payment into the courts of Singapore shall be deducted from the monies payable to the relevant holder of FH-BT Units. If the said monies are insufficient to meet all such fees, costs and expenses, the Trustee-Manager shall be entitled to have recourse to the FH-BT Trust Property for such payment.

Voting Rights

A holder of FH-BT Units is entitled to attend, speak and vote at any general meeting of the holders of FH-BT Units in person or by proxy and a holder of FH-BT Units may appoint not more than two proxies to attend and vote at the same general meeting as a holder of FH-BT Units if his name appears on the depository register as at 48 hours before the time of the relevant general meeting as certified by the depository to FH-BT. Except as otherwise provided in the FH-BT Trust Deed, not less than two holders of FH-BT Units must be present in person or by proxy to constitute a quorum at any general meeting PROVIDED THAT (i) a proxy representing more than one holder of FH-BT Units shall only count as one holder of FH-BT Units for the purpose of determining the quorum and (ii) where a holder of FH-BT Units is represented by more than one proxy such proxies shall count as only one Holder for the purpose of determining the quorum.

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1 The Trustees Act allows a trustee to discharge its liabilities towards unclaimed moneys by paying such moneys into Singapore courts, although it does not prescribe the period for which the moneys must be unclaimed before they may be paid into the courts. Although the Trustees Act is not applicable to a registered business trust, as a matter of prudence, the FH-BT Trust Deed has provided that the Trustee-Manager may pay unclaimed moneys into the courts.
Under the FH-BT Trust Deed, on a show of hands every holder of FH-BT Units present in person or by proxy shall have one vote, and on a poll, every holder of FH-BT Units who is present in person or by proxy shall have one vote for every FH-BT Unit which he holds or represents. Subject to the requirements of the prevailing listing rules of the SGX-ST, voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the general meeting or by five or more holders of FH-BT Units (including their proxies) having the right to vote at the general meeting or by holders of FH-BT Units (including their proxies) representing not less than 10.0% of the total voting rights of all the holders of FH-BT Units having the right to vote at the general meeting.

Variation of Rights of Respective Classes of FH-BT Units

If at any time different classes of FH-BT Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the FH-BT Units of that class) may, subject to any applicable laws, regulations and guidelines, whether or not FH-BT is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of FH-BT Units of that class. To every such Extraordinary Resolution of the holders of FH-BT Units of that class the provisions of the FH-BT Trust Deed relating to general meetings of the holders of FH-BT Units shall apply mutatis mutandis provided that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued FH-BT Units of the class and that any FH-BT Unitholder of that class present in person or by proxy or by attorney may demand a poll.

The rights conferred upon the holders of FH-BT Units of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the FH-BT Units of that class or by the FH-BT Trust Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further FH-BT Units ranking equally therewith, and would therefore require the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of FH-BT Units of such class.

The FH-BT Trust Deed does not impose more stringent conditions than those required by the applicable law.

Issue of FH-BT Units

The Trustee-Manager has the exclusive right to issue FH-BT Units for the account of FH-BT. For so long as FH-BT is listed on the SGX-ST, the Trustee-Manager may, subject to the provisions of the Listing Manual, the FH-BT Trust Deed, the BTA and any other relevant laws, regulations and guidelines, issue FH-BT Units.

In particular, the issuance of FH-BT Units will be subject to Section 36 of the BTA, which requires the approval by a majority of the number of votes of holders of FH-BT Units who, being entitled to do so, vote in person or by proxy present at a general meeting of holders of FH-BT Units.

If in connection with an issue of a FH-BT Unit, any requisite payment of the issue price for such FH-BT Unit has not been received by the Trustee-Manager before the seventh Business Day after the date on which the FH-BT Unit was agreed to be issued (or such other later date as the Trustee-Manager may agree), the Trustee-Manager may cancel its agreement to issue such FH-BT Unit and such FH-BT Unit will be deemed never to have been issued or agreed to be issued. In such an event, the Trustee-Manager may charge the investor (and retain the same for its own account) a cancellation fee of such amount as the Trustee-Manager may from time to time determine to represent the administrative costs involved in processing the application for such FH-BT Unit.
Suspension of Issue of FH-BT Units

The Trustee-Manager may, subject to the Listing Manual, suspend the issue of FH-BT Units during any of the following events:

• any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;

• the existence of any state of affairs which, in the opinion of the Trustee-Manager, might seriously prejudice the interests of the holders of FH-BT Units as a whole or the FH-BT Trust Property;

• any breakdown in the means of communication normally employed in determining the price of any assets of FH-BT or (if relevant) the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange or when, for any reason, the prices of any assets of FH-BT cannot be promptly and accurately ascertained;

• any period when remittance of money which will or may be involved in the realisation of any asset of FH-BT or in the payment for such asset of FH-BT cannot, in the opinion of the Trustee-Manager, be carried out at normal rates of exchange;

• any period where the issuance of FH-BT Units is suspended pursuant to any order or direction issued by the MAS or other relevant regulatory authorities;

• in relation to any general meeting of the holders of FH-BT Units, any 48 hour period before such general meeting or any adjournment thereof; or

• when the business operations of the Trustee-Manager in relation to FH-BT are substantially interrupted or closed as a result of, or arising from, nationalisation, expropriation, currency restrictions, pestilence, widespread communicable and infectious diseases, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes nuclear fusion or fission or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Trustee-Manager and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the Trustee-Manager.

In the event of any suspension while FH-BT is listed on the SGX-ST, the Trustee-Manager shall ensure that the immediate announcement of such suspension is made through the SGX-ST.

Meeting of Holders of FH-BT Units

Under applicable laws and the provisions of the FH-BT Trust Deed, FH-BT will not hold any meetings for holders of FH-BT Units unless the Trustee-Manager convenes a meeting or unless not less than 10.0% of total voting rights of all holders of FH-BT Units request a meeting to be convened.
A meeting of holders of FH-BT Units when convened may:

- by Extraordinary Resolution and in accordance with the FH-BT Trust Deed, sanction any modification, alteration or addition to the FH-BT Trust Deed which shall be proposed by the Trustee-Manager as provided in the FH-BT Trust Deed;
- by Extraordinary Resolution and in accordance with the FH-BT Trust Deed, sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of fees payable to the Trustee-Manager;
- by Extraordinary Resolution and in accordance with the FH-BT Trust Deed, remove the auditors of FH-BT;
- by Extraordinary Resolution and in accordance with the FH-BT Trust Deed, delist FH-BT after it has been listed; and
- by Extraordinary Resolution and in accordance with the FH-BT Trust Deed, remove the Trustee-Manager.

Any decision to be made by resolution of the holders of FH-BT Units other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the BTA or applicable laws and regulations.

Except as otherwise provided for in the FH-BT Trust Deed, 14 days' notice at the least (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the holders of FH-BT Units in the manner provided in the FH-BT Trust Deed. The quorum at a meeting shall not be less than two holders of FH-BT Units present in person or by proxy, PROVIDED THAT (i) a proxy representing more than one holder of FH-BT Units shall count as one holder of FH-BT Units for the purpose of determining the quorum; and (ii) where a holder of FH-BT Units is represented by more than one proxy such proxies shall count as only one holder of FH-BT Units for the purpose of determining the quorum. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed, and each such notice may, in general, be published in any one leading English-language daily newspaper in Singapore.

Subject to the requirements of the prevailing listing rules by the SGX-ST, voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the meeting, or by five or more holders of FH-BT Units present in person or by proxy, or holding or representing one tenth in value of all FH-BT Units represented at the meeting. Holders of FH-BT Units do not have different voting rights on account of the number of votes held by a particular holder of FH-BT Units. On a show of hands, every holder of FH-BT Units has one vote. On a poll, every holder of FH-BT Units has one vote for each FH-BT Unit of which it is the holder. The FH-BT Trust Deed does not contain any limitation on non-Singapore resident or foreign holders of FH-BT Units holding FH-BT Units or exercising the voting rights with respect to their holdings of FH-BT Units.

Neither the Trustee-Manager nor any of its associates shall be entitled to vote or be counted as part of a quorum at a meeting convened to consider a matter in respect of which the Trustee-Manager or any of its associates has a material interest save for an Ordinary Resolution duly proposed to remove the Trustee-Manager, in which case, no holder of FH-BT Units shall be disenfranchised.

For so long as the Trustee-Manager is the trustee-manager of FH-BT, the controlling shareholders (as defined in the Listing Rules) of the Trustee-Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of holders of FH-BT Units convened to consider a matter in respect of which the relevant controlling shareholders of the Trustee-Manager and/or of any of its associates have a material interest.
Rights and Liabilities of the Holders of FH-BT Units

The key rights of the holders of FH-BT Units include rights to:

- receive income and other distributions attributable to the FH-BT Units held;
- receive audited accounts and the annual reports of FH-BT; and
- participate in the winding-up or liquidation of FH-BT by receiving a share of all net cash proceeds derived from the realisation of the assets of FH-BT less any liabilities, in accordance with their proportionate interests in FH-BT.

No holder of FH-BT Units has a right to require that any asset of FH-BT be transferred to him.

Further, holders of FH-BT Units cannot give any directions to the Trustee-Manager (whether at a meeting of the holders of FH-BT Units or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- FH-BT ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the Trustee-Manager by the FH-BT Trust Deed or the determination of any matter which, under the FH-BT Trust Deed, requires the agreement of the Trustee-Manager.

The FH-BT Trust Deed contains provisions that are designed to limit the liability of a holder of FH-BT Units to the amount paid or payable for any FH-BT Unit. The provisions seek to ensure that if the issue price of the FH-BT Units held by a holder of FH-BT Units has been fully paid, no such holder of FH-BT Units, by reason alone of being a holder of FH-BT Units, will be personally liable to indemnify the Trustee-Manager or any creditor of FH-BT in the event that the liabilities of FH-BT exceed its assets.

Limitation on Right to Own FH-BT Units

FH-BT Units Issued to Persons Resident outside Singapore

In relation to any rights issue, the Trustee-Manager may in its absolute discretion elect not to extend an offer of FH-BT Units under the rights issue to those holders of FH-BT Units, whose addresses are outside Singapore. In such an event, the rights or entitlements to the FH-BT Units of such holders of FH-BT Units will be offered for subscription by the Trustee-Manager as the nominee and authorised agent of each such relevant FH-BT Unitholder in such manner and at such price, as the Trustee-Manager may determine.

Where necessary, the Trustee-Manager shall have the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant holders of FH-BT Units whose rights or entitlements have been thus sold, provided that where such proceeds payable to the relevant holders of FH-BT Units are less than S$10.00, the Trustee-Manager shall be entitled to retain such proceeds as part of the FH-BT Trust Property.

Amendments to the FH-BT Trust Deed

After the Listing Date, the Trustee-Manager shall be entitled, by deed supplemental hereto (including by way of an amending and restating deed), to modify, alter or add to the provisions of the FH-BT Trust Deed in such manner and to such extent as it may consider expedient for any purpose in accordance with the provisions of the BTA.
The BTA currently provides that the trust deed of a Registered Business Trust may be amended by a resolution passed by the unitholders of that trust holding in the aggregate not less than 75.0% of the voting rights of all unitholders of the trust who, being entitled to do so, vote in person or by proxy present at a general meeting of which not less than 21 days’ written notice specifying the intention to propose the resolution as a special resolution has been duly given.

Circumstances under which the Trustee-Manager may be Indemnified out of the FH-BT Trust Property

In general, subject to any express provision under the FH-BT Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager, the Trustee-Manager is entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as FH-BT’s trustee-manager to have recourse to the FH-BT Trust Property or any part thereof, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care.

Circumstances under which the Trustee-Manager may Exclude Liability in Relation to Carrying Out of Its Duties With Respect to FH-BT

Subject to the duties and obligations of the Trustee-Manager under the FH-BT Trust Deed, the Trustee-Manager shall not be liable for any act or omission of in relation to FH-BT save where there is, on the part of the Trustee-Manager, fraud, wilful default or breach of trust or where the Trustee-Manager fails to exercise Due Care.

In the absence of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, the Trustee-Manager shall not incur any liability to the holders of FH-BT Units by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the FH-BT Trust Deed.

Substantial FH-BT Holdings

The FH-REIT Trust Deed and the FH-BT Trust Deed contain provisions relating to reporting requirements applicable to a Substantial FH-REIT Unitholder and a Substantial FH-BT Unitholder (each as defined herein), as required under the SFA and the BTA.

As the Stapled Securities comprise FH-REIT Units and FH-BT Units stapled together, the Stapled Securityholders have to comply with the regulatory requirements imposed on both FH-REIT and FH-BT, including that of the requirement to disclose substantial holdings.

Pursuant to Sections 135 to 137B of the SFA (read with Section 137J of the SFA), Substantial FH-BT Unitholders are required to notify the Trustee-Manager within two Business Days after becoming aware of their becoming a Substantial FH-BT Unitholder, of any subsequent change in the percentage level of such holdings (rounded down to the next whole number) or their ceasing to be a Substantial FH-BT Unitholder.

Failure to comply with the notification requirements of the SFA constitutes an offence and will render such Substantial FH-BT Unitholder liable to a fine on conviction.

Holders of Voting Shares in the Trustee-Manager

Pursuant to Section 137P of the SFA, where the percentage of interest of a person in the voting shares in the Trustee-Manager reaches, crosses or falls below 15%, 30%, 50% or 75%, he shall give notice in writing to the Trustee-Manager within two Business Days after he becomes aware of this.
Failure to comply with the notification requirements of the SFA constitutes an offence and will render a Substantial Shareholder in the Trustee-Manager liable to a fine on conviction.

**The Trustee-Manager Board's Declaration of Holdings of FH-BT Units**

**Duty of the Trustee-Manager to Make Disclosure**

Pursuant to Section 137R of the SFA, where the Trustee-Manager (i) acquires or disposes of interests in FH-BT Units or (ii) has been notified in writing by a Substantial FH-BT Unitholder or director or the chief executive officer of the Trustee-Manager pursuant to the unitholdings disclosure requirements of the SFA as set out below, or has been notified by a person who holds an interest in voting shares in the Trustee-Manager pursuant to a requirement imposed on him under Section 137P of the SFA, the Trustee-Manager shall announce such information on the SGXNET as soon as practicable and in any case no later than the end of the Business Day following the day on which the Trustee-Manager became aware of such information or received the notice.

**Directors and Chief Executive Officer of the Trustee-Manager**

Pursuant to Section 137N of the SFA, directors and chief executive officer of the Trustee-Manager will be required to notify the Trustee-Manager in writing of, *inter alia*, their acquisition of FH-BT Units or of changes to the number of FH-BT Units which they hold or in which they have an interest, within two Business Days after such acquisition or after becoming aware of such change, as the case may be.

A director or chief executive officer of the Trustee-Manager is deemed to have an interest in FH-BT Units, *inter alia*, in the following circumstances:

- Where the director or chief executive officer of the Trustee-Manager is the beneficial owner of a FH-BT Unit (whether directly through a direct Securities Account or indirectly through a depository agent or otherwise), he is deemed to have an interest in that FH-BT Unit.

- Where a body corporate is the beneficial owner of a FH-BT Unit and the director or chief executive officer of the Trustee-Manager is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate, he is deemed to have interest in that FH-BT Unit.

- Where the Trustee-Manager’s director’s or chief executive officer’s (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years has any interest in a FH-BT Unit, he is deemed to have an interest in that FH-BT Unit.

- Where the director or chief executive officer of the Trustee-Manager, his (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years:
  - has entered into a contract to purchase a FH-BT Unit;
  - has a right to have a FH-BT Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;
  - has the right to acquire a FH-BT Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or
– is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of FH-BT Unitholders) to exercise or control the exercise of a right attached to a FH-BT Unit, not being a FH-BT Unit of which any of them is the holder, the director or chief executive officer of the Trustee-Manager is deemed to have an interest in that FH-BT Unit.

- Where the property subject to a trust consists of or includes a FH-BT Unit and the director or chief executive officer of the Trustee-Manager knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such FH-BT Unit, he is deemed to have an interest in that FH-BT Unit.

**The Trustee-Manager**

The Trustee-Manager is Frasers Hospitality Trust Management Pte. Ltd.. The Trustee-Manager is a company incorporated on 13 January 2014 in Singapore. As at the Latest Practicable Date, the Trustee-Manager has an issued share capital of S$1.00 and its issued and paid-up capital will be increased to S$10,000 on or prior to the Listing Date. The Trustee-Manager has a place of business in Singapore at 438 Alexandra Point, #21-00, Alexandra Point, Singapore 119958.

**Powers, Duties and Obligations of the Trustee-Manager**

The Trustee-Manager’s powers, duties and obligations are set out in the FH-BT Trust Deed. The powers and duties of the Trustee-Manager include:

- acting as trustee-manager of FH-BT and, in such capacity, safeguarding the rights and interests of the holders of FH-BT Units, for example, by satisfying itself that transactions it enters into for and on behalf of FH-BT with an Interested Person or FH-BT are conducted on normal commercial terms, are not prejudicial to the interests of FH-BT and the holders of FH-BT Units, and in accordance with all applicable requirements under all applicable laws, rules and regulations including the BTA and the Listing Manual relating to the transaction in question;

- holding the assets of FH-BT on trust for the benefit of the holders of FH-BT Units in accordance with the FH-BT Trust Deed;

- lending monies out of the assets of FH-BT for the benefit of the Stapled Securityholders as a whole to any stapled entity in accordance with the FH-BT Trust Deed and subject to compliance with the applicable laws, regulations and guidelines; and

- exercising all the powers of a trustee-manager and the powers that are incidental to the ownership of the assets of FH-BT.

The Trustee-Manager has covenanted in the FH-BT Trust Deed that it will use its best endeavours to carry on and conduct its business in a proper and efficient manner in the best interests of the holders of FH-BT Units as a whole (subject to, the overriding best interests of Stapled Securityholders, as permitted under all applicable laws, regulations and guidelines).

In the exercise of its powers, the Trustee-Manager may, subject to the provisions of the FH-BT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Trustee-Manager may, subject to the provisions of the FH-BT Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
any real estate agents or managers, including an Interested Person, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

The Trustee-Manager must carry out its functions and duties and comply with all the obligations imposed on it and set out in the FH-BT Trust Deed, the Listing Manual, the SFA, the BTA, the Tax Rulings and all other applicable laws, regulations and guidelines. It must retain FH-BT’s assets, or cause FH-BT’s assets to be retained, in safe custody and cause FH-BT’s accounts to be audited. It can appoint valuers to value the real estate assets and real estate-related assets of FH-BT.

The Trustee-Manager is not personally liable to a holder of FH-BT Units in connection with the office of the Trustee-Manager except in respect of its own fraud, gross negligence, wilful default, breach of trust or breach of the FH-BT Trust Deed or Stapling Deed or where the Trustee-Manager fails to exercise Due Care. Any liability incurred and any indemnity to be given by the Trustee-Manager shall be limited to the assets of FH-BT over which the Trustee-Manager has recourse, provided that the Trustee-Manager has acted without fraud, gross negligence, wilful default, breach of trust or breach of the FH-BT Trust Deed or where the Trustee-Manager fails to exercise Due Care. The FH-BT Trust Deed contains certain indemnities in favour of the Trustee-Manager under which it will be indemnified out of the assets of FH-BT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Resignation or Removal of the Trustee-Manager

The Trustee-Manager may resign or be removed under the following circumstances:

- The Trustee-Manager shall only resign in accordance with the relevant laws, regulations and guidelines and its resignation shall only be upon the appointment of a new Trustee-Manager (such appointment to be made in accordance with the provisions of the FH-BT Trust Deed); and

- The Trustee-Manager may be removed in accordance with the relevant laws, regulations and guidelines.

(See “Management and Corporate Governance – FH-BT – Resignation or Removal of Trustee-Manager” for further details.)

Changes in the Fees and Charges payable to the Trustee-Manager

An Extraordinary Resolution of the holders of FH-BT Units at a meeting convened and held in accordance with the provisions of the FH-BT Trust Deed is required to approve:

- any increase in the rate or any change in the structure of the Trustee-Manager’s management fee or trustee fee; and

- any increase in the rate above the permitted level or any change in the structure of the Trustee-Manager’s acquisition fee, divestment fee and development management fee.
Winding-up of FH-BT

Under the FH-BT Trust Deed, FH-BT shall be of indefinite duration. In the event that any law is passed which renders it illegal or, in the opinion of the Trustee-Manager, impracticable or inadvisable to continue FH-BT, FH-BT may, without prejudice to the provisions of the BTA, be wound up subject to approval by the holders of FH-BT Units by way of an Extraordinary Resolution duly passed by the holders of FH-BT Units at a meeting convened by the Trustee-Manager in accordance with the FH-BT Trust Deed.

Generally, as soon as practicable after the commencement of the winding-up of FH-BT, the Trustee-Manager shall, subject to any authorisations or directions given to it by the holders of FH-BT Units pursuant to the FH-BT Trust Deed, sell the FH-BT Trust Property and repay any borrowings incurred on behalf of FH-BT in accordance with the FH-BT Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of FH-BT before distributing the balance of the FH-BT Trust Property to the holders of FH-BT Units in accordance with their proportionate interests in the FH-BT Trust Property.

Issue of Stapled Securities

For as long as FH-REIT Units are stapled to FH-BT Units, the REIT Manager may only issue FH-REIT Units if such issue is accompanied by the issue of FH-BT Units. Similarly, the Trustee-Manager may only issue FH-BT Units if such issue is accompanied by the issue of FH-REIT Units. For the avoidance of doubt, both the Managers must satisfy the requirements under the FH-REIT Trust Deed and the FH-BT Trust Deed for the issue of FH-REIT and FH-BT Units before Stapled Securities can be issued. On the assumption that FH-BT Units will remain stapled to FH-REIT Units, see the section “– The Formation and Structure of FHT – Issue of the Stapled Securities” above for a discussion on the issue of Stapled Securities.
CERTAIN AGREEMENTS RELATING TO FHT, FH-REIT, FH-BT AND THE PROPERTIES

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of FHT, FH-REIT, FH-BT and the Properties. Copies of these agreements are available for inspection at the registered office of the REIT Manager at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958 and the registered office of the Trustee-Manager at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958 for a period of six months from the date of this Prospectus.

FHT LICENCE AGREEMENT

Pursuant to the FHT Licence Agreement entered into between Frasers Hospitality Asset Management Pte. Ltd., Frasers Hospitality Trust Management Pte. Ltd. and the Sponsor on 25 June 2014, the Sponsor has granted a non-exclusive, non-transferable, non-sub licensable and limited licence to Frasers Hospitality Asset Management Pte. Ltd. and Frasers Hospitality Trust Management Pte. Ltd. for the use of the “Frasers”, “FHT”, “FH-REIT” and “FH-BT” names, related trademarks and domain names for use in connection with the activities of FHT.

The licence became effective from the date of the agreement and will terminate upon the date that Frasers Hospitality Asset Management Pte. Ltd. ceases to be the manager of FH-REIT or Frasers Hospitality Trust Management Pte. Ltd. ceases to be the trustee-manager of FH-BT for whatever reason. The Sponsor may terminate the licence (i) upon giving of 30 days’ notice in writing to Frasers Hospitality Asset Management Pte. Ltd. and Frasers Hospitality Trust Management Pte. Ltd., or (ii) if Frasers Hospitality Asset Management Pte. Ltd. or Frasers Hospitality Trust Management Pte. Ltd. commits any material breach of provisions of the agreement.

Under the FHT Licence Agreement, Frasers Hospitality Asset Management Pte. Ltd. and Frasers Hospitality Trust Management Pte. Ltd. as licensees shall ensure that their use of the trademarks and domain names conforms to and complies with all reasonable standards, guidelines, instructions and directions as may be prescribed by the Sponsor as the licensor in writing from time to time.

MASTER SERVICED RESIDENCE MANAGEMENT AGREEMENT

All serviced residences in which Frasers Hospitality Trust has interests (including beneficial and contractual) (whether such serviced residences are directly or indirectly acquired by the REIT Trustee or the Trustee-Manager on behalf of Frasers Hospitality Trust or are wholly or partly owned by Frasers Hospitality Trust), for as long as the Sponsor or its subsidiary is appointed as the master lessee of such serviced residences, will be managed by Frasers Hospitality Pte. Ltd. or its related corporations (the “Operator”), or a serviced residence operator of reputable standing (where the Operator has elected not to take over the management and operation of such serviced residences), in accordance with the terms of the Master Serviced Residence Management Agreement and the individual serviced residence management agreements entered into.

Frasers Hospitality Pte. Ltd. is jointly appointed by the Sponsor, the REIT Trustee and the Managers pursuant to the Master Serviced Residence Management Agreement. The Master Serviced Residence Management Agreement will be entered into by the Sponsor, the REIT Trustee, the Managers and Frasers Hospitality Pte. Ltd. pursuant to which the Operator is appointed to manage and operate all the serviced residences. The Operator so appointed will be subjected to the overall management, supervision of the relevant master lessee and subject to the terms and conditions of the Master Serviced Residence Management Agreement and each individual service residence management agreement.
The Master Serviced Residence Management Agreement provides that in respect of each new serviced residence which is subsequently acquired by the REIT Trustee or the Trustee-Manager on behalf of Frasers Hospitality Trust or are wholly or partly owned by Frasers Hospitality Trust, for as long as the Sponsor or its subsidiary is appointed as the master lessee of such Serviced Residence, the REIT Trustee, the Managers and the relevant master lessee will enter into a separate individual serviced residence management agreement with the Operator or a serviced residence operator of reputable standing (where the Operator has elected not to take over the management of such property), in the form and on terms substantially similar to those set out in the Annexure to the Master Serviced Residence Management Agreement, which sets out the form of the individual serviced residence management agreement. The termination of the Master Serviced Residence Management Agreement will not affect any individual serviced residence management agreements entered into pursuant to the Master Serviced Residence Management Agreement.

Under the Master Serviced Residence Management Agreement, the serviced residence operator is responsible for the operation and management of the serviced residences, which includes, inter alia, human resource support, engineering and IT support and resource allocation, finance supervision and support, internal audits and budget reviews, operation support and marketing of the serviced residences.

The fees payable to the Serviced Residence Operator are as follows:

(i) a base management fee of 1.0% per annum of the gross operating revenue of the serviced residence;

(ii) an incentive fee of 8.0% per annum of gross operating profit of the serviced residence; and

(iii) a marketing fee of 1.0% per annum of the gross operating revenue of the serviced residence.

The initial term of the Master Serviced Residence Management Agreement is 20 years from the Listing Date. Frasers Hospitality Pte. Ltd. may give written request to the Sponsor to extend its appointment as the serviced residence manager for a further term of 20 years on the same terms and conditions (except that the terms and conditions (i) may include any variations made to the Master Serviced Residence Management Agreement during the term, (ii) may include any term which may be reasonably required due to any change in the law or regulations and (iii) shall not include an option to renew clause) and except that such extension shall be subject to the approval of the Stapled Securityholders of FHT if such approval is required pursuant to the Trust Deeds or any applicable legislation or regulation (including regulatory requirements relating to interested person/party transactions relating to real estate investment trusts/business trusts).

INDIVIDUAL SERVICED RESIDENCE MANAGEMENT AGREEMENTS

Individual Serviced Residence Management Agreements in relation to the Serviced Residences comprised in the Initial Portfolio will be entered into by the Master Lessees, the REIT Trustee, the Managers and Frasers Hospitality Pte. Ltd. or Frasers Hospitality (UK) Limited on the Listing Date, pursuant to which the Serviced Residence Operator will be appointed to manage and operate each individual Serviced Residence. The Serviced Residence Operator will be subject to the overall management and supervision of the relevant Master Lessee.

The initial term of each Individual Serviced Residence Management Agreement is 20 years from the Listing Date. Frasers Hospitality Pte. Ltd. or Frasers Hospitality (UK) Limited may give written request to the relevant Master Lessee to extend its appointment as the serviced residence operator for a further term of 20 years on the same terms and conditions (except that the terms and conditions (i) may include any variations made to the Individual Serviced Residence Management Agreement during the term, (ii) may include any term which may be reasonably
required due to any change in the law or regulations and (iii) shall not include an option to renew clause) and except that such extension shall be subject to the approval of the Stapled Securityholders of FHT if such approval is required pursuant to the Trust Deeds or any applicable legislation or regulation (including regulatory requirements relating to interested person/party transactions relating to real estate investment trusts/business trusts).

**MASTER SERVICED RESIDENCE LICENCE AGREEMENT**

Pursuant to the terms of the Master Serviced Residence Licence Agreement which is entered into by the REIT Trustee, the Managers, the Sponsor and the Licensor, in respect of all serviced residences in which Frasers Hospitality Trust has interests (including beneficial and contractual) (whether such serviced residences are directly or indirectly acquired by the REIT Trustee or the Trustee-Manager on behalf of Frasers Hospitality Trust or are wholly or partly owned by Frasers Hospitality Trust), for as long as the Sponsor or its subsidiary is appointed as the master lessee of such serviced residences and managed by Frasers Hospitality Pte. Ltd. or its related corporations (the “Licensor”) pursuant to the Master Serviced Residence Management Agreement, the relevant master lessee will be granted a non-exclusive, non-assignable and non-transferable right to use, *inter alia*, the “Frasers” marks in connection with the operations of the serviced residences. The termination of the Master Serviced Residence Licence Agreement will not affect any individual serviced residence licence agreements entered into pursuant to the Master Serviced Residence Licence Agreement.

A trademark licence fee of 1.0% per annum of the gross operating revenue of the serviced residence is payable.

**INDIVIDUAL SERVICED RESIDENCE LICENCE AGREEMENT**

Individual Serviced Residence Licence Agreements in relation to the initial Serviced Residences will be entered into by the Master Lessees, the REIT Trustee or, as the case may be, the property-owning entity, the Managers and the Licensor on the Listing Date, pursuant to which the Licensor will grant the relevant Master Lessee a non-exclusive, non-assignable and non-transferable right to use, *inter alia*, the “Frasers” marks in connection with the operations of the Serviced Residences.

The Individual Serviced Residence Licence Agreement will continue for the duration of the term of the relevant individual serviced residence management agreement entered into pursuant to the Master Serviced Residence Management Agreement and shall automatically terminate upon the early termination or expiration of such individual serviced residence management agreement or in the event of any default under such individual serviced residence management agreement.

**MASTER TECHNICAL SERVICES AGREEMENT**

Frasers Hospitality Pte. Ltd. or its related corporations (the “Service Provider”), being a subsidiary of the Sponsor, or a service provider of reputable standing (where the Service Provider has declined the appointment) will provide advisory services in relation to all Serviced Residences in which Frasers Hospitality Trust has interests (including beneficial and contractual) (whether such Serviced Residences are directly or indirectly acquired by the REIT Trustee or the Trustee-Manager on behalf of Frasers Hospitality Trust or are wholly or partly owned by Frasers Hospitality Trust), in accordance with the terms of the Master Technical Services Agreement and the individual technical services agreements entered into.

The Service Provider is jointly appointed by the Sponsor, the REIT Trustee and the Managers pursuant to the Master Technical Services Agreement. The Master Technical Services Agreement will be entered into by the REIT Trustee, the Managers and the Sponsor pursuant to which the Service Provider is appointed to provide advisory services in relation to all the serviced
residences. The Service Provider so appointed will be subjected to the overall management and supervision of the master lessee and subject to the terms and conditions of the Master Technical Services Agreement and each individual technical services agreement.

The Master Technical Services Agreement provides that in respect of each new Serviced Residence which is acquired by the REIT Trustee or the Trustee-Manager on behalf of Frasers Hospitality Trust or are wholly or partly owned by Frasers Hospitality Trust, for as long as the Sponsor or its subsidiary is appointed as the master lessee of such Serviced Residence, the REIT Trustee, the Managers and the relevant master lessee will enter into a separate individual technical services agreement with a service provider of reputable standing (where the Service Provider has declined such appointment), in the form and on terms substantially similar to those set out in the Annexure to the Master Technical Services Agreement, which sets out the form of the individual technical services agreement. The termination of the Master Technical Services Agreement will not affect any individual technical services agreements entered into pursuant to the Master Technical Services Agreement.

Under the Master Technical Services Agreement, the Service Provider is responsible for the provision of certain advisory services in respect of the serviced residences, which includes, inter alia, site evaluation, market evaluation, design and development, fitting out of the serviced residences, staffing and organisation strategies, budgeting strategies, distribution strategies, human capital management, operational policies and various administrative, marketing and leasing know-hows.

The technical services fees payable to the Service Provider will be an amount to be mutually agreed upon subject to a cap of US$1,500 per serviced residence unit which is exclusive of reimbursable expenses. Where a development management fee is payable to the REIT Manager, there shall be no technical services fees payable in respect of the same project notwithstanding the technical services provided.

The initial term of the Master Technical Services Agreement is 20 years from the Listing Date. Frasers Hospitality Pte. Ltd. may give written request to the Sponsor to extend its appointment as the service provider for a further term of 20 years on the same terms and conditions (except that the terms and conditions (i) may include any variations made to the Master Technical Services Agreement during the term, (ii) may include any term which may be reasonably required due to any change in the law or regulations and (iii) shall not include an option to renew clause) and except that such extension shall be subject to the approval of the Stapled Securityholders of FHT if such approval is required pursuant to the Trust Deeds or any applicable legislation or regulation (including regulatory requirements relating to interested person/party transactions relating to real estate investment trusts/business trusts).

**INDIVIDUAL TECHNICAL SERVICES AGREEMENTS**

Individual Technical Services Agreements in relation to the initial Serviced Residences will be entered into by the Master Lessees, the REIT Trustee or, as the case may be, the property-owning entity, the Managers and the Service Provider on the Listing Date, pursuant to which the Service Provider will be appointed to provide advisory services in relation to each individual Serviced Residence. The Service Provider will be subject to the overall management and supervision of the relevant Master Lessee.

The initial term of each Individual Technical Services Agreement is 20 years from the Listing Date. The Service Provider may give written request to the relevant Master Lessee to extend its appointment as the service provider for a further term of 20 years on the same terms and conditions (except that the terms and conditions (i) may include any variations made to the Individual Technical Services Agreement during the term, (ii) may include any term which may be reasonably required due to any change in the law or regulations and (iii) shall not include an option
to renew clause) and except that such extension shall be subject to the approval of the Stapled Securityholders of FHT if such approval is required pursuant to the Trust Deeds or any applicable legislation or regulation (including regulatory requirements relating to interested person/party transactions relating to real estate investment trusts/business trusts).

RIGHT OF FIRST REFUSAL AGREEMENTS

FCL ROFR

FCL ("the Sponsor") has granted a right of first refusal dated 23 June 2014 to the REIT Trustee and the Trustee-Manager for so long as:

- Frasers Hospitality Asset Management Pte. Ltd. or any of its related corporations remains the manager of FH-REIT;
- Frasers Hospitality Trust Management Pte. Ltd. or any of its related corporations remains the trustee-manager of FH-BT;
- the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the manager of FH-REIT and of the trustee-manager of FH-BT; and
- the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of FH-REIT and FH-BT.

For the purposes of the FCL ROFR:

- a "controlling shareholder" means a person who:
  - holds directly or indirectly 15.0% or more of the nominal amount of all voting shares of a company; or
  - in fact exercises control over a company;
- a "controlling unitholder" in relation to a business trust means:
  - a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the business trust; or
  - a person who in fact exercises control over the business trust;
- a "controlling unitholder" in relation to a real estate investment trust means:
  - a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the real estate investment trust; or
  - a person who in fact exercises control over the real estate investment trust;
- "control" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company, business trust, real estate investment trust or other entity (as the case may be);
- a "related corporation" has the meaning ascribed to it in the Companies Act, Chapter 50 of Singapore (the “Companies Act”);
• a “Relevant Entity” means the Sponsor or any of its existing or future subsidiaries (which shall exclude any subsidiaries listed on any recognised stock exchange) or existing or future private funds managed by the Sponsor (“Sponsor Private Funds”);

• a “Relevant Asset” refers to a completed income-producing real estate located anywhere in the world except Thailand, which is used primarily for hospitality purposes, where real estate used for “hospitality” purposes includes hotels, serviced residences, resorts and other lodging facilities, and the term “serviced residences” means apartments with full or partial services. For the avoidance of doubt, serviced residences shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore; and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residence. Where such real estate is held by a Relevant Entity through a single purpose company, vehicle or entity (a “SPV”) established solely to own such real estate, the term “Relevant Asset” shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term “Relevant Asset” shall refer to the ownership share of the Relevant Entity in such real estate; and

• a “subsidiary” has the meaning ascribed to it in the Companies Act.

The FCL ROFR shall cover any proposed offer (a “Proposed Offer”) by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity (“Proposed Disposal”). If the Relevant Asset is (i) owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to FH-REIT or FH-BT is required; or (ii) owned by the Sponsor’s subsidiaries or Sponsor Private Funds which are not wholly-owned by the Sponsor and whose other shareholder(s) or private fund investor(s) is/are third parties, and if consent from such shareholder(s) or private fund investor(s) to offer the Relevant Asset to FH-REIT or FH-BT is required, the Sponsor shall use its best endeavours to obtain the consent of the relevant third party(ies), other shareholder(s) or private fund investor(s), failing which the ROFR will exclude the disposal of such Relevant Asset. For the avoidance of doubt, the grant by any Relevant Entity of a lease (including a long term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a Proposed Disposal for the purposes of this paragraph.

The FCL ROFR shall:

• be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or to the third parties that hold interests in these Relevant Assets;

• exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement; and

• be subject to the applicable laws, regulations and government policies and the listing rules of Singapore Exchange Securities Trading Limited.

In the event that the REIT Trustee (or the Trustee-Manager, as the case may be) fails or does not wish to exercise the FCL ROFR, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the REIT Trustee or the Trustee-Manager, as the case may be.
However, if the completion of the disposal of the Relevant Assets by the Relevant Entity to the third party does not occur within 12 months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the FCL ROFR.

**TCC ROFR**

Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi (together, the “**Controlling Shareholders**”) have granted a right of first refusal dated 23 June 2014 (the “**TCC ROFR**”), and shall procure that the TCC Group grants a right of first refusal to the REIT Trustee and the Trustee-Manager for so long as:

- Frasers Hospitality Asset Management Pte. Ltd. or any of its related corporations remains the manager of FH-REIT;
- Frasers Hospitality Trust Management Pte. Ltd. or any of its related corporations remains the trustee-manager of FH-BT;
- any entity within the TCC Group (as defined below) and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the manager of FH-REIT and of the trustee-manager of FH-BT; and
- any entity within the TCC Group and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of FH-REIT and FH-BT.

For the purposes of the TCC ROFR:

- a “**controlling shareholder**” means a person who:
  - holds directly or indirectly 15.0% or more of the nominal amount of all voting shares of a company; or
  - in fact exercises control over a company;
- a “**controlling unitholder**” in relation to a business trust means:
  - a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the business trust; or
  - a person who in fact exercises control over the business trust;
- a “**controlling unitholder**” in relation to a real estate investment trust means:
  - a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the real estate investment trust; or
  - a person who in fact exercises control over the real estate investment trust;
- “**control**” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company, business trust, real estate investment trust or other entity (as the case may be);
- a “**related corporation**” has the meaning ascribed to it in the Companies Act, Chapter 50 of Singapore;
a “Relevant Asset” refers to a completed income-producing real estate located anywhere in the world except Thailand, which is used primarily for hospitality purposes, where real estate used for “hospitality” purposes includes hotels, serviced residences, resorts and other lodging facilities, and the term “serviced residences” means apartments with full or partial services. For the avoidance of doubt, serviced residences shall not include (a) residential units sold under the Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore; and (b) the aforesaid residential units sold by a developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residence. Where such real estate is held by a TCC Group Entity through a single purpose company, vehicle or entity (a “SPV”) established solely to own such real estate, the term “Relevant Asset” shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a TCC Group Entity as a tenant-in-common, the term “Relevant Asset” shall refer to the ownership share of the TCC Group Entity in such real estate. For the avoidance of doubt, two existing investments of the TCC Group, being Melia, Hanoi and Grand Luang Prabang in Laos shall be excluded from the definition of “Relevant Asset” as subjecting them to this Right of First Refusal may contravene existing joint venture arrangements with government-related agencies;

the “TCC Group” refers to the companies and entities comprised in the Thai Charoen Corporation Group which are controlled by Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi (which shall exclude any company or entity listed on any recognised stock exchange);

a “TCC Group Entity” means any entity within the TCC Group or a TCC Private Fund; and

“TCC Private Funds” means private funds managed by the TCC Group.

The TCC ROFR shall cover any proposed offer (a “Proposed Offer”) by a TCC Group Entity to dispose of any interest in any Relevant Asset which is owned by the TCC Group Entity (“Proposed Disposal”). If the Relevant Asset is (i) owned jointly by a TCC Group Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to FH-REIT or FH-BT is required; or (ii) owned by a TCC Group Entity which is not wholly-owned by the TCC Group and whose other shareholder(s) or private fund investor(s) is/are third parties, and if consent from such shareholder(s) or private fund investor(s) to offer the Relevant Asset to FH-REIT or FH-BT is required, the relevant TCC Group Entity shall use its best endeavours to obtain the consent of the relevant third party(ies), other shareholder(s) or private fund investor(s), failing which the ROFR will exclude the disposal of such Relevant Asset. For the avoidance of doubt, the grant by any TCC Group Entity of a lease (including a long term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a Proposed Disposal for the purposes of this paragraph.

The TCC ROFR shall:

• be subject to (a) any prior overriding contractual obligations which the TCC Group may have in relation to the Relevant Assets and/or to the third parties that hold interest in these Relevant Assets and (b) the Right of First Refusal and Right to Participate dated 25 October 2013 granted by the Controlling Shareholders to Frasers Centrepoint Limited;

• exclude the disposal of any interest in the Relevant Assets by a TCC Group Entity to a related corporation of such TCC Group Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the TCC Group Entity between the shareholders as may be provided in any shareholders agreement; and

• be subject to the applicable laws, regulations and government policies and the listing rules of Singapore Exchange Securities Trading Limited.
In the event that the REIT Trustee (or the Trustee-Manager, as the case may be) fails or does not wish to exercise the TCC ROFR, the TCC Group Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the TCC Group Entity to the REIT Trustee (or the Trustee-Manager, as the case may be).

However, if the completion of the disposal of the Relevant Assets by the TCC Group Entity to the third party does not occur within 12 months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the TCC ROFR.

**TCC-FCL Agreement**

FCL have acknowledged and agreed with Mr Charoen Sirivadhanabhakdi, Khunying Wanna Sirivadhanabhakdi, the REIT Trustee and the Trustee-Manager that, notwithstanding the Right of First Refusal and Right to Participate (the “ROFR and RTP”) entered into on 25 October 2013 among Mr Charoen Sirivadhanabhakdi, Khunying Wanna Sirivadhanabhakdi and FCL pursuant to which Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi granted FCL certain rights of first refusal and right to participate, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi will grant and shall procure that the TCC Group grant a right of first refusal (the “FHT Right of First Refusal”) to the REIT Trustee and the Trustee-Manager in respect of any Relevant Asset owned by a TCC Group Entity (both as defined in the FHT Right of First Refusal) and in respect of any Relevant Asset owned by a TCC Group Entity which is offered or to be offered to the REIT Trustee or the Trustee-Manager under the FHT Right of First Refusal, FCL shall not exercise its right under the ROFR and RTP unless and until the REIT Trustee (or the Trustee-Manager, as the case may be) is deemed to be unable to, or does not, exercise the right of first refusal as set out in the FHT Right of First Refusal in respect of such Relevant Asset.

Under the FHT Right of First Refusal, the REIT Trustee or, as the case may be, the Trustee-Manager shall be deemed to be unable to, or not to have, exercised the right of first refusal in the event that:

(i) the REIT Trustee or, as the case may be, the Trustee-Manager fails to or does not indicate in writing to the TCC Group Entity, its interest in purchasing the Relevant Asset within 15 days (or such other period as may be mutually agreed by the REIT Trustee or the Trustee-Manager and the TCC Group Entity) from the date of the REIT Trustee’s OR the Trustee-Manager’s receipt of the written notice from the TCC Group Entity together with the relevant transaction documents;

(ii) the REIT Trustee or, as the case may be, the Trustee-Manager fails to or does not enter into a binding commitment (in the form of a sale and purchase agreement or a put and call option agreement, whether conditional or unconditional) (the “Binding Commitment”) for the purchase of the Relevant Asset within 60 days (or such other period as may be mutually agreed by the REIT Trustee or the Trustee-Manager and the TCC Group Entity) from the date of the REIT Trustee’s or the Trustee-Manager’s receipt of the written notice from the TCC Group Entity together with the relevant transaction documents; or

(iii) the proposed acquisition of the Relevant Asset is aborted by the REIT Trustee or, as the case may be, the Trustee-Manager.

For the avoidance of doubt, in the event that the REIT Trustee or, as the case may be, the Trustee-Manager is deemed to be unable to, or does not, exercise the right of first refusal as set out in the FHT Right of First Refusal in respect of any offer of a Relevant Asset (as defined in the FHT Right of First Refusal), FCL shall have full rights under the ROFR and RTP in relation to such Relevant Asset.
Under the FHT Right of First Refusal, the REIT Trustee or, as the case may be, the Trustee-Manager shall be deemed to be unable to, or not to have, exercised the right of first refusal in the event that:

(i) the REIT Trustee or, as the case may be, the Trustee-Manager fails to or does not indicate in writing to the TCC Group Entity, its interest in purchasing the Relevant Asset within 15 days (or such other period as may be mutually agreed by the REIT Trustee and the TCC Group Entity) from the date of the REIT Trustee’s and the Trustee-Manager’s receipt of the written notice from the TCC Group Entity together with the relevant transaction documents;

(ii) the REIT Trustee or, as the case may be, the Trustee-Manager fails to or does not enter into a binding commitment (in the form of a sale and purchase agreement or a put and call option agreement, whether conditional or unconditional) (the “Binding Commitment”) for the purchase of the Relevant Asset within 60 days (or such other period as may be mutually agreed by the REIT Trustee and the TCC Group Entity) from the date of the REIT Trustee’s and the Trustee-Manager’s receipt of the written notice from the TCC Group Entity together with the relevant transaction documents; or

(iii) the proposed acquisition of the Relevant Asset is aborted by the REIT Trustee or, as the case may be, the Trustee-Manager.

The TCC-FCL Agreement shall remain in effect for so long as:

• the FHT Right of First Refusal is executed and remains in full force and effect; and

• the right of first refusal to be granted by FCL to the REIT Trustee and the Trustee-Manager in connection with the listing of FHT remains in full force and effect.

The parties to the TCC-FCL Agreement acknowledge and agree that any amendment to the terms of the FHT Right of First Refusal shall be subject to the consent of FCL.

AGREEMENTS RELATING TO THE SINGAPORE PROPERTIES

HEAD LEASE

(A) Fraser Suites Singapore

Fraser Suites Singapore is held under a 999-year State lease granted by the President of the Republic of Singapore as head lessor.

Under the State lease in respect of Fraser Suites Singapore, the lessee is required to pay all rates, taxes, charges and outgoings imposed on the property or on the lessor or lessee. The lessor under the State lease is entitled to terminate the State lease and re-enter the property in the event that the lessee fails to observe or perform the terms and conditions of the State lease.

(B) InterContinental Singapore

InterContinental Singapore is held under a 99-year State lease (as supplemented by 2 supplemental State leases) granted by the President of the Republic of Singapore as head lessor.
Under the State lease in respect of InterContinental Singapore, the lessee:

- is required to obtain the President's approval in writing to, amongst other things, mortgage or charge or sublet the land and the building at InterContinental Singapore in whole or in part, which approval shall be on such terms and conditions as are deemed necessary by the President;

- is required to obtain the President's consent in writing to (i) demolish or make any alteration or addition to any buildings erected on the land or (ii) erect or put up any building or erection whatsoever in addition to the buildings already erected on the land;

- is required to use InterContinental Singapore for the purpose of an office/shopping/hotel development in accordance with the approval granted by the competent authority;

- is required to pay all rates, taxes, charges and outgoings imposed on the property; and

- is required to maintain the land and buildings in good and tenantable repair and condition and in clean and sanitary order and condition.

The lessor under the State lease is entitled to terminate the State lease and re-enter the property in the event that the lessee fails to observe or perform the terms and conditions of the State lease.

PROPERTY SALE AND PURCHASE AGREEMENT

(A) Fraser Suites Singapore

The REIT Trustee, as trustee of FH-REIT, entered into a Property Sale and Purchase Agreement with River Valley Apartments Pte Ltd, River Valley Shopping Centre Pte Ltd and River Valley Tower Pte Ltd, as Vendor, for the acquisition of a 75-year leasehold interest in Fraser Suites Singapore commencing from the Listing Date, together with the plant and equipment and FF&E therein at a purchase price of S$327 million (the “Sale Consideration”).

Under the Property Sale and Purchase Agreement, it is provided, inter alia, that:

- part of the Sale Consideration shall be satisfied by issue of Consideration Units, with the remaining portion of the Sale Consideration to be paid in cash by way of cashier’s order or bank draft;

- each of River Valley Shopping Centre Pte Ltd and River Valley Tower Pte Ltd acknowledged and confirmed that each of them is a co-legal owner of the Leasehold Property, and that River Valley Apartments Pte Ltd is the sole beneficial owner of the Leasehold Property and solely entitled to all proceeds of sale arising from the Leasehold Property for its sole benefit;

- in the event that there is material damage to the Property prior to completion, FH-REIT may elect to terminate the Property Sale and Purchase Agreement. In the event there is damage to the Property which does not amount to material damage, the Vendor would be obliged to rectify the damage at its own cost and expense prior to completion or, if this is not possible, as soon as practicable after completion. The threshold for material damage is where such damage or destruction results in total reinstatement costs (as estimated by a quantity surveyor) exceeding 20% of the total reinstatement cost of the Property (as estimated by a quantity surveyor) at or around the time of the occurrence of the damage, as determined by a loss adjuster appointed by the Vendor;
• the completion of the sale and purchase is subject to and conditional upon the approval of the sale by the Vendor’s shareholders being obtained by, and the listing of and commencement of trading of the Stapled Securities on the SGX-ST on, the Listing Date;

• if, at any time prior to completion, the Singapore government acquires or gives notice of the compulsory acquisition or intended compulsory acquisition affecting the building in which Fraser Suites Singapore is comprised, FH-REIT shall be entitled to rescind the sale and purchase;

• on completion, Fraser Suites Singapore will be leased by FH-REIT to River Valley Apartments Pte Ltd (as Master Lessee).

In addition, under the Property Sale and Purchase Agreement, certain limited representations and warranties are made by River Valley Apartments Pte Ltd relating to the Property. Claims for breach of warranties are subject to an aggregate maximum limit, and must be made within 15 months after the completion of the sale and purchase. The maximum aggregate liability of River Valley Apartments Pte Ltd in respect of the claims shall not exceed the Sale Consideration and no liability shall arise in respect of any claim unless the amount of the claim (solely or when aggregated with any other or previous claim or claims) shall exceed a total sum of S$100,000.00. Where notice of any claim or claims shall be given to River Valley Apartments Pte Ltd on or before the date falling 12 months after completion, such claim or claims shall be subject to a further threshold of S$500,000.00. After this initial 12 month period, FH-REIT’s right to claim for any breach of warranty against River Valley Apartments Pte Ltd for the remaining 3 months shall not be subject to the further threshold, so long as the claim exceeds S$100,000.00. If, prior to completion, it is found that (inter alia) there is a material breach of warranty by River Valley Apartments Pte Ltd, FH-REIT shall be entitled to rescind the sale and purchase, without prejudice to its other rights including the right to claim damages.

On completion, the Vendor will issue to FH-REIT a 75-year lease of Fraser Suites Singapore, commencing from the Listing Date.

The 75-year lease is intended to pass on to FH-REIT as much freedom to use the Property during the 75 years as the Vendor itself has. This is subject only to conditions of the 75-year lease, some of which are set out below. The Vendor imposes no further restrictions on FH-REIT’s freedom to deal with (for example to sell, assign, mortgage or underlet) the lease nor on FH-REIT’s use of the Property.

Under the 75-year lease, FH-REIT (as lessee) is required, inter alia:

• to pay annual rent of S$12.00 (such annual rent is waived until further notice);

• to pay all rates, taxes, charges, assessments, outgoings and impositions on the Property;

• not to use the Property otherwise than in accordance with the use approved by the relevant authorities; and

• not to do or omit any act or thing which is likely to cause the Vendor (as lessor) to be in breach of its obligations under the State lease.
Under the 75-year lease, the Vendor (as lessor) is required, *inter alia*:

- to perform and observe the covenants on the lessor’s part contained in the State lease;
- to allow the lessee to peaceably hold and enjoy the Property without any interruption of or by the lessor or any person lawfully claiming through under or in trust for the lessor; and
- not to do or omit any act or thing which is likely to cause a forfeiture of its interest under the State lease.

**InterContinental Singapore**

The REIT Trustee, as trustee of FH-REIT, entered into a Property Sale and Purchase Agreement with BCH Hotel Investment Pte Ltd for the acquisition of the entire leasehold interest of BCH Hotel Investment Pte Ltd in InterContinental Singapore together with the plant and equipment and FF&E therein at a purchase price of S$497.05 million (the “Sale Consideration”).

Under the Property Sale and Purchase Agreement, it is provided, *inter alia*, that:

- part of the Sale Consideration shall be satisfied by issue of Consideration Units, with the remaining portion of the Sale Consideration to be paid in cash by way of cashier’s order or bank draft;
- in the event that there is material damage to the Property prior to completion, FH-REIT may elect to terminate the Property Sale and Purchase Agreement. In the event there is damage to the Property which does not amount to material damage, the Vendor would be obliged to rectify the damage at its own cost and expense prior to completion or, if this is not possible, as soon as practicable after completion. The threshold for material damage is where such damage or destruction results in total reinstatement costs (as estimated by a quantity surveyor) exceeding 20% of the total reinstatement cost of the Property at or around the time of the occurrence of the damage, as determined by a loss adjuster appointed by the Vendor;
- the completion of the sale and purchase is subject to and conditional upon the approval of the sale by the Vendor’s shareholders being obtained by, and the listing of and commencement of trading of the Stapled Securities on the SGX-ST on, the Listing Date;
- if, at any time prior to completion, the Singapore government acquires or gives notice of the compulsory acquisition or intended compulsory acquisition affecting the building in which InterContinental Singapore is comprised, FH-REIT shall be entitled to rescind the sale and purchase; and
- on completion, InterContinental Singapore will be leased by FH-REIT to the Vendor (as Master Lessee).

In addition, under the Property Sale and Purchase Agreement, certain limited representations and warranties are made by the Vendor relating to the Property. Claims for breach of warranties are subject to an aggregate maximum limit, and must be made within 15 months after the completion of the sale and purchase. The maximum aggregate liability of the Vendor in respect of the claims shall not exceed the Sale Consideration and no liability shall arise in respect of any claim unless the amount of the claim solely or when aggregated with any other or previous claim or claims) shall exceed a total sum of S$100,000.00. Where notice of any claim or claims shall be given to the Vendor on or before the date falling 12
months after completion, such claim or claims shall be subject to a further threshold of S$500,000.00. After this initial 12 month period, FH-REIT’s right to claim for any breach of warranty against the Vendor for the remaining 3 months of the claim period shall not be subject to the further threshold, so long as the claim exceeds S$100,000.00. If, prior to completion, it is found that (inter alia) there is a material breach of warranty by the Vendor, FH-REIT shall be entitled to rescind the sale and purchase, without prejudice to its other rights including the right to claim damages.

It is also provided under the Property Sale and Purchase Agreement that contemporaneously with the execution of the Property Sale and Purchase Agreement, the Vendor will furnish to FH-REIT a Guarantee (“TCCL Guarantee”) executed by TCC Land International Limited (“TCCL”) (an entity within the TCC Group) as Guarantor.

At the request of the Vendor and TCCL, FH-REIT agreed under the Property Sale and Purchase Agreement that in the event of any breach by the Vendor of any term or condition of the Property Sale and Purchase Agreement (including but not limited to a breach of any of the warranties), FH-REIT shall first seek to enforce its rights under the TCCL Guarantee prior to resorting to recover any loss, costs or damages from the Vendor under the Property Sale and Purchase Agreement.

On completion, the Vendor will execute and deliver to FH-REIT a transfer in respect of the Vendor’s entire leasehold interest in InterContinental Singapore.

TCCL GUARANTEE IN RESPECT OF INTERCONTINENTAL SINGAPORE

Under the TCCL Guarantee¹, TCCL unconditionally and irrevocably guarantees to FH-REIT that the Vendor will pay all sums payable under the Property Sale and Purchase Agreement and will observe and perform the covenants, terms and conditions of the Property Sale and Purchase Agreement (on the part of the Vendor to be paid, observed and/or performed).

In the event of any default of the Vendor, TCCL will pay the sums payable under the Property Sale and Purchase Agreement and/or as the case may be, perform (or procure performance of) any of the covenants, terms or conditions of the Property Sale and Purchase Agreement.

MASTER LEASE AGREEMENTS IN RESPECT OF (1) FRASER SUITES SINGAPORE AND (2) INTERCONTINENTAL SINGAPORE

Under the Master Lease Agreements, FH-REIT leases Fraser Suites Singapore and InterContinental Singapore (referred to in this section collectively as the “Properties”, and each a “Property”, and the “Fraser Suites Property” and “InterContinental Property” respectively where each Property is to be referred to specifically) to the respective Master Lessees (each, a “Master Lessee”), together with the plant and equipment therein.

The term of each Master Lease Agreement is for 20 years with an option for the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions, save for amendments which FH-REIT may require due to change in law and the exclusion of any further option to renew.

¹ The REIT Manager is satisfied as to the financial strength of TCCL and its financial ability to stand behind the TCCL Guarantee.
The Master Lessee is required to pay rent on a monthly basis, which rent shall comprise:

(a) a Fixed Rent of:

- S$7,700,000.00 per annum in respect of Fraser Suites Singapore; and
- S$8,000,000.00 per annum in respect of InterContinental Singapore,

monthly payment of which is payable in advance on the 1st day of each month; and

(b) a Variable Rent which is payable in arrears on the 21st day of each month.

The Variable Rent for the InterContinental Property in respect of a fiscal year is computed based on the sum of (i) a fixed portion of the InterContinental Property’s gross operating profit for that fiscal year, and (ii) any unutilised balance in the FF&E Reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement for the InterContinental Property, less the Fixed Rent for the relevant fiscal year and if the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero.

The Variable Rent for the Fraser Suites Property in respect of a fiscal year is computed based on the sum of (i) a fixed portion of the Fraser Suites Property’s gross operating revenue for that fiscal year; (ii) a fixed portion of the Fraser Suites Property’s gross operating profit for that fiscal year; and (iii) any unutilised balance in the FF&E Reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement for the Fraser Suites Property, less the Fixed Rent for the relevant fiscal year, and if the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero.

The fixed portions of the Fraser Suites Property’s gross operating revenue and each Property’s gross operating profit in a fiscal year, for the purpose of computing the Variable Rent for the Properties, are as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Percentage of Property’s Gross Operating Revenue (%)</th>
<th>Percentage of Property’s Gross Operating Profit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>NIL</td>
<td>76</td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>20</td>
<td>59</td>
</tr>
</tbody>
</table>

The quantum of the Variable Rent will be adjusted within 90 days after the end of each fiscal year based on the audited profit and loss statement for each Property for such fiscal year.

If any of the Properties is damaged or destroyed, the Master Lessee is not liable to pay rent for the period that the affected Property cannot be used, and if part of the affected Property is still useable, the Master Lessee’s liability to pay rent is adjusted such that:

- for the InterContinental Property, if the total reinstatement costs exceed 25.0% of the total reinstatement cost of the Premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Master Lessor, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will pay a reduced rent equivalent to the sum of (a) the fixed portion of the InterContinental Property’s gross operating profit applicable to the computation of the Variable Rent for such period, and, where applicable, any unutilised balance in the FF&E
Reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement for the InterContinental Property, less an amount equivalent to half the Fixed Rent for such period and (b) an amount equivalent to half the Fixed Rent for such period;

- for the Fraser Suites Property, if the total reinstatement costs exceed 25.0% of the total reinstatement cost of the Premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Master Lessor, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will pay a reduced rent equivalent to the sum of (a) the fixed portions of the Fraser Suites Property’s gross operating revenue and the Fraser Suites Property’s gross operating profit applicable to the computation of the Variable Rent for such period and, where applicable, any unutilised balance in the FF&E Reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement for the Fraser Suites Property, less an amount equivalent to half the Fixed Rent for such period and (b) an amount equivalent to half the Fixed Rent for such period; or

- if the total reinstatement costs do not exceed 25.0% of the total reinstatement cost of the Premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Master Lessor, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will continue to pay the rent for such period for the affected Property, without any abatement of the Fixed Rent amount.

In the event the Properties (or any of them) is/are damaged or destroyed, and the damage or destruction of the affected Property or part(s) thereof results in at least 50.0% of (i) (in the case of the InterContinental Property) the total number of hotel rooms, and (ii) (in the case of the Fraser Suites Property) the total number of serviced residence units, being rendered unusable by the Master Lessee for purposes of the hotel business or serviced residence business, as the case may be, or where total costs for the reinstatement of which exceed 50.0% of the total reinstatement cost of the Premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Master Lessor, the Master Lessor may give the Master Lessee notice that the Master Lessor considers it impracticable or undesirable to repair the damage or rebuild the affected Property following which either the Master Lessor or the Master Lessee may terminate the Master Lease Agreement by written notice to the other party, and no compensation is payable in respect of that termination. If the damage or destruction does not satisfy the above threshold, the Master Lessor must use the insurance proceeds which it receives to restore or reinstate (i) the Property to the condition of the Property existing immediately prior to the occurrence of the damage or destruction as far as practicable; and (ii) the FF&E, operating asset and inventories, to the extent possible with the available insurance proceeds actually received by the Master Lessor.

Each Master Lessee will provide a security deposit, by way of cash or bank guarantee, of an amount equivalent to eight months of the monthly Fixed Rent. In addition to such security deposit, the Master Lessee shall provide a corporate guarantee for, amongst other things, the payment of rent.

The FF&E in each Property at the commencement date of the Master Lease Agreement will be the property of the Master Lessor and the FF&E acquired or replaced by the Master Lessee during the term of the Master Lease Agreement will be the property of the Master Lessee, subject to the condition that the title to the FF&E items which are owned by the Master Lessee and still in use shall, at the option of the Master Lessor, be transferred to the Master Lessor at the end of the term.

\[\text{Fixed rent accounts for 46.4% and 44.7% of total rental income of the Singapore properties for Forecast Year 2014 and Projection Year 2015, respectively.}\]
Master Lease Agreement for S$1.00. For each fiscal year, the Master Lessee is required to set aside in the FF&E reserve an amount equivalent to a specified percentage of the Property’s gross operating revenue for such fiscal year to be utilised in accordance with an annual FF&E plan approved by the REIT Manager.

Any unutilised balance in the FF&E reserve at the end of a fiscal year must be carried forward and made available in the next fiscal year but this shall not reduce the required contribution to the FF&E reserve in the next fiscal year, provided that if the unutilised balance in the FF&E Reserve is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement for each Property, the unutilised balance shall be deemed to form part of the Variable Rent.

The total expenditure by the Master Lessee in any fiscal year shall not exceed the unutilised balance in the FF&E reserve. Any unutilised amounts standing to the credit of the FF&E reserve at the end of the Master Lease Agreement shall be paid in cash by the Master Lessee to the Master Lessor.

All items of operating assets which are acquired or replaced by the Master Lessee during the term of the Master Lease Agreement, will be the property of the Master Lessee subject to the condition that the title to the operating assets which are owned by the Master Lessee and still in use shall be transferred to the Master Lessor at the end of the Master Lease Agreement at the net book value or S$1.00, whichever is the higher.

Save and except for the first fiscal year in respect of which the annual budget has been approved prior to commencement of the term of the Master Lease Agreement, for each fiscal year comprised in the term, the Master Lessee must submit to the REIT Manager for review and approval by no later than 60 days prior to the commencement of the following fiscal year, an annual budget for that fiscal year which includes, inter alia, a proposed capital budget for capital improvements. In respect of such proposed capital budget, the Master Lessor is not obliged to undertake any expenditure for capital improvements unless (i) it is approved in writing by the REIT Manager, or (ii) such capital improvements are (a) required to comply with any directive, order or requirement of any relevant government authorities or (b) required to meet safety or health requirements relating to the Property, or (iii) in certain emergency cases.

The Master Lessee for the InterContinental Property is required to enter into a hospitality management agreement with InterContinental Hotels Group (Asia Pacific) Pte Ltd (or such related company of InterContinental Hotels Group (Asia Pacific) Pte Ltd, as may be appointed by the Master Lessee) and is not permitted to terminate or assign the hospitality management agreement (save for an assignment to a related company of InterContinental Hotels Group (Asia Pacific) Pte Ltd for which the Master Lessor’s consent is not required) or waive any of its rights under the hospitality management agreement without the consent of the Master Lessor. In respect of any hospitality management agreement entered into after the date of the relevant Master Lease Agreement, the Master Lessee must use reasonable endeavours to procure inclusion in such hospitality management agreement of, inter alia, a provision that the hospitality management agreement may be terminated by the Master Lessor without liability on the part of the Master Lessor for any payment due or to become due under the hospitality management agreement.

The REIT Trustee, BCH Hotel Investment Pte Ltd and the Sponsor will enter into a side letter addressed to InterContinental Hotels Group (Asia Pacific) Pte. Ltd. where the REIT Trustee, BCH Hotel Investment Pte. Ltd., and the Sponsor acknowledge that in the event of any termination of the Master Lease Agreement and/or sale of the Hotel by the REIT Trustee and/or its subsidiaries during the term of the hotel management agreement, notwithstanding anything to the contrary in the Master Lease Agreement, the REIT Trustee and its subsidiaries shall procure that the Hotel Manager shall continue to supervise, direct and control the operation of the Hotel during the term of the hotel management agreement under the current management agreement.
The Master Lessee of the Fraser Suites Property is required to enter into a hospitality management agreement with Frasers Hospitality Pte Ltd (or such related company of Frasers Hospitality Pte Ltd, as may be appointed by the Master Lessee) and is not permitted to terminate or assign the hospitality management agreement (save for an assignment to a related company of Frasers Hospitality Pte Ltd for which the Master Lessor’s consent is not required) or waive any of its rights under the hospitality management agreement without the consent of the Master Lessor. In respect of any hospitality management agreement entered into after the date of the Master Lease Agreement, the Master Lessee must use reasonable endeavours to procure inclusion in such hospitality management agreement of, inter alia, a provision that the hospitality management agreement may be terminated by the Master Lessor without liability on the part of the Master Lessor.

The Master Lessee must, at its cost, repair and maintain the Property, its infrastructure, plant and equipment in good and substantial condition and repair and in working order required for the operation of the Property but the Master Lessee is not responsible for works which are in the nature of capital improvements. The Master Lessee must, at its cost, repair and replace all FF&E and operating asset required for the operations of the Property. The Master Lessor may in its absolute discretion fund any expenditure by the Master Lessee for the repair and replacement of the FF&E, but this shall not reduce the amount that the Master Lessee has to set aside in the FF&E reserve for the relevant fiscal year or any subsequent fiscal year(s).

All necessary licences and permits must be obtained and maintained by the Master Lessee at its cost. Where any licence or permit must, under law, be obtained by the Master Lessor instead, the Master Lessee must co-operate with and render all necessary assistance to the Master Lessor to facilitate the application for the relevant licence or permit by the Master Lessor. Such assistance includes but is not limited to, inter alia, the payment of all fees and charges in respect of such application.

The Master Lessee must, at its cost, take out and maintain public liability insurance policy, insurance relating to workers’ compensation and contract works insurance in respect of any works (save for capital improvements which the Master Lessor may elect to carry out on its own behalf) undertaken or carried out by the Master Lessee. The Master Lessor will take out and maintain, at its cost, a property insurance insuring the Property, the infrastructure, plant and equipment and the contents of the Property, and business interruption policy for the respective rights and interests of the Master Lessor (as lessor), and the Master Lessee (as lessee). In relation to capital improvements which the Master Lessor may elect to carry out, the Master Lessor must take out and maintain contract works and contract works liability insurance in respect of such capital improvements. The Master Lessee is required to pay the insurance premium in respect of the business interruption policy attributable to the insurance coverage for the Master Lessee’s interests.

The Master Lessor may sell or assign its interest in a Property subject to the terms of the Master Lease Agreement. The Master Lessor may also sell or assign its interest in the Property at any time free and clear of the Master Lease Agreement and without the Master Lessee being liable for any claims, damages, compensations, costs and expenses for such termination provided (i) the Master Lessor gives at least six months’ written notice to the Master Lessee and (ii) in any sale or assignment of the Master Lessor’s interest in the Property free and clear of the Master Lease Agreement, the Lessor shall use reasonable endeavours to procure the purchaser’s or assignee’s agreement to have the sale or assignment (as the case may be) subject to (a) the terms of the Master Lease Agreement and/or (b) the operator’s agreement to continue with the hospitality management agreement then in force.
CORPORATE GUARANTEE

The Corporate Guarantor unconditionally and irrevocably guarantees to FH-REIT that the Master Lessee will punctually pay the rent and all other sums payable under the Master Lease Agreements and observe and perform the covenants, terms and conditions of the Master Lease Agreements.

In the event of any default of the Master Lessee, the Corporate Guarantor will pay the rent and other sums payable under the Master Lease Agreements and/or as the case may be, perform (or procure any performance of) any of the covenants, terms or conditions of the Master Lease Agreements. The obligations of the Corporate Guarantor will cease six months after the Master Lessee yields up vacant possession of the Property in accordance with the terms of the relevant Master Lease Agreement, on the expiry or termination of the term.

PAYMENT TOP-UP DEEDS

(A) InterContinental Singapore

The Property Sale and Purchase Agreement relating to InterContinental Singapore contains a condition that on completion of the sale and purchase of InterContinental Singapore, the parties will enter into a Top-Up Deed. Under the Top-Up Deed, an amount of S$8,050,000.00 will be paid by the Vendor to the escrow agent to be dealt with in accordance with the provisions of the Top-Up Deed.

In the event the gross operating profit of InterContinental Singapore:

(i) in respect of the first payment period from the listing date up to the earlier of (a) 30 September 2014 and (b) the sale completion date of the Property in the event FH-REIT sells the Property and the sale completion date falls within the first payment period:

(aa) (where there is no sale of the Property by FH-REIT in respect of which the sale completion date falls within the first payment period) falls below the sum of S$9,300,000.00, the Vendor shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding S$2,000,000.00; or

(bb) (where there is a sale of the Property by FH-REIT in respect of which the sale completion date falls within the first payment period) falls below the first payment period apportioned threshold sum, the Vendor shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding the first payment period apportioned cap amount;

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1 The REIT Trustee will enter into an escrow agreement with BCH Hotel Investment Pte Ltd and DBS Bank Ltd. (as the escrow agent).

2 If the gross operating profit of InterContinental Singapore falls below the various threshold amounts set out in the Top-Up Deed, the amount that FH-REIT can require the Vendor to pay is subject to the discretion of FH-REIT and is not pegged to the full amount of the shortfall. This is because the REIT Manager would like to maintain its discretion to determine the amount to be paid in respect of each payment period that the gross operating profit falls below the relevant threshold amount as the Top-Up Deed will be in effect for a period up to 30 November 2015 (provided that the Property is not sold) and the REIT Manager would like to have regard to the refurbishment schedule and expected loss of F&B and room revenue arising from such refurbishment over the full term of the Top-Up Deed. For example, the REIT Manager may choose to require payments of a higher sum at the beginning of the term of the Top-Up Deed if the cash flows of the Property may be more affected at the start and balance out payments towards the end over the remaining term of the Top-Up Deed.
(ii) in respect of the second payment period commencing on 1 October 2014 up to the earlier of (a) 31 March 2015 and (b) the sale completion date of the Property in the event FH-REIT sells the Property and the sale completion date falls within the second payment period:

(aa) (where there is no sale of the Property by FH-REIT in respect of which the sale completion date falls within the second payment period) falls below the sum of S$16,000,000.00, the Vendor shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding a limit which is the aggregate of (aa)(i) the first payment period undrawn balance, if any, and (aa)(ii) S$2,950,000.00; or

(bb) (where there is a sale of the Property by FH-REIT in respect of which the sale completion date falls within the second payment period) falls below the second payment period apportioned threshold sum, the Vendor shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding the second payment period apportioned cap amount;

(iii) in respect of the third payment period commencing on 1 April 2015 up to the earlier of (a) 30 September 2015 and (b) the sale completion date of the Property in the event FH-REIT sells the Property and the sale completion date falls within the third payment period:

(aa) (where there is no sale of the Property by FH-REIT in respect of which the sale completion date falls within the third payment period) falls below the sum of S$14,000,000.00, the Vendor shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding a limit which is the aggregate of (aa)(i) the first payment period undrawn balance, if any, and (aa)(ii) the second payment period undrawn balance, if any, and (aa)(iii) S$2,950,000.00; or

(bb) (where there is a sale of the Property by FH-REIT in respect of which the sale completion date falls within the third payment period) falls below the third payment period apportioned threshold sum, the Vendor shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding the third payment period apportioned cap amount;

(iv) in respect of the fourth payment period commencing on 1 October 2015 up to the earlier of (a) 30 November 2015 and (b) the sale completion date of the Property in the event FH-REIT sells the Property and the sale completion date falls within the fourth payment period:

(aa) (where there is no sale of the Property by FH-REIT in respect of which the sale completion date falls within the fourth payment period) (aa)(i) falls below the sum of S$4,700,000.00, or (aa)(ii) the aggregate of the gross operating profit of the Property for the first payment period and the fourth payment period falls below the total sum of S$14,000,000.00, the Vendor shall pay to FH-REIT a top-up sum which is the remaining balance of the sum paid to the escrow agent that is undrawn; or

(bb) (where there is a sale of the Property by FH-REIT in respect of which the sale completion date falls within the fourth payment period) (bb)(i) falls below the fourth payment period apportioned threshold sum, or (bb)(ii) the aggregate of the gross operating profit of the Property for the first payment period and the fourth payment period shall fall below the combined apportioned threshold sum, the Vendor shall pay to FH-REIT a top-up sum which is the remaining balance apportioned amount.
The computation of the first payment period undrawn balance and second payment period undrawn balance referred to in paragraphs (ii)(aa) and (iii)(aa) is derived respectively by deducting the actual amount drawn by FH-REIT in the first payment period from the amount of S$2,000,000.00, and by deducting the actual amount drawn by FH-REIT in the second payment period from the amount of S$2,950,000.00.

The computation of the apportioned threshold sums referred to in paragraphs (i)(bb), (ii)(bb), (iii)(bb) and (iv)(bb) and the apportioned cap amounts for each applicable payment period referred to in paragraphs (i)(bb), (ii)(bb) and (iii)(bb) is based on the total number of days within the applicable payment period falling prior to the sale completion date expressed as a fraction of the total number of days comprised in the applicable payment period, multiplied by the respective threshold sums for each applicable payment period where there is no sale of the Property.

The computation of the combined apportioned threshold sum referred to in paragraph (iv)(bb) is derived by aggregating (I) an amount based on the total number of days within the fourth payment period falling prior to the sale completion date expressed as a fraction of the total number of days comprised in the fourth payment period, multiplied by the balance of the threshold sum for the fourth payment period, and (II) the threshold sum applicable to the first payment period.

The computation of the remaining balance apportioned amount referred to in paragraph (iv)(bb) is based on the total number of days within the fourth payment period falling prior to the sale completion date expressed as a fraction of the total number of days comprised in the fourth payment period, multiplied by the balance of the sum paid to the escrow agent that is undrawn.

Payment of the top-up sums shall be:

(i) based on the management reports delivered by the Vendor to the Purchaser after the end of each of the payment periods which shall include, amongst other things, a computation of the gross operating profit for the relevant applicable period, and

(ii) reconciled (where necessary) based on audited annual statements delivered to the Purchaser within 60 days after the end of the first payment period, third payment period and fourth payment period, and in the case of the second payment period, only where there is a sale of the Property by FH-REIT in respect of which the sale completion date falls within the second payment period.

After settlement of any payment owing to the Purchaser or refund by the Purchaser of any excess payment made to it, as the case may be, the balance of the sum paid to the escrow agent (if any) shall be released to the Vendor.

In the event of any sale of the Property by FH-REIT to a third party, the Vendor’s liability for any top-up sums attributable to the period falling after the sale completion date shall cease with effect from the sale completion date, but without prejudice to the Vendor’s liability to pay, and other terms, conditions and obligations relating to, the top-up sum(s) attributable to the period up to the sale completion date.
The Property Sale and Purchase Agreement relating to Fraser Suites Singapore contains a condition that on completion of the sale and purchase of the 75-year leasehold interest in Fraser Suites Singapore, River Valley Apartments Pte Ltd ("RVAPL") and the Purchaser will enter into a Top-Up Deed. Under the Top-Up Deed, an amount of S$1,650,000.00 will be paid by RVAPL to the escrow agent\(^1\) to be dealt with in accordance with the provisions of the Top-Up Deed.

In the event the gross operating profit of Fraser Suites Singapore\(^2\):

(i) in respect of the first payment period from the listing date up to the earlier of (a) 30 September 2014 and (b) the sale completion date in the event FH-REIT sells its interests in the Property and the sale completion date falls within the first payment period:

(aa) (where there is no sale of its interests in the Property by FH-REIT in respect of which the sale completion date falls within the first payment period) falls below the sum of S$6,000,000.00, RVAPL shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding S$500,000.00; or

(bb) (where there is a sale of its interests in the Property by FH-REIT in respect of which the sale completion date falls within the first payment period) falls below the first payment period apportioned threshold sum, RVAPL shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding the first payment period apportioned cap amount;

(ii) in respect of the second payment period commencing on 1 October 2014 up to the earlier of (a) 31 March 2015 and (b) the sale completion date in the event FH-REIT sells its interests in the Property and the sale completion date falls within the second payment period:

(aa) (where there is no sale of its interests in the Property by FH-REIT in respect of which the sale completion date falls within the second payment period) falls below the sum of S$9,000,000.00, RVAPL shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding a limit which is the aggregate of (aa)(i) the first payment period undrawn balance, if any, and (aa)(ii) S$500,000.00; or

(bb) (where there is a sale of its interests in the Property by FH-REIT in respect of which the sale completion date falls within the second payment period) falls below

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\(^1\) The REIT Trustee will enter into an escrow agreement with River Valley Apartments Pte Ltd and DBS Bank Ltd. (as the escrow agent).

\(^2\) If the gross operating profit of Fraser Suites Singapore falls below the various threshold amounts set out in the Top-Up Deed, the amount that FH-REIT can require the Vendor to pay is subject to the discretion of FH-REIT and is not pegged to the full amount of the shortfall. This is because the REIT Manager would like to maintain its discretion to determine the amount to be paid in respect of each payment period that the gross operating profit falls below the relevant threshold amount as the Top-Up Deed will be in effect for a period up to 30 November 2015 (provided that the Property is not sold) and the REIT Manager would like to have regard to the expected performance of the Property (which would depend on, inter alia, the extent that it has built up its customer base since refurbishment works were completed) over the full term of the Top-Up Deed. For example, the REIT Manager may choose to require payments of a higher sum at the beginning of the term of the Top-Up Deed if the cash flows of the Property may be more affected at the start and balance out payments towards the end over the remaining term of the Top-Up Deed.
the second payment period apportioned threshold sum, RVAPL shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding the second payment period apportioned cap amount;

(iii) in respect of the third payment period commencing on 1 April 2015 up to the earlier of (a) 30 September 2015 and (b) the sale completion date of the Property in the event FH-REIT sells its interests in the Property and the sale completion date falls within the third payment period:

(aa) (where there is no sale of its interests in the Property by FH-REIT in respect of which the sale completion date falls within the third payment period) falls below the sum of S$9,000,000.00, RVAPL shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding a limit which is the aggregate of (aa)(i) the first payment period undrawn balance, if any, (aa)(ii) the second payment period undrawn balance, if any, and (aa)(iii) S$500,000.00; or

(bb) (where there is a sale of its interests in the Property by FH-REIT in respect of which the sale completion date falls within the third payment period) falls below the third payment period apportioned threshold sum, RVAPL shall pay to FH-REIT a top-up sum of such amount as determined by FH-REIT not exceeding the third payment period apportioned cap amount;

(iv) in respect of the fourth payment period commencing on 1 October 2015 up to the earlier of (a) 30 November 2015 and (b) the sale completion date in the event FH-REIT sells its interests in the Property and the sale completion date falls within the fourth payment period:

(aa) (where there is no sale of its interests in the Property by FH-REIT in respect of which the sale completion date falls within the fourth payment period) (aa)(i) falls below the sum of S$3,000,000.00, or (aa)(ii) the aggregate of the gross operating profit of the Property for the first payment period and the fourth payment period falls below the total sum of S$9,000,000.00, RVAPL shall pay to FH-REIT a top-up sum which is the remaining balance of the sum paid to the escrow agent that is undrawn; or

(bb) (where there is a sale of its interests in the Property by FH-REIT in respect of which the sale completion date falls within the fourth payment period) (bb)(i) falls below the fourth payment period apportioned threshold sum, or (bb)(ii) the aggregate of the gross operating profit of the Property for the first payment period and the fourth payment period shall fall below the combined apportioned threshold sum, RVAPL shall pay to FH-REIT a top-up sum which is the remaining balance apportioned amount.

The computation of the first payment period undrawn balance and second payment period undrawn balance referred to in paragraphs (ii)(aa) and (iii)(aa) is derived respectively by deducting the actual amount drawn by FH-REIT in the first payment period from the amount of S$500,000.00, and by deducting the actual amount drawn by FH-REIT in the second payment period from the amount of S$500,000.00.

The computation of the apportioned threshold sums referred to in paragraphs (i)(bb), (ii)(bb), (iii)(bb) and (iv)(bb) and the apportioned cap amounts for each applicable payment period referred to in paragraphs (i)(bb), (ii)(bb) and (iii)(bb) is based on the total number of days within the applicable payment period falling prior to the sale completion date expressed as
a fraction of the total number of days comprised in the applicable payment period, multiplied by the respective threshold sums for each applicable payment period where there is no sale of FH-REIT’s interests in the Property.

The computation of the combined apportioned threshold sum referred to in paragraph (iv)(bb) is derived by aggregating (I) an amount based on the total number of days within the fourth payment period falling prior to the sale completion date expressed as a fraction of the total number of days comprised in the fourth payment period, multiplied by the balance of the threshold sum for the fourth payment period, and (II) the threshold sum applicable to the first payment period.

The computation of the remaining balance apportioned amount referred to in paragraph (iv)(bb) is based on the total number of days within the fourth payment period falling prior to the sale completion date expressed as a fraction of the total number of days comprised in the fourth payment period, multiplied by the balance of the sum paid to the escrow agent that is undrawn.

Payment of the top-up sums shall be:

(i) based on the management reports delivered by RVAPL to the Purchaser after the end of each of the payment periods which shall include, amongst other things, a computation of the gross operating profit for the relevant applicable period, and

(ii) reconciled (where necessary) based on audited annual statements delivered to the Purchaser within 60 days after the end of the first payment period, third payment period and fourth payment period, and in the case of the second payment period, only where there is a sale of its interests in the Property by FH-REIT in respect of which the sale completion date falls within the second payment period.

After settlement of any payment owing to the Purchaser or refund by the Purchaser of any excess payment made to it, as the case may be, the balance of the sum paid to the escrow agent (if any) shall be released to RVAPL.

In the event of any sale of its interests in the Property by FH-REIT to a third party, RVAPL’s liability for any top-up sums attributable to the period falling after the sale completion date shall cease with effect from the sale completion date, but without prejudice to RVAPL’s liability to pay, and other terms, conditions and obligations relating to, the top-up sum(s) attributable to the period up to the sale completion date.

AGREEMENTS RELATING TO THE AUSTRALIAN PROPERTIES

HEAD LEASE – NOVOTEL ROCKFORD DARLING HARBOUR

The Property known as Novotel Rockford Darling Harbour (referred to in this section as the “Property”) is held under a 99-year Head lease granted by the Sydney Harbour Foreshore Authority (“SHFA”) and commencing on 18 October 1999.

Under the Head lease, the Property is for use as an international tourist hotel of at least 3.5 stars. The Head lease requires the lessee to:

• pay rent to the lessor of an amount equal to 5% of the annual total revenue;
• pay all rates, taxes, charges and other statutory outgoings relating to the Property;
• obtain approval from the lessor before making any structural alterations to the Property;
• effect insurance over the Property;
• spend 3% of the annual total revenue towards the promotion of the Property;
• improve and maintain the grounds surrounding the Property to accord with the standard and quality of other areas of Darling Harbour;
• comply with all laws affecting the Property including liquor licensing laws; and
• maintain, repair, clean and keep the Property in good repair.

The Head lease prohibits any transfer of the lease, except where there are no Head lease defaults and where the incoming transferee is respectable, responsible and solvent in SHFA’s reasonable view and additionally where there is:

• a lease assignment, the incoming lessee has appropriate experience and financial backing; and

• a change of control, the incoming controller has appropriate experience and financial backing and provides reasonable guarantees to SHFA.

A transfer includes a sale, lease, sublease, licence, mortgage, charge or other assignment of the lessee’s beneficial interest in the Head lease and includes a change in ownership or control of the lessee.

Whenever there is a proposed transfer (other than for securities) or a change of control, SHFA has a right of first refusal in relation to the proposed transfer or change of control.\(^1\)

75 YEAR LEASE IN RESPECT OF FRASER SUITES SYDNEY

The Trust Company (PTAL) Limited (“MIT Sub-trustee”), as trustee of the MIT Sub-trust referred to below, entered into a 75-year lease of Fraser Suites Sydney (referred to in this section as the “Property”) with lessor (Frasers Town Hall Residences Pty Ltd), commencing from the Listing Date. The MIT Sub-trustee entered into a separate agreement with Frasers Town Hall Residences Pty Ltd under which it will acquire the plant and equipment and FF&E relating to the Property on the Listing Date.

Under the 75-year lease of the Property, MIT Sub-trustee as trustee of MIT Sub-trust 1, the relevant underlying sub-trust of MIT Australia (as lessee) is required, \textit{inter alia}:

• to pay an initial rental of A$ 103.5 million less the price of the FF&E paid by the MIT Sub-trustee;

• to pay all rates, taxes, charges, assessments, outgoings and impositions on the Property;

• not to use the Property otherwise than in accordance with the use approved by the relevant authorities; and

• not to do or omit any act or thing which is likely to cause the Vendor (as lessor) to be in breach of its obligations under any head lease.

\(^1\) The SHFA has provided confirmation on 20 February 2014 that it does not wish to exercise its right of first refusal under the lease in respect of the indirect transfer of the Property to FH-REIT.
Under the 75-year lease, the Vendor (as lessor) is required, *inter alia*:

- to perform and observe the covenants on the lessor’s part contained in any head lease;
- to allow the lessee to peaceably hold and enjoy the Property without any interruption of or by the lessor or any person lawfully claiming through under or in trust for the lessor; and
- not to do or omit any act or thing which is likely to cause a forfeiture of its interest under any head lease.

In addition:

- certain limited representations and warranties are made by the lessor relating to the Property. Claims for breach of warranties are subject to an aggregate maximum limit, and must be made within 15 months after the date of the applicable lease. The maximum aggregate liability of the lessor in respect of the claims shall not exceed the initial rental for the Property. If, prior to the commencing date of the lease, it is found that there is a material breach of warranty by the lessor, the lessee shall be entitled to rescind the lease, without prejudice to its other rights including the right to claim damages; and
- the lease is conditional on approval from any third party which has a contractual right to approve the entering into the lease.

The 75-year lease to be granted in relation to Fraser Suites Sydney is intended to pass on to the lessee as much freedom to use the Property during the 75 years as the lessor itself has. This is subject only to the restrictions and controls as are commonly imposed in leases to prevent the lessor incurring liability for specific Property costs or claims. For example, the lessor imposes no further restrictions on the lessee’s freedom to deal with (for example to sell, assign, mortgage or underlet) the lease nor on the lessee’s use of the Property.

**SALE AND PURCHASE AGREEMENT**

Novotel Rockford Darling Harbour

Crape Myrtle (PTC) Ltd a company incorporated in the British Virgin Islands and registered with ASIC as a foreign company carrying on business in Australia ("BVI 1"), as trustee of Viewgrand Trust B, entered into a Property Sale and Purchase Agreement with the MIT Sub-trustee as trustee of the MIT Sub-trust 2 for the acquisition of the entire leasehold interest of BVI 1 in the Novotel Rockford Darling Harbour property together with the plant and equipment and FF&E therein at a purchase price of the net book value based on the Vendor’s management accounts as at the day preceding Completion Date¹ (the "Sale Consideration").

Under the Property Sale and Purchase Agreement, it is provided, *inter alia*, that:

- the Sale Consideration shall be paid in cash by way of bank cheque, cashier’s order or bank draft;

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¹ The purchase price of the Property payable by FH-REIT as disclosed under “Certain Information about the Properties” includes both the leasehold interest of the Property and the FF&E. Accordingly, no adjustments based on audited accounts are required.
in the event that there is material damage to the Property the MIT Sub-trustee may elect to terminate the Property Sale and Purchase Agreement. In the event there is damage to the Property which is not material damage, the Vendor would be obliged to rectify the damage at its own cost and expense prior to completion or, if this is not possible, as soon as practicable after completion. The threshold for material damage is 20% of the total reinstatement cost of the Property at or around the time of the occurrence of the damage, as determined by a loss adjuster appointed by the Vendor;

• the completion of the sale and purchase is subject to and conditional upon:

  o the approval of the sale by the Vendor’s shareholders being obtained by, and the listing of and commencement of trading of the Stapled Securities on the SGX-ST on, the Listing Date; and

  o Third Party Consent being obtained (where another agreement exists giving a counterparty a right to withhold consent or approve the sale);

• if, at any time prior to completion, the government or a government authority acquires or gives notice of the compulsory acquisition or intended compulsory acquisition affecting the building in which Novotel Rockford Darling Harbour is comprised, the MIT Sub-trustee shall be entitled to rescind the sale and purchase; and

• on completion, Novotel Rockford Darling Harbour will be leased by the MIT Sub-trustee to the Master Lessee.

In addition, under the Property Sale and Purchase Agreement, certain limited representations and warranties are made by the Vendor relating to the Property. Claims for breach of warranties are subject to an aggregate maximum limit, and must be made within 15 months after the completion of the sale and purchase. The maximum aggregate liability of the Vendor in respect of the claims shall not exceed the Sale Consideration. If, prior to completion, it is found that there is a material breach of warranty by the Vendor, the MIT Sub-trustee shall be entitled to rescind the sale and purchase, without prejudice to its other rights including the right to claim damages.

On completion, the Vendor will execute and deliver to the MIT Sub-trustee a transfer in respect of the Vendor’s entire leasehold interest in Novotel Rockford Darling Harbour.

TCCL GUARANTEE IN RESPECT OF NOVOTEL ROCKFORD DARLING HARBOUR

Under the TCCL Guarantee, TCCL unconditionally and irrevocably guarantees to FH-REIT that the Vendor will pay all sums payable under the Property Sale and Purchase Agreement and will observe and perform the covenants, terms and conditions of the Property Sale and Purchase Agreement (on the part of the Vendor to be paid, observed and/or performed).

In the event of any default of the Vendor, TCCL will indemnify the FH-REIT against any liability suffered or incurred by FH-REIT in relation to the guaranteed obligations.

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1 The REIT Manager is satisfied as to the financial strength of TCCL and its financial ability to stand behind the TCCL Guarantee.
DEED OF CONSENT TO ASSIGNMENT OF HEAD LEASE (NOVOTEL ROCKFORD DARLING HARBOUR)

The assignment of the Head Lease for the Novotel Rockford Darling Harbour requires the consent of the Sydney Harbour Foreshore Authority.

This consent is documented in a Deed of Consent to Assignment of Head Lease.

The parties to this Deed of Consent to Assignment of Head Lease are:

- Sydney Harbour Foreshore Authority (as lessor)
- Crape Myrtle (PTC) Ltd (as outgoing lessee); and
- The Trust Company (PTAL) Limited as trustee for FHT Sydney Trust 2 (as incoming lessee).

The date of assignment will be the same date as the Property Sale and Purchaser Agreement for the Novotel Rockford Darling Harbour is completed.

On and from the assignment date, The Trust Company (PTAL) Limited is liable for and indemnifies Sydney Harbour Foreshore Authority and Crape Myrtle (PTC) Ltd against any claim in connection with The Trust Company (PTAL) Limited not complying with its obligations under the Head Lease or the Deed of Consent to Assignment of Head Lease.

The Deed of Consent to Assignment of Lease requires The Trust Company (PTAL) Limited to provide a Bank Guarantee to the Landlord as security for its obligations under the Head Lease in the amount of AUD500,000 which is a replacement for the current bank guarantee in the same amount.

MASTER LEASE AGREEMENTS IN RESPECT OF (1) FRASER SUITES SYDNEY AND (2) NOVOTEL ROCKFORD DARLING HARBOUR

Under the Master Lease Agreements, FHT leases Fraser Suites Sydney and Novotel Rockford Darling Harbour (referred to in this section collectively as the “Properties”, and each a “Property” and Fraser Suites Sydney is referred to as the “Fraser Suites Property”) to the respective Master Lessees (each, a “Master Lessee”), together with the plant and equipment therein.

The term of each Master Lease Agreement is for 20 years with an option for the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions, save for amendments which FHT may require due to change in law and exclusion of any further option to renew.

The Master Lessee is required to pay rent on a monthly basis, which rent shall comprise:

(a) a Fixed Rent per annum for each Property as set out in the table below:

<table>
<thead>
<tr>
<th>Property</th>
<th>Fixed Rent per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Sydney</td>
<td>A$4,200,000.00</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>A$2,500,000.00</td>
</tr>
</tbody>
</table>

and monthly payment of which is payable in advance on the 1st day of each month.

(b) a Variable Rent which is payable in arrears on the 21st day of each month.
The Variable Rent for Novotel Rockford Darling Harbour in respect of a fiscal year is computed based on a fixed portion of Novotel Rockford Darling Harbour's gross operating profit for that fiscal year, less the Fixed Rent for the relevant fiscal year, plus any unutilised balance in the FF&E reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement and if the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero.

The Variable Rent for the Fraser Suites Property in respect of a fiscal year is computed based on the sum of (i) a fixed portion of the Fraser Suites Property's gross operating revenue for that fiscal year; and (ii) a fixed portion of the Fraser Suites Property's gross operating profit for that fiscal year, and (iii) any unutilised balance in the reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement for the Fraser Suites Property, less the Fixed Rent for the relevant fiscal year, and if the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero.

The fixed portions of each Property's gross operating revenue and each Property's gross operating profit in a fiscal year, for the purpose of computing the Variable Rent for the Properties, are as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Percentage of Property’s Gross Operating Revenue (%)</th>
<th>Percentage of Property’s Gross Operating Profit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Sydney</td>
<td>20</td>
<td>54.5</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>Not applicable</td>
<td>84</td>
</tr>
</tbody>
</table>

The quantum of the Variable Rent will be adjusted within 90 days after the end of each fiscal year based on the audited profit and loss statement for each Property for such fiscal year.

If any of the Properties is damaged or destroyed, the Master Lessee is not liable to pay rent for the period that the affected Property cannot be used, and if part of the affected Property is still useable, the Master Lessee’s liability to pay rent is adjusted such that:

- for Novotel Rockford Darling Harbour, if the total reinstatement costs exceed 25.0% of the total reinstatement cost of the Premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Master Lessor, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will pay a reduced rent equivalent to the sum of (a) the fixed portion of Novotel Rockford Darling Harbour’s gross operating profit applicable to the computation of the Variable Rent for such period and, where applicable, any unutilised balance in the FF&E Reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement less an amount equivalent to half the Fixed Rent for such period; and (b) an amount equivalent to half the Fixed Rent for such period;

- for the Fraser Suites Property, if the total reinstatement costs exceed 25.0% of the total reinstatement cost of the Premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Master Lessor, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will pay a reduced rent equivalent to the sum of (a) the fixed portions of the Fraser Suites Property's gross operating revenue and the Fraser Suites Property's gross operating profit applicable to the computation of the Variable Rent for such period and, where applicable, any unutilised balance in the FF&E Reserve which is not carried forward to the
following fiscal year by mutual agreement of the parties to the Master Lease Agreement for
the Fraser Suites Property, less an amount equivalent to half the Fixed Rent for such period
and (b) an amount equivalent to half the Fixed Rent for such period; or

• if the total reinstatement costs do not exceed 25.0% of the total reinstatement cost of the
Premises at or around the time of occurrence of the damage, as determined by a loss
adjuster appointed by the Master Lessor, in respect of the period from the date such damage
occurred until the date of completion of restoration and reinstatement, the Master Lessee will
continue to pay the rent for such period for the affected Property, without any abatement of
the Fixed Rent amount.

In the event the Properties (or any of them) is/are damaged or destroyed, and the damage or
destruction of the affected Property or part(s) thereof results in at least 50.0% of (i) (in the case
of Novotel Rockford Darling Harbour) the total number of hotel rooms, and (ii) (in the case of the
Fraser Suites Properties) the total number of serviced residence units, being rendered unusable
by the Master Lessee for purposes of the hotel business or serviced residence business, as the
case may be, or where total costs for the reinstatement of which exceed 50.0% of the total
reinstatement cost of the Premises at or around the time of occurrence of the damage, as
determined by a loss adjuster appointed by the Master Lessor, the Master Lessor may give the
Master Lessee notice that the Master Lessor considers it impracticable or undesirable to repair
the damage or rebuild the affected Property following which either the Master Lessor or the Master
Lessee may terminate the Master Lease Agreement by written notice to the other party, and no
compensation is payable in respect of that termination. If the damage or destruction does not
satisfy the above threshold, the Master Lessor must use the insurance proceeds which it receives
to restore or reinstate (i) the Property to the condition of the Property existing immediately prior
to the occurrence of the damage or destruction as far as practicable; and (ii) the FF&E, operating
asset and inventories, to the extent possible with the available insurance proceeds actually
received by the Master Lessor.

Each Master Lessee will provide a security deposit, by way of cash or bank guarantee, of an
amount equivalent to eight months of the monthly Fixed Rent\(^1\) and applicable Australian Goods
and Services Tax. In addition to such security deposit, the Master Lessee shall provide a corporate
guarantee for, amongst other things, the payment of rent.

The FF&E in each Property at the commencement date of the Master Lease Agreement will be the
property of the Master Lessor and the FF&E acquired or replaced by the Master Lessee during the
term of the Master Lease Agreement will be the property of the Master Lessee, subject to the
condition that the title to the FF&E items which are owned by the Master Lessee and still in use
shall, at the option of the Master Lessor, be transferred to the Master Lessor at the end of the
Master Lease Agreement for A$1.00. For each fiscal year, the Master Lessee is required to set
aside in the FF&E reserve an amount equivalent to a specified percentage of the Property’s gross
operating revenue for such fiscal year to be utilised in accordance with an annual FF&E plan
approved by the Master Lessor.

Any unutilised balance in the FF&E reserve at the end of a fiscal year must be carried forward and
made available in the next fiscal year but this shall not reduce the required contribution to the
FF&E reserve in the next fiscal year, provided that if the unutilised balance in the FF&E Reserve
is not carried forward to the following fiscal year by mutual agreement of the parties to the Master
Lease Agreement, the unutilised balance shall be deemed to form part of the Variable Rent.

\(^1\) Fixed rent accounts for 52.7% and 50.0% of total rental income of the Australia properties for Forecast Year 2014
and Projection Year 2015, respectively.
The total expenditure by the Master Lessee in any fiscal year shall not exceed the unutilised balance in the FF&E reserve. Any unutilised amounts standing to the credit of the FF&E reserve at the end of the Master Lease Agreement shall be paid in cash by the Master Lessee to the Master Lessor.

All items of operating assets which are acquired or replaced by the Master Lessee during the term of the Master Lease Agreement will be the property of the Master Lessee subject to the condition that the title to the operating assets which are owned by the Master Lessee and still in use shall be transferred to the Master Lessor at the end of the Master Lease Agreement at the net book value or A$1.00, whichever is the higher.

Save and except for the first fiscal year in respect of which the annual budget has been approved prior to commencement of the term of the Master Lease Agreement, for each fiscal year comprised in the term, the Master Lessee must submit to the Master Lessor for review and approval by no later than 60 days prior to the commencement of the following fiscal year, an annual budget for that fiscal year which includes, inter alia, a proposed capital budget for capital improvements. In respect of such proposed capital budget, the Master Lessor is not obliged to undertake any expenditure for capital improvements unless (i) it is approved in writing by the Master Lessor, or (ii) such capital improvements are (a) required to comply with any directive, order or requirement of any relevant government authorities or (b) required to meet safety or health requirements relating to the Property, or (iii) in certain emergency cases.

Each Master Lessee is required to provide the Master Lessor with an executed copy of the relevant hospitality management agreement. If supplemental documentation is entered into with respect to the hospitality management agreement or any renewal, or any new hospitality management agreement is entered into, the Master Lessee shall provide a copy to the Master Lessor. The Master Lessee is not permitted to terminate or assign the hospitality management agreement (save for an assignment to a related company of the Master Lessee for which the Master Lessor’s consent is not required) or waive any of its rights under the hospitality management agreement without the consent of the Master Lessor. Upon termination of the Master Lease Agreement, the hospitality management agreement may be terminated by the Master Lessor without liability on the part of the Master Lessor for any payment due or to become due under the hospitality management agreement.

The Master Lessee must, at its cost, repair and maintain the Property, its infrastructure, plant and equipment in good and substantial condition and repair and in working order required for the operation of the Property but the Master Lessee is not responsible for works which are in the nature of capital improvements. The Master Lessee must, at its cost, repair and replace all FF&E and operating asset required for the operations of the Property.

All necessary licences and permits must be obtained and maintained by the Master Lessee at its cost.

The Master Lessee must, at its cost, take out and maintain public liability insurance policy, insurance relating to workers’ compensation and contract works insurance in respect of any works undertaken or carried out by the Master Lessee. The Master Lessor will take out and maintain, at its cost, a property insurance insuring the Property, the infrastructure, plant and equipment and the contents of the Property, and business interruption policy for the respective rights and interests of the Master Lessor (as lessor), and the Master Lessee (as lessee). The Master Lessee is required to pay the insurance premium in respect of the business interruption policy attributable to the insurance coverage for the Master Lessee’s interests.

The Master Lessor may sell or assign its interest in a Property subject to the terms of the Master Lease Agreement. The Master Lessor may also sell or assign its interest in the Property at any time free and clear of the Master Lease Agreement and without the Master Lessee being liable for
any claims, damages, compensations, costs and expenses for such termination provided (i) the
Master Lessor gives 6 months’ written notice to the Master Lessee and in any sale or assignment
of the Master Lessor’s interest in the Property free and clear of the Master Lease Agreement, the
Lessor shall use reasonable endeavours to procure the purchaser’s or assignee’s agreement to
have the sale or assignment (as the case may be) subject to (a) the terms of the Master Lease
Agreement and/or (b) the operator’s agreement to continue with the serviced residence operating
agreement or hotel operating agreement (as applicable) then in force.

The Master Lease Agreements are conditional on approval from the Australian Foreign Investment
Review Board.

The Master Lease Agreements are conditional on approval from any third party which has a
contractual right to approve the entering into the leases.

DEED OF CONSENT OF SUBLEASE (MASTER LEASE AGREEMENT IN RESPECT OF
NOVOTEL ROCKFORD DARLING HARBOUR)

The surrender of the existing sublease and granting of the Master Lease Agreement in respect of
Novotel Rockford Darling Harbour requires the consent of the Sydney Harbour Foreshore
Authority.

This consent is documented in a Deed of Consent to Sublease.

The parties to this Deed of Consent to Sublease are:

• Sydney Harbour Foreshore Authority (as lessor)
• Crape Myrtle (PTC) Ltd (as lessee); and
• the Master Lessee (as sublessee).

The Crape Myrtle (PTC) Ltd indemnifies Sydney Harbour Foreshore Authority against any costs.
liabilities or expenses which Sydney Harbour Foreshore Authority may incur in relation to any
default or delay of the Master Lessee in its performance of its obligations under:

• this Deed of Consent to Sublease;
• the Master Lease Agreement; or
• the Head Lease.

The Master Lessee must not do anything which will or might cause Crape Myrtle (PTC) Ltd to be
in breach of the Head Lease.

CORPORATE GUARANTEE

The Corporate Guarantor will unconditionally and irrevocably guarantee to FH-REIT that the
Master Lessees will punctually pay the rent and all other sums payable under the Master Lease
Agreements and observe and perform the covenants, terms and conditions of the Master Lease
Agreements.

Upon the default of a Master Lessee, the Corporate Guarantor will pay the rent and other sums
payable under the Master Lease Agreement and/or the case may be, perform any of the
covenants, terms or conditions of the Master Lease Agreement.
The obligations of the Corporate Guarantor under the Corporate Guarantee for Fraser Suites Sydney and Novotel Rockford Darling Harbour commence on the date of execution of the Corporate Guarantees (i.e., the commencement date of the relevant Master Lease Agreement) and will cease six months after the Master Lessee yields up vacant possession of the Property in accordance with the terms of the relevant Master Lease Agreement, on the expiry or termination of the term.

INVESTMENT MANAGEMENT AGREEMENTS

FHT Australia Management Pty Ltd, a wholly-owned subsidiary of the REIT Manager incorporated in Australia (the “MIT Manager”), the REIT Manager and the Trustee-Manager has entered into an investment management agreement with The Trust Company (Australia) Limited (“MIT Trustee”) (in its capacity as the trustee of MIT Australia). The MIT Manager has also entered into an investment management agreement with each of the following:

(a) The Trust Company (PTAL) Limited (“MIT Sub-trustee”) (in its capacity as the trustee of MIT Sub-trust 1); and

(b) MIT Sub-trustee (in its capacity as the trustee of MIT Sub-trust 2).

Each of these investment management agreements is referred to as an “Investment Management Agreement” and collectively, they are referred to as “Investment Management Agreements”. Each Investment Management Agreement contains substantively similar terms and conditions (except that there is an additional provision in the Investment Management Agreements for the MIT Sub-trusts to provide that there must be no double-counting).

Services to be provided by the MIT Manager

The MIT Manager shall provide certain services to the trustees of MIT Australia and each underlying MIT Sub-Trust under each trust’s Investment Management Agreement respectively, and including (but not limited to):

(a) management of the trust for and on behalf of the trustee, keeping the trust property under periodic review and conferring with the trustee at agreed intervals regarding the management of the trust;

(b) deliberating and making decisions on specified approval matters being matters within the scope of its role, and giving specific directions to the trustees on those matters as it considers to be in the interest of the unit holders of the trust;

(c) identifying, assessing and evaluating investments which may represent potential objects of investments for the relevant trust, in conjunction with legal and other advisers, and directing the trustee to give effect to the investments;

(d) assisting with the preparation of all legal and other documents required to complete any such investments;

(e) negotiating the pricing and structure of any such investments; and

(f) completing any due diligence enquiries in connection with any such investments.
Where provision of a service to the trustee under the Investment Management Agreement would require the MIT Manager to hold an Australian financial services licence\(^1\) (AFSL), the trustee will perform the service and be required to hold the AFSL as the MIT Manager will not do so. To the extent that the MIT Manager may give its consent to the matter without having to hold an AFSL, the trustee shall obtain the MIT Manager’s consent before exercising its powers authorities and discretions in relation to the relevant matter. Such a relevant matter will be taken not to be a specified approval matter as per sub-paragraph (b) above.

**Powers of the MIT Manager**

Subject to the constitution of the MIT Manager and the terms of the Investment Management Agreement, the MIT Manager will have all the powers of a natural person and a body corporate to deal with the investments of each trust and do all things and execute all documents necessary for the purpose of managing the investments.

**Fees payable to the MIT Manager**

In consideration for the MIT Manager providing services under each of the Investment Management Agreements in connection with MIT Australia and the underlying two sub-trusts, the MIT Manager will be entitled to:

(i) a base fee of 0.3% per annum of the total value of MIT Australia’s trust property;

(ii) a performance fee of 5.5% per annum of MIT Australia’s earnings before interest, taxes, depreciation and amortisation;

(iii) an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases of:

(a) the acquisition price of any real estate purchased by MIT Australia whether directly or indirectly through one or more special purpose vehicles, plus any other payments in addition to the acquisition price made by MIT Australia or a special purpose vehicle to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of MIT Australia’s interest);

(b) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by MIT Australia whether directly or indirectly through one or more special purpose vehicles, plus any other payments made by MIT Australia or a special purpose vehicle to the vendor in connection with the purchase of such equity interests (prorated, if applicable, to the proportion of MIT Australia’s interest); or

(c) the acquisition price of any investment purchased by MIT Australia, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate;

\(^1\) For Australian law purposes, it is a requirement that a person carrying on a “financial services business” must be licensed or exempted.
(iv) a divestment fee of 0.5% of:

(a) the sale price of any real estate sold or divested by MIT Australia whether directly or indirectly through one or more special purpose vehicles, plus any other payments in addition to the sale price received by MIT Australia or a special purpose vehicle from the purchaser in connection with the sale or divestment of the property (pro-rated, if applicable, to the proportion of MIT Australia’s interest);

(b) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by MIT Australia, whether directly or indirectly through one or more special purpose vehicles, plus any other payments received by MIT Australia or its special purpose vehicles from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the MIT Australia’s interest); or

(c) the sale price of any investment sold or divested by MIT Australia, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

(v) a development management fee of 3.0% of the Total Project Costs incurred in a Development Project. Where the estimated Total Project Costs is greater than S$200.0 million, the MIT Trustee and the REIT Manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the development management fee may be directed to be reduced.

Except for the development management fee which may only be paid in cash, the fees are payable to the MIT Manager in the form of cash and/or Stapled Securities.

The MIT Manager will also be entitled to be reimbursed for certain expenses properly incurred in relation to performance of its role under the Investment Management Agreements. Except for the development management fee (which may only be paid in cash), the MIT Manager’s fees may be paid out of the trust’s income or capital, or by an issue of Stapled Securities, or by a combination of these sources as elected by the MIT Trustee subject to and in accordance with the direction of the REIT Manager and the Trustee-Manager.

For the avoidance of doubt, the base fee, performance fee, acquisition fee, divestment fee and development management fee payable to the REIT Manager shall be reduced by the amount of the relevant fee payable to the MIT Manager.

**Retirement of the MIT Manager**

The MIT Manager may resign from its appointment as the investment manager for each of MIT Australia and two underlying MIT Sub-trusts upon giving 7 days notice to the trustee if either the trustee of the trust or its Unit holders is/are:

(a) in material breach of an obligation under the trust deed or the Investment Management Agreement; and

(b) such breach is not remedied within 30 days after receiving written notice from the MIT Manager requesting that they do so.
Termination of the Investment Management Agreement

Each of the Investment Management Agreements for MIT Australia and the two underlying sub-trusts may be terminated as follows:

(a) by the trustee of the trust on not less than 90 days’ written notice for no cause where:

(i) the Unit holders of the trust pass a special resolution to approve the MIT Manager’s removal; or

(ii) the trustee receives written notice from the REIT Manager certifying that the MIT Manager has ceased to be a wholly-owned subsidiary of the REIT Manager and requesting the trustee to terminate this agreement;

(b) by the trustee of the trust at any time where:

(i) the MIT Manager breaches any material provision of the agreement and where such breach is capable of remedy, fails to remedy the breach within two months after receiving written notice from the Trustee requiring it to do so; or

(ii) certain specified event(s) happening to the MIT Manager, such as insolvency and cessation of business;

(c) by the MIT Manager at any time, by giving the trustee three months’ written notice or such shorter notice as agreed by the trustee.

MIT TRUST DEEDS

Each of MIT Australia and the two underlying MIT Sub-trusts have been constituted pursuant to a trust deed executed by MIT Trustee (in its capacity as the trustee of MIT Australia) or, as the case may be, MIT Sub-Trustee (in its respective capacities as the trustee of the two underlying MIT Sub-trusts) (collectively, the “MIT Trust Deeds”, and each an “MIT Trust Deed”). Each of the MIT Trust Deeds contains similar terms and conditions.

Services provided by the Trustee

The trustee is appointed to act as trustee, including to operate and manage the trust and its trust property and trust liabilities while any remain. Notwithstanding anything else in a MIT Trust Deed, the trustee must appoint the MIT Manager as investment manager, and may not (without the prior consent of the trust’s unitholders or, where the only unitholders are FH-REIT and entities wholly-owned by FH-REIT, the REIT Manager, as the case may be) appoint a person other than the MIT Manager as the investment manager.

Powers of the Trustee

Subject to the MIT Trust Deed, the trustee has within and outside Australia, all the powers in relation to the trust, the trust property and trust liabilities, that it is legally possible for a natural person, corporation or trustee to have. Under each MIT Trust Deed, the trustee may not, without the prior consent of the MIT Manager (which must not be unreasonably withheld) or the Unit holders of the trust or, where the only unitholders are FH-REIT and entities wholly owned by FH-REIT, the REIT Manager as the case may be, unless otherwise provided in the MIT Trust Deed, borrow or refinance an amount or otherwise incur any borrowings, where the liability to repay that loan or borrowing would rank in priority above any existing Unit holder’s loan (if any). The trustee of the trust may, with the approval of the MIT Manager unless otherwise provided by the MIT Trust
Deed, engage in connection with the performance of its duties investment managers, property managers, valuers, administrators, custodians and any advisers, agents, brokers, contractors, underwriters or other persons.

**Fees Payable to the Trustee**

The MIT Trustee is entitled to a management fee of AUD55,000 plus GST per annum with respect to MIT Australia and the MIT Sub-trustee is entitled to management fees of AUD15,000 plus GST per annum for each MIT Sub-trust), calculated and payable in arrears on the last business day of each calendar quarter or at other times as agreed with the MIT Manager. The management fees are to be adjusted annually by reference to the Australian CPI.

Additional fees (of $350 per hour for internal legal costs and $250 per hour for the relevant trustee’s own executive time) may be charged for any activities of the MIT Trustee or the MIT Sub-trustee outside the normal day-to-day scope of activities in acting as trustee (including but not limited to equity raising, mergers, acquisitions, divestments and debt refinancing).

The MIT Trustee and the MIT Sub-trustee are also entitled to recover from the relevant trust all out-of-pocket expenses reasonably and properly incurred in administering MIT Australia and the MIT Sub-trusts, as the case requires, including but not limited to legal and audit expenses, regulatory fees, printing costs and travel and accommodation expenses incurred in the establishment and operation of MIT Australia and the MIT Sub-trusts.

**Retirement or Removal of the Trustee**

The trustee may retire as trustee of the relevant trust, in circumstances which include:

(a) by giving not less than one month’s prior notice to the MIT Manager and the unitholders, to be effective only on the appointment of a replacement trustee nominated by the trustee itself with the approval of the MIT Manager;

(b) when required by law; or

(c) when directed to retire by a special resolution passed by the unitholders, provided that the trustee must not retire until a new trustee is appointed.

**Termination of the MIT Trust Deed**

The MIT Trust Deed for MIT Australia and each of the two underlying MIT Sub-trusts may be terminated as follows:

(a) by the trustee of the relevant trust with the prior consent of the Unit holders of the trust (or where the only unitholders are FH-REIT and entities wholly-owned by FH-REIT, the REIT Manager, as the case may be) at any time by written notice to the unitholders with effect from the termination date specified in the notice; or

(b) by a resolution of the unitholders of the relevant trust in accordance with the relevant provisions of the Corporations Act (taking those provisions to be applicable to the trust as if the trust was a registered scheme for the purposes of the Corporations Act.)
AGREEMENTS RELATING TO THE UK PROPERTIES

FREEHOLD OR HEAD LEASE TITLE

Fraser Place Canary Wharf

Leasehold premises comprised in two leases both dated 9 January 2002 between (1) Bellway Homes Limited (2) Poplar Dock Management Company Limited and (3) Pressdale Limited known as (a) Block C2, Boardwalk Place, including Flats 355-377, the ground floor unit and ground and basement level parking spaces; and (b) Block C3, Boardwalk Place, including Flats 378-417, ground floor unit and ground and basement level parking spaces.

Fraser Suites Queens Gate London

Freehold property known as 39B Queens Gate Gardens, Kensington and Tudor Court Hotel, 58, 60, 62, 64 and 66 Cromwell Road.

Park International London

Freehold property known as 127 Cromwell Road and 117-125 (odd) Cromwell Road. London, SW7 4DS.

Best Western Cromwell London

Freehold property known as 108 Cromwell Road and 110 and 112 Cromwell Road.

Fraser Suites Edinburgh (12-26 St. Giles Street, Edinburgh EH1 1PT)

Freehold property known as 12-26 St. Giles Street, Edinburgh, EH1 1PT.

Fraser Suites Glasgow (1 – 31 Albion Street, Glasgow and 60 – 104 Trongate, Glasgow)

Freehold property known as 1 to 31 Albion Street, Glasgow G1 1LH and 60 to 104 Trongate, Glasgow G1 5EP together with (1) the cellars underneath the pavements fronting 76 Trongate and 1 to 31 Albion Street; and (2) the exclusive right to the entrance and staircase forming 100 Trongate.

SALE AND PURCHASE AGREEMENTS: AGREEMENT FOR GRANT OF 75 YEAR LEASE

United Kingdom Properties

Each of the Jersey companies (as Purchaser), entered into separate Property Sale and Purchase Agreements with the owner (as Vendor) of each of the six Properties for the acquisition of a 75-year leasehold interest in the Property commencing from the Listing Date, together with the plant and equipment and FF&E therein at a purchase price as ascribed to each Property in the table below (the “Sale Consideration”).

<table>
<thead>
<tr>
<th>Property</th>
<th>Sale Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td></td>
</tr>
<tr>
<td>Park International London</td>
<td>£39,250,000</td>
</tr>
<tr>
<td>Best Western Cromwell</td>
<td>£17,000,000</td>
</tr>
<tr>
<td>Serviced Residences</td>
<td></td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>£31,500,000</td>
</tr>
</tbody>
</table>
Property | Sale Consideration
--- | ---
Fraser Suites Queens Gate | £46,290,000 less the purchase price of the chattels as defined in the agreement for the sale of chattels\(^1\)
Fraser Suites Edinburgh | £11,500,000 less the purchase price of the chattels as defined in the agreement for the sale of chattels\(^2\)
Fraser Suites Glasgow | £7,500,000

Under each of the Property Sale and Purchase Agreement, it is provided, *inter alia*, that:

- the Sale Consideration shall be paid in cash;

- on the Listing Date, the Vendor shall grant the 75 year lease of the Property to the Purchaser, and the Purchaser shall, on the same day, grant the Master Lease of the Property to the Master Lessee. In the case of Fraser Suites Edinburgh and Fraser Suites Queens Gate, the Master Lease will have been completed beforehand;

- the Property Sale and Purchase Agreements for Best Western Cromwell and Park International (only) oblige the Vendor on the Listing Date, to furnish the Purchaser with a Corporate Guarantee from TCC Land International Limited in relation to the Vendor’s obligations under those Property Sale and Purchase Agreements (see below – “TCCL Guarantee in Respect of Best Western Cromwell and Park International London”);

- in the event that prior to the grant of the 75 year lease of the Property to the Purchaser there is material damage to the Property, the Purchaser may elect to terminate the Property Sale and Purchase Agreement. In the event there is damage to the Property which is not material damage, the Vendor would be obliged to rectify the damage at its own cost and expense prior to legal completion or, if this is not possible, as soon as practicable after legal completion. The threshold for material damage is 20% of the total reinstatement cost of the Property at or around the time of the occurrence of the damage, as determined by a loss adjuster appointed by the Vendor; and

- the grant of the 75 year lease of the Property to the Purchaser is subject to and conditional upon the listing of the units of the Stapled Securities and commencement of trading of such Stapled Securities on SGX-ST on the Listing Date.

In addition, under the Property Sale and Purchase Agreement, certain limited representations and warranties are made by the Vendor relating to the Property. Claims for breach of warranties are subject to an aggregate maximum limit, and must be made within 15 months after the legal completion of the sale and purchase. The maximum aggregate liability of the Vendor in respect of the claims shall not exceed the Sale Consideration. If, prior to legal completion, it is found that

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\(^1\) The purchase price of the chattels shall be the net book value of the chattels as at a day preceding the Listing Date, as per the management accounts of 39 QGG Management Limited (the vendor). The agreement for the sale of chattels is entered into between FHT London 2 Limited and 39 QGG Management Limited. The purchase price of each Property payable by FH-REIT as disclosed under “Certain Information about the Properties” includes both the sale consideration and the purchase price of the chattels.

\(^2\) The purchase price of the chattels shall be the net book value of the chattels as at a day preceding the Listing Date, as per the management accounts of Frasers St Giles Street Management Limited (the vendor). The agreement for the sale of the chattels is entered into between FHT Scotland 1 Limited and Frasers St Giles Street Management Limited. The purchase price of each Property payable by FH-REIT as disclosed under “Certain Information about the Properties” includes both the sale consideration and the purchase price of the chattels.
there is a material breach of warranty by the Vendor, the Purchaser shall be entitled to rescind the Property Sale and Purchase Agreement, without prejudice to its other rights including the right to claim damages.

The 75-year Lease

The 75-year lease to be granted pursuant to the Property Sale and Purchase Agreement is intended to pass on to the Purchaser as much freedom to use the Property during the 75 years as the Vendor itself has. This is subject only to the restrictions and controls as are commonly imposed in leases to prevent the Vendor incurring liability for specific Property costs or claims. For example, the Vendor imposes no further restrictions on the Purchaser’s freedom to deal with (for example to sell, assign, mortgage or underlet) the lease nor on the Purchaser’s use of the Property.

TCCL GUARANTEE IN RESPECT OF BEST WESTERN CROMWELL AND PARK INTERNATIONAL LONDON

Under the TCCL Guarantee¹, TCCL unconditionally and irrevocably guarantees to FHT London 3 Limited (or FHT London 4 Limited) that the Vendor will pay all sums payable under the Property Sale and Purchase Agreement and will observe and perform the covenants, terms and conditions of the Property Sale and Purchase Agreement (on the part of the Vendor to be paid, observed and/or performed).

In the event of any default of the Vendor, TCCL will pay the sums payable under the Property Sale and Purchase Agreement and/or as the case may be, perform (or procure performance of) any of the covenants, terms or conditions of the Property Sale and Purchase Agreement (on the part of the Vendor to be paid, observed and/or performed).

MASTER LEASE AGREEMENTS

Lease

Under the Master Lease Agreements², FHT London 1 Limited and FHT London 2 Limited and FHT London 3 Limited and FHT London 4 Limited and FHT Scotland 1 Limited and FHT Scotland 2 Limited (each respectively the “Lessor”) leases the Properties to the Master Lessees, together with the fixtures, plant and equipment.

¹ The REIT Manager is satisfied as to the financial strength of TCCL and its financial ability to stand behind the TCCL Guarantee.

² There is an existing master lease agreement in respect of each of Fraser Suites Queens Gate and Fraser Suites Edinburgh. In relation to Fraser Suites Queens Gate, the Vendor and 39QGG Management Ltd entered into a master lease agreement on 18 March 2014 for a period of 20 years from 18 March 2014, subject to renewal for another 20 years at the option of 39QGG Management Ltd. Once the acquisition of the 75-year leasehold interest in Fraser Suites Queens Gate is completed by FHT London 2 Limited, a wholly-owned subsidiary of FH-REIT, the master lease agreement will become vested in FHT London 2 Limited. In relation to Fraser Suites Edinburgh, the Vendor and Frasers St Giles Street Management Limited entered into a master lease agreement on 18 March 2014 for a period of 20 years from 18 March 2014, subject to renewal for another 20 years at the option of Frasers St Giles Street Management Limited. Once the acquisition of the 75-year leasehold interest in Fraser Suites Edinburgh is completed by FHT Scotland 1 Limited, a wholly-owned subsidiary of FH-REIT, the master lease agreement will become vested in FHT Scotland 1 Limited.
Term

The term of each Master Lease Agreement in respect of Fraser Place Canary Wharf, Fraser Suites Glasgow, Fraser Suites Queens Gate and Fraser Suites Edinburgh is for 20 years with an option (personal to the original tenant) for the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions, save for amendments required due to change in law and excluding any further option to renew.

The term of each Master Lease Agreement in respect of Park International London and Best Western Cromwell London is for 10 years with an option for the Master Lessee to obtain an additional lease for a further 10 years including an option to renew for two further successive 10-year terms on the same terms and conditions, save for amendments required due to change in law and excluding any further option to renew.

The English Master Leases are contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954 under which the lessee might otherwise have a statutory right to renew on termination or expiry of the lease.

The Lessor has a right to dispose of the Premises free of the Master Lease Agreement on not less than 6 months’ prior notice. No compensation is payable to the Master Lessee.

Rent

The Master Lessee is required to pay rent on a monthly basis which rent shall comprise:

(a) a Fixed Rent per annum for each Property as set out below:

• Fraser Place Canary Wharf: £1,400,000
• Fraser Suites Queens Gate London: £1,800,000
• Park International London: £1,300,000
• Best Western Cromwell London: £600,000
• Fraser Suites Edinburgh: £500,000
• Fraser Suites Glasgow: £400,000,

and monthly payment of which is payable in advance on the 1st day of each month.

(b) a Variable Rent which is payable in arrears on the 21st day of each month.

The Variable Rent is computed based on the sum of a fixed portion of the Property’s Gross Operating Revenue and a fixed portion of the Property’s Gross Operating Profit for that fiscal year, less the Fixed Rent for the relevant fiscal year, plus any unutilised balance in the FF&E reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement and if the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero.

The fixed portions of the Property’s Gross Operating Revenue and the Property’s Gross Operating Profit in a fiscal year, for the purpose of computing the Variable Rent for the Properties, are as follows:
<table>
<thead>
<tr>
<th>Property</th>
<th>Percentage of Property’s Gross Operating Revenue: (%)</th>
<th>Percentage of Property’s Gross Operating Profit: (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotels</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Park International London</td>
<td></td>
<td>91.5%</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td></td>
<td>91.5%</td>
</tr>
<tr>
<td><strong>Serviced Residences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>20%</td>
<td>65%</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>20%</td>
<td>67%</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>20%</td>
<td>45%</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>20%</td>
<td>50%</td>
</tr>
</tbody>
</table>

The quantum of the Variable Rent will be adjusted at the end of each fiscal year based on the audited profit and loss statement of each Property for such fiscal year.

**Rent Suspension**

If the Property is damaged or destroyed, the Master Lessee is not liable to pay rent for the period that the Property cannot be used, and if part of the Property is still useable, the Master Lessee’s liability to pay rent is adjusted such that:

if the total reinstatement costs exceed 25% of the total reinstatement cost of the Premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Master Lessor, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will pay a reduced rent equivalent to the sum of (a) the fixed portions of the Property’s Gross Operating Revenue and the Property’s Gross Operating Profit applicable to the computation of the Variable Rent for such period, and, where applicable, any unutilised balance in the FF&E Reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement, less an amount equivalent to half the Fixed Rent for such period and (b) an amount equivalent to half the Fixed Rent for such period; and if the total reinstatement costs do not exceed 25% of the total reinstatement cost of the Premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Master Lessor, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will continue to pay the rent for such period, without any abatement of the Fixed Rent amount.

**Rent Security**

Each Master Lessee will provide a security deposit, by way of cash or bank guarantee, of an amount equivalent to eight months of the monthly Fixed Rent. The Master Lessee may provide a corporate guarantee for the payment of rent.

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1 Fixed rent accounts for 42.6% and 47.5% of total rental income of the UK properties for Forecast Year 2014 and Projection Year 2015, respectively.
Ownership of FF&E

The FF&E in each Property at the commencement date of the Master Lease Agreement will remain the Property of the Master Lessor. The FF&E acquired or replaced by the Master Lessee during the term of the Master Lease Agreement will (save to the extent comprising a fixture incorporated in the Premises in which event it will be owned by the Lessor and let with the Premises) be the property of the Master Lessee, subject to the condition that the title to the FF&E items which are owned by the Master Lessee and still in use shall, at the option of the Master Lessor, be transferred to the Master Lessor at the end of the Master Lease Agreement for £1.00.

For each fiscal year, the Master Lessee is required to set aside in the FF&E reserve an amount equivalent to a specified percentage of the Property's revenue for such fiscal year to be utilised in accordance with an annual FF&E plan approved by the Master Lessor.

Any unutilised balance in the FF&E reserve at the end of a fiscal year must be carried forward and made available in the next fiscal year but this shall not reduce the required contribution to the FF&E reserve in the next fiscal year, provided that if the unutilised balance in the FF&E Reserve is not carried forward to the following fiscal year by mutual agreement of the parties to the Master Lease Agreement for each Property, the unutilised balance shall be deemed to form part of the Variable Rent.

The total expenditure by the Master Lessee in any fiscal year shall not exceed the unutilised balance in the FF&E reserve. Any unutilised amounts standing to the credit of the FF&E reserve at the end of the Master Lease Agreement shall be paid in cash by the Master Lessee to the Master Lessor.

All items of operating equipment which are acquired or replaced by the Master Lessee during the term of the Master Lease Agreement, will be the property of the Master Lessee (save as stated where they are incorporated into the Premises) subject to the condition that the title to the operating equipment items which are owned by the Master Lessee and still in use shall be transferred to the Master Lessor at the end of the Master Lease Agreement at the net book value or £1.00, whichever is the higher.

The Master Lessee must prepare an annual budget to include, *inter alia*, a proposed capital budget for capital improvements for the relevant fiscal year. The budget must be submitted to the Master Lessor for review and approval no later than 60 days prior to the commencement of the fiscal year to which it relates. In respect of such proposed capital budget, the Master Lessor is not obliged to undertake any expenditure for capital improvements unless (i) it is approved in writing by the Master Lessor, or (ii) such capital improvements are (a) required to comply with any directive, order or requirement of any relevant government authorities or (b) required to meet safety or health requirements relating to the Property, or (iii) in certain emergency cases.

Operating Management Agreement

The Master Lessee of each of Park International London and Best Western Cromwell London is required to enter into a hospitality management agreement with TCC Hotels Group Co., Ltd. (or such related company as may be appointed by the Master Lessee) and is not permitted to terminate, amend, modify or assign the hospitality management agreement or waive any right, breach or default under the hospitality management agreement without the consent of the Master Lessor. Upon termination of the Master Lease Agreement, the hospitality management agreement may be terminated by the Master Lessor without liability for any payment.

The Master Lessee of each of Fraser Place Canary Wharf, Fraser Suites Queens Gate, Fraser Suites Glasgow and Fraser Suites Edinburgh is required to enter into a hospitality management agreement with Frasers Hospitality Pte Ltd (or such related company as may be appointed by the
Master Lessee) and is not permitted to terminate, amend, modify or assign the hospitality management agreement or waive any right, breach or default under the hospitality management agreement without the consent of the Master Lessor. Upon termination of the Master Lease Agreement, the hospitality management agreement may be terminated by the Master Lessor without liability for any payment.

**Insurance**

The Master Lessee must, at its cost, take out and maintain insurance in respect to:

- workers’ compensation;
- contract works insurance in respect of any works undertaken or carried out by the Master Lessee; and
- public liability insurance.

The Master Lessor is to take out and maintain, at its cost:

- Property insurance to cover the Property, the infrastructure, plant and equipment and the contents of the Property; and
- Business interruption policy against defined insured risks (so long as cover is available) to cover the respective rights and interests of the Master Lessor as lessor, and the Master Lessee as lessee. The Master Lessee is required to pay the insurance premium in respect of the business interruption policy attributable to the insurance coverage for the Master Lessee's interests.

**Reinstatement**

In the event a Property is damaged or destroyed such that at least 50.0% of the hotel rooms or, as the case may be, serviced residence units cannot be used or the total reinstatement costs exceed 50.0% of the total reinstatement cost of the Premises at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Master Lessor and if the Master Lessor considers it impracticable or undesirable to repair or rebuild, either party may terminate the Master Lease Agreement. If the damage or destruction does not satisfy the above threshold, the Master Lessor must use the insurance proceeds which it receives to reinstate the Property to its condition immediately prior to the occurrence of the damage or destruction as far as practicable and to the extent possible with the available insurance proceeds.

Where the Lessor is obliged to reinstate but fails to do so the Lessee may reinstate.

**Lessee Covenants:**

**Repair:** The Master Lessee must, at its cost, repair and maintain the Property, its infrastructure, plant and equipment in good and substantial condition and repair and in working order as required for the operation of the Property but the Master Lessee is not responsible for works which are in the nature of capital improvements nor fair wear and tear and save insofar as required for the operation of the Business the repair obligation excludes latent or patent defects (and damage by way of insured risk is also excepted). The Master Lessee must, at its cost, repair and replace all FF&E and Operating equipment required for the operations of the Property.

**Licences:** All necessary licences and permits must be obtained and maintained by the Master Lessee at its cost.
Disposals: The Master Lessee may not dispose of its interest in the Master Lease Agreement save (with the consent of the Lessor) to a member of the same group. There is a change of control provision and such a change will be a breach of the Master Lease unless the Lessee remains within the same group.

Alterations: require the approval of the Lessor such approval not to be unreasonably withheld or delayed.

Employee provisions

The Lessee is to be liable so far as permitted for any redundancy or other claims on termination or transfer.

Right of Termination.

The Lessor is entitled to terminate on non payment of rent or other material breach or repudiation by the Lessee or on insolvency of the Lessee.

CORPORATE GUARANTEE

The Corporate Guarantor will unconditionally and irrevocably guarantee to the respective Lessor that the Master Lessee will punctually pay the rent and all other sums payable under the Master Lease Agreements.

Upon the default of the Master Lessee, the Corporate Guarantor will pay the rent and other sums payable under the Master Lease Agreements. The obligations of the Corporate Guarantor will cease six months after the Master Lessee yields up vacant possession of the Property in accordance with the terms of the relevant Master Lease Agreement, on the expiry or termination of the term.

AGREEMENTS RELATING TO ANA CROWNE PLAZA KOBE

SHARE PURCHASE AGREEMENTS

(A) Excellence Prosperity TMK Pte. Ltd.

The REIT Trustee, as trustee of FH-REIT, entered into a Share Purchase Agreement with Excellence Prosperity (Singapore) Pte. Ltd. (the “Vendor”) for the acquisition of the entire issued share capital of Excellence Prosperity TMK Pte. Ltd. (the “Singapore SPC”). The Singapore SPC holds 49.5% of the preferred shares and 100.0% of the specified shares issued by Kobe Excellence TMK. Kobe Excellence TMK holds the TBI in ANA Crowne Plaza Kobe(1). It is intended that the acquisition of the Singapore SPC will be completed on the Listing Date.

The REIT Trustee and the Vendor agreed that the consideration for the acquisition (the “Consideration”) shall be JPY5,942,510,000 (subject to adjustment), which shall be payable by cash by the REIT Trustee on the Listing Date. The Consideration may be adjusted upwards or downwards based on the increase or decrease (as the case may be) in the NAV of the Singapore SPC and the TMK as at the Listing Date. The management accounts of the

1 K.K. Shinkobe Holding and Kobe Excellence TMK will enter into a sale and purchase agreement in respect of certain FF&E held by K.K. Shinkobe in relation to ANA Crowne Plaza Kobe. The purchase price for the FF&E shall be the net book value of the FF&E based on K.K. Shinkobe Holding’s management accounts as at 11 July 2014 and the transfer of the FF&E shall be effective on 11 July 2014. The FF&E transferred to Kobe Excellence TMK shall be entrusted to the ANA Crowne Plaza Kobe Trustee for its management.
Singapore SPC and the TMK will be used to prepare the completion financial statements. The completion financial statements will be prepared by the Vendor and audited by the auditors post-completion to compute the adjustment to the Consideration. The Consideration is to be paid partly in Stapled Securities and partly in cash on the completion of the Share Purchase Agreement.

Any upward or downward adjustment in the Consideration post-completion of the Share Purchase Agreement shall be settled by the Vendor or the REIT Trustee, as the case may be, within 28 business days of the issue of the auditors’ adjustment statement.

The Share Purchase Agreement provided, *inter alia*, for:

- certain conditions precedent prior to completion which include the successful completion of the initial public offering of the Stapled Securities, the authorisation by the MAS of FH-REIT as a collective investment scheme under the SFA not having been revoked, and the registration of FH-BT as a business trust under the BTA not having been revoked (other than the condition that the purchase of the entire issued share capital of the Singapore SPC pursuant to the Share Purchase Agreement be completed);

- certain customary representations and warranties being made by the Vendor in respect of the shares in the Singapore SPC and the TMK, as well as the Property and the TBI, with certain limitations on the liability of the Vendor, such as the maximum aggregate liability of the Vendor in respect of all claims not exceeding the purchase price of ANA Crowne Plaza Kobe; and

- the Vendor to indemnify the REIT Trustee against any losses, damages, liabilities, costs (including, without limitation, legal costs), charges, expenses, deficiencies, actions, proceedings, claims and demands, including any tax on any payment pursuant to any indemnity under the Share Purchase Agreement, which the REIT Trustee, the Singapore SPC or the TMK may suffer which arises out of or in connection with a breach of any of the warranties (subject to the claim limitations described above).

**(B) Excellence Prosperity (Japan) K.K.**

FHT Japan Pte. Ltd., a wholly-owned subsidiary of FH-REIT, entered into a Share Purchase Agreement with Excellence Prosperity (Singapore) Pte. Ltd. (the “Vendor”) for the acquisition of the entire issued share capital of Excellence Prosperity (Japan) K.K. (the “Japan SPC”). The Japan SPC holds 50.5% of the preferred shares issued by Kobe Excellence TMK. Kobe Excellence TMK holds the TBI in ANA Crowne Plaza Kobe. It is intended that the acquisition of the Japan SPC will be completed on the Listing Date.

FHT Japan Pte. Ltd. and the Vendor agreed that the consideration for the acquisition (the “Consideration”) shall be JPY690,728,000 (subject to adjustment), which shall be payable by Stapled Securities and cash on the Listing Date. The Consideration may be adjusted upwards or downwards based on the increase or decrease (as the case may be) in the NAV of the Japan SPC as at the Listing Date. The management accounts of the Japan SPC will be used to prepare the completion financial statements. The completion financial statements will be prepared by the Vendor and audited by the auditors post-completion to compute the adjustment to the Consideration. The Consideration is to be paid fully in cash on the completion of the Share Purchase Agreement.

Any upward or downward adjustment in the Consideration post-completion of the Share Purchase Agreement shall be settled by the Vendor or FHT Japan Pte. Ltd., as the case may be, within 28 business days of the issue of the auditors’ adjustment statement.
The Share Purchase Agreement provided, \textit{inter alia}, for:

- certain conditions precedent prior to completion which include the successful completion of the initial public offering of the Stapled Securities, the authorisation by the MAS of FH-REIT as a collective investment scheme under the SFA not having been revoked, and the registration of FH-BT as a business trust under the BTA not having been revoked (other than the condition that the purchase of the entire issued share capital of the Japan SPC pursuant to the Share Purchase Agreement be completed);

- certain customary representations and warranties being made by the Vendor in respect of the shares in the Japan SPC, as well as the Property and the TBI, with certain limitations on the liability of the Vendor, such as the maximum aggregate liability of the Vendor in respect of all claims not exceeding the purchase price of ANA Crowne Plaza Kobe; and

- the Vendor to indemnify FHT Japan Pte. Ltd. against any losses, damages, liabilities, costs (including, without limitation, legal costs), charges, expenses, deficiencies, actions, proceedings, claims and demands, including any tax on any payment pursuant to any indemnity under the Share Purchase Agreement, which FHT Japan Pte. Ltd. or the Japan SPC may suffer which arises out of or in connection with a breach of any of the warranties (subject to the claim limitations described above).

(C) Deeds of Guarantee

It is also provided under the each of the Share Purchase Agreements that contemporaneously with the execution of the Share Purchase Agreement, the Vendor will furnish to FH-REIT (or FHT Japan Pte. Ltd., as the case may be) a Deed of Guarantee ("TCCL Guarantee") executed by TCC Land International Limited ("TCCL") (an entity within the TCC Group) as Guarantor.

- Under the TCCL Guarantee\textsuperscript{1}, TCCL, as Guarantor, unconditionally and irrevocably guarantees to FH-REIT (or FHT Japan Pte. Ltd.) that the Vendor will pay all sums payable under the Share Purchase Agreement and will observe and perform the covenants, terms and conditions of the Share Purchase Agreement (on the part of the Vendor to be paid, observed and/or performed).

- In the event of any default of the Vendor, TCCL will pay any sum payable by the Vendor under the Share Purchase Agreement and/or as the case may be, observe or perform any of the covenants, terms or conditions of the Share Purchase Agreement (on the part of the Vendor to be paid, observed and/or performed).

\textbf{HOTEL MASTER LEASE AGREEMENT}

Under the Master Lease Agreement in respect of the hotel component of ANA Crowne Plaza Kobe (the "\textit{Hotel Master Lease Agreement}"), the ANA Crowne Plaza Kobe Trustee (which holds the ownership title to ANA Crowne Plaza Kobe, and acting as trustee for the benefit of Kobe Excellence TMK) (the "\textit{Hotel Master Lessor}") and K.K. Shinkobe Holding (the "\textit{Hotel Master Lessee}") enter into an agreement pursuant to which the hotel component of ANA Crowne Plaza Kobe (the "\textit{Hotel Component}") is leased to the Hotel Master Lessee in accordance with the terms and conditions of the Hotel Master Lease Agreement.

\textsuperscript{1} The REIT Manager is satisfied as to the financial strength of TCCL and its financial ability to stand behind the TCCL Guarantee.
**Purpose**

The Hotel Master Lessee is required to use the Hotel Component for the purpose of conducting the hotel business, and may sublease the Hotel Component in whole or in part for the purpose of conducting the hotel business.

The Hotel Master Lessee may, on its own responsibility, allow any sub-lessee of the Hotel Component to further sub-lease the Hotel Component.

**Lease term and renewal of lease term**

The term of the Hotel Master Lease Agreement is 10 years commencing from the Listing Date. The term of the Hotel Master Lease Agreement is fixed and non-renewable. However, the Hotel Master Lessor and Hotel Master Lessee may enter into a new lease agreement immediately following the expiration of the Hotel Master Lease Agreement.

**Lease rental**

Annual rent for the Hotel Component for each fiscal year is the aggregate of (i) the fixed rent amount of JPY600 million (the "Hotel Component Fixed Rent") and (ii) the aggregate of (a) NIL% of the Hotel Component's gross operating revenue for that fiscal year, (b) 77.8% of the Hotel Component's gross operating profit for that fiscal year and (c) any unutilised FF&E Reserve for the Hotel Component for that fiscal year not carried forward to the following fiscal year by mutual agreement of the parties to the Hotel Master Lease Agreement less the Hotel Component Fixed Rent amount (the “Hotel Component Variable Rent”), provided that where the calculation of the Hotel Component Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero. The Hotel Master Lessee is required to pay rent on a monthly basis.

**Security deposit**

The Hotel Master Lessee is required to pay security deposits or provide guarantee bonds for an amount equivalent to eight months' Hotel Component Fixed Rent to the Hotel Master Lessor under Hotel Master Lease Agreement.

**Liabilities of Hotel Master Lessor**

The Hotel Master Lessor will not assume liability to the Hotel Master Lessee for any deficiency in the quality of the Hotel Component, any malfunction in the facilities in the Hotel Component and movables incidental thereto and other defects in the Hotel Component and the facilities and movables incidental thereto, except for deficiencies, failures and defects resulting from the willful misconduct or gross negligence of the Hotel Master Lessor.

**Liabilities of Hotel Master Lessee**

All costs and expenses for maintaining, conducting and supervising the operation of the Property are payable by the Hotel Master Lessee.

Repairs and improvements on the Hotel Component requiring expenditures of not less than three-million (3,000,000) yen are subject to the prior consent of the Hotel Master Lessor.

The Hotel Master Lessee will be responsible for the management and maintenance of the Property, displaying the due care of a good manager, and will not commit any act that is likely to interfere with the maintenance, management, preservation or operation of, or otherwise commit any act that is likely to impair the value of, the Hotel Component and the facilities and movables incidental thereto.
Construction and other works relating to the Hotel Component’s furniture, fixtures and facilities

FF&E located in the Hotel Component at the Listing Date will be the property of the Hotel Master Lessor and (ii) FF&E which are brought onto the Hotel Component by the Hotel Master Lessee, and lessees below the level of the Hotel Master Lessee during the term of the Hotel Master Lease Agreement or which are replaced by the Lessee, and lessees below the level of the Hotel Master Lessee during the term of the Hotel Master Lease Agreement, will be the property of the Hotel Master Lessee provided that the title to such FF&E shall, at the option of the Hotel Master Lessor, be transferred to the Hotel Master Lessor on the date of termination or expiry of the Hotel Master Lease Agreement for JPY100. For each fiscal year, the Hotel Master Lessee is required to set aside in the FF&E reserve an amount equivalent to a specified percentage of the Property’s revenue for such fiscal year to be utilised for, among others, installations, additions, and alterations to the Hotel Component. Any unutilised amounts standing to the credit of the FF&E reserve at the end of the Hotel Master Lease Agreement shall be paid in cash by the Hotel Master Lessee to the Hotel Master Lessor.

Costs of (including taxes and other charges to be imposed in relation to) installations or additions, removals, alterations, changes in the supply capacity of, or replacements of furniture, fixtures and/or facilities or any other changes made to the current condition of the Hotel Component shall be borne out of the FF&E reserve.

Damage to Hotel Component

The cost of repairs and/or reconstructions for damage (other than substantial damage) to the Hotel Component due to an act of God or any other cause not attributable either to the Hotel Master Lessor or the Hotel Master Lessee, where insurance for such damage is maintained by the Hotel Master Lessor and/or Kobe Excellence TMK for the Hotel Component, shall be wholly borne by the Hotel Master Lessor.

Where the Hotel Component has been destroyed or considerably damaged or becomes unusable in whole or in substantial part due to an act of God or any other cause not attributable either to the Hotel Master Lessor or the Hotel Master Lessee, the Hotel Master Lease Agreement shall automatically terminate in the part relating to the relevant Hotel Component and neither the Hotel Master Lessor nor the Hotel Master Lessee shall be held liable for the damage suffered by either party as a result of the said termination. The Hotel Master Lessor has the right, pursuant to such termination, to retain any compensation under any insurance that the Hotel Master Lessor and/or Kobe Excellence TMK has maintained in respect of substantial damage to the Hotel Component (the “Hotel Insurance Compensation Amount”) in the trust collection and management account opened by the ANA Crowne Plaza Kobe Trustee pursuant to the trust agreement between Kobe Excellence TMK and the ANA Crowne Plaza Kobe Trustee (the “Trust Account”) without applying the Hotel Insurance Compensation Amount to the reconstruction or repair of the Hotel Component. Notwithstanding this, the Hotel Master Lessor shall, where substantial damage of the Hotel Component is covered by insurance maintained by the Hotel Master Lessor and/or Kobe Excellence TMK, have the option, in consultation with the Lessee, to apply the Hotel Insurance Compensation Amount to the reconstruction or repair of the Hotel Component so as to enable a lease agreement based on the lease period under the Hotel Master Lease Agreement to be entered into in respect of the replacement of the part of the Hotel Component that has suffered substantial damage.
**Termination**

Any of the Hotel Master Lessor and Hotel Master Lessee may terminate the Hotel Master Lease Agreement in certain events including if (i) the other party is under the suspension of payment (i.e. the other party declares that it is generally and continuously unable to pay its debts as they fall due because of its lack of ability to pay such debts) or a petition is filed against such party for commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, special liquidation or any analogous legal proceeding and (ii) the other party has breached any obligation it owes under the Hotel Master Lease Agreement, and such breaching party does not cure the breach within thirty (30) days after receiving notice thereof from the other party.

The Hotel Master Lessee may also terminate the Hotel Master Lease Agreement if the Hotel Master Lessor has sold any part of the Hotel Component (excluding movables).

Kobe Excellence TMK, the ANA Crowne Plaza Kobe Trustee, Excellence Prosperity TMK Pte. Ltd., the REIT Trustee, Excellence Prosperity Japan K.K., and the Sponsor will enter into a side letter addressed to IHG ANA Hotels Group Japan LLC and IHG Japan (Management) LLC where Kobe Excellence TMK, Excellence Prosperity TMK Pte. Ltd., the REIT Trustee, Excellence Prosperity Japan K.K. and the Sponsor acknowledge that in the event of any termination of the Master Lease Agreement and/or sale of ANA Crowne Plaza Kobe by the REIT Trustee and/or its subsidiaries during the term of the hotel management agreement, notwithstanding anything to the contrary in the Master Lease Agreement, the REIT Trustee and its subsidiaries shall procure that the Hotel Manager shall continue to supervise, direct and control the operation of ANA Crowne Plaza Kobe during the term of the hotel management agreement under the current management agreement.

**Obligation to restore the Hotel Component to its original condition**

The Hotel Master Lessee is obliged to restore the Hotel Component to its original condition when it vacates them unless otherwise agreed by the Hotel Master Lessor.

**RETAIL MASTER LEASE AGREEMENT**

Under the Master Lease Agreement in respect of the retail component of ANA Crowne Plaza Kobe (the “Retail Master Lease Agreement”), the ANA Crowne Plaza Kobe Trustee (which holds the ownership title to ANA Crowne Plaza Kobe, and acting for the benefit of Kobe Excellence TMK) (the “Retail Master Lessor”) and Y.K. Toranomon Properties (the “Retail Master Lessee”) enters into an agreement pursuant to which the retail component of ANA Crowne Plaza Kobe (the “Retail Component”) is leased to the Master Lessee in accordance with the terms and conditions of the Retail Master Lease Agreement.

**Purpose**

The Retail Master Lessee is required to use the Retail Component for the purpose of conducting the retail or retail-related business, and may sublease the Retail Component in whole or in part for the purpose of conducting the retail or retail-related business.

The Retail Master Lessee may, on its own responsibility, allow any sub-lessee of the Retail Component to further sub-lease the Retail Component.

**Lease term and renewal of lease term**

The term of the Retail Master Lease Agreement will commence on the Listing Date and continue for as long as the Retail Component remains in existence.
Lease rental

Annual rent for the Retail Component for each fiscal year is such amount equivalent to property damage insurance premiums and property taxes payable by the Retail Master Lessor and/or Kobe Excellence TMK (the “Retail Master Lessor Costs”) for the relevant fiscal year. The Retail Master Lessor Costs is calculated based on the gross floor area of the Retail Component in proportion to ANA Crowne Plaza Kobe. The Retail Master Lessee is required to pay rent on a monthly basis.

Other material terms

Security deposit

The Retail Master Lessee is required to pay security deposits or provide guarantee bonds for an amount of JPY42,390,901/equivalent to S$517,169 to the Retail Master Lessor under Retail Master Lease Agreement.

Liabilities of Retail Master Lessor

Any repairs or improvement on the Retail Component required to be undertaken under the relevant laws and regulations and which require expenditures of not less than JPY three-million (3,000,000) is subject to the prior consent of the Retail Master Lessor.

The Retail Master Lessor will not assume liability to the Retail Master Lessee for any deficiency in the quality of the Retail Component, any malfunction in the facilities in the Retail Component and movables incidental thereto and other defects in the Retail Component and the facilities and movables incidental thereto, except for deficiencies, failures and defects resulting from the willful misconduct or gross negligence of the Retail Master Lessor.

Liabilities of Retail Master Lessee

The Retail Master Lessee will be responsible for the management and maintenance of the Property, displaying the due care of a good manager, and will not commit any act that interferes with the management, preservation or operation of, or impairs the value of, the Retail Component and the facilities and movables incidental thereto.

Expenses for repairs, preservations, maintenance (including the installation of ancillary facilities and equipment), improvements and renewal of the Retail Component (excluding capital expenditures), outsourcing service commissions payable to third parties, insurance premiums (including insurance for public liability, business interruption and capital works or improvements carried out in respect of the Retail Component, but excluding insurance for property damage) and any other costs and expenses pertaining to the Retail Master Lessee’s management of the Retail Component (including consumption, corporate, inhabitant, business and other taxes (excluding property taxes)) in relation to the Retail Component (the “Retail Component Operating Expenses”) are payable by the Retail Master Lessee.

Capital expenditure relating to the Retail Component will also be borne by the Retail Master Lessee.

Construction and other works relating to the Retail Component’s furniture, fixtures and facilities

Costs of (including taxes and other charges to be imposed in relation to) installations, additions, removals, alterations, changes in the supply capacity of, or replacements of furniture, fixtures and/or facilities or any other changes made to the current condition of the Retail Component shall be borne by the Retail Master Lessee.
**Damage to Retail Component**

The cost of repairs and/or reconstructions for damage (other than substantial damage) to the Retail Component due to an act of God or any other cause not attributable to the Retail Master Lessee, or where insurance for such damage is maintained by the Retail Master Lessor and/or Kobe Excellence TMK for the Retail Component, shall be wholly borne by the Retail Master Lessor.

Where the Retail Component has been destroyed or considerably damaged or becomes unusable in whole or in substantial part due to an act of God or any other cause not attributable either to the Retail Master Lessor or the Retail Master Lessee, the Retail Master Lease Agreement will automatically terminate in the part relating to the relevant Retail Component and neither the Retail Master Lessor nor the Retail Master Lessee shall be held liable for the damage suffered by either party as a result of the said termination. The Retail Master Lessor shall, subject to approval being obtained from Kobe Excellence TMK in its capacity as the sole beneficiary under the Trust Agreement, have the right, pursuant to such termination, to retain any compensation under any insurance that the Retail Master Lessor and/or Kobe Excellence TMK has maintained in respect of substantial damage to the Retail Component (the "Retail Insurance Compensation Amount") in the Trust Account without applying the Retail Insurance Compensation Amount to the reconstruction or repair of the Retail Component. Notwithstanding the foregoing, the Retail Master Lessor shall, where substantial damage to Retail Component is covered by insurance maintained by the Retail Master Lessor and/or Kobe Excellence TMK, rebuild the Retail Component if so instructed by Kobe Excellence TMK in its capacity as the sole beneficiary under the Trust Agreement.

**Termination**

The Retail Master Lease Agreement may be terminated (i) by written agreement between the Retail Master Lessor and Retail Master Lessee or (ii) by the Retail Master Lessee if the Retail Master Lessor has sold any part of the Retail Component (excluding movables). Additionally, the Retail Master Lessee may at any time terminate by the Retail Master Lease Agreement by giving six months prior written notice of such termination to the Retail Master Lessor, provided that the Retail Master Lessee has a positive Net Operating Income\(^1\). For this purpose, “Net Operating Income” shall mean the resulting figure of the operating revenue of the Retail Component (comprising all revenues, receipts and income of every kind derived directly or indirectly from the operations of the Retail Component and attributable to the period under consideration, determined on an accrual basis, including but not limited to income) less the Retail Component Operating Expenses and the Retail Master Lessor Costs.

\[^1\] The retail component currently has a low occupancy rate, and the cashflows and performance of the retail component have yet to stabilise. In order to improve the occupancy rate and performance of the retail component, significant repositioning works need to be carried out in respect of the retail component and the REIT Manager is of the view that it is in the interests of the Stapled Securityholders for FH-REIT not to be exposed to the operational uncertainty of the retail component currently.

It is intended that the lessee assumes all the economic benefits and losses attributable to the retail component and for the lessee to reimburse FH-REIT for the costs suffered by FH-REIT arising from its legal ownership of the retail component, for as long as the Retail Master Lease Agreement is in place.

However, FH-REIT may wish to be entitled to the cashflows in respect of the retail component after the cashflows in respect of the retail component have stabilised and when the net operating income turns positive. Accordingly, pursuant to the terms of the EPTMK Share Purchase Agreement, upon termination of the Retail Master Lease Agreement, the REIT Trustee shall pay to Excellence Prosperity (Singapore) Pte. Ltd. a sum of a value to be mutually agreed between the parties and the value shall take into consideration the discounted cash-flow valuation of the underlying retail leases.

The appraised value of ANA Crowne Plaza Kobe by both Colliers and CBRE and, accordingly, the purchase consideration to be paid by FH-REIT, has excluded the retail component in light of the terms of the Retail Master Lease Agreement (under which the Retail Master Lessee assumes the economic benefits and losses attributable to the retail component).
**Effects of termination**

In the event of the termination of the Retail Master Lease Agreement (i) by the Retail Master Lessee if the Retail Master Lessor has sold any of the Retail Component (excluding movables) (ii) by the Retail Master Lessee (provided that the Retail Master Lessee has a positive Net Operating Income), the Retail Master Lessee will be entitled to:

(i) request the Retail Master Lessor to purchase, directly or indirectly, the furniture, fixtures and equipment in relation to the Retail Component that are owned by the Retail Master Lessee (the "Lessee’s FF&E")¹, and the purchase price for the Lessee’s FF&E shall be based on the fair value of the Lessee’s FF&E; and

(ii) request the Retail Master Lessor to assume all sub-lease agreements with sub-lessees in respect of the Retail Component (the "Lessee’s Sub-Leases") or to enter into new lease agreements with the sub-lessees, provided that the Retail Master Lessee shall procure that the sub-lessees terminate the existing sub-lease agreements and enter into new lease agreements with the Retail Master Lessor.

In the event the Retail Master Lessor does not purchase the Lessee’s FF&E and assume the Lessee’s Sub-Leases, the Retail Master Lessee may with the approval of the Retail Master Lessor, such approval not to be unreasonably delayed or withheld:

(i) sell the Lessee’s FF&E to any third party designated by the Retail Master Lessee (the “Designated Third Party”); and

(ii) provided that the Designated Third Party becomes the master lessee of the Retail Component (a) transfer Lessee’s Sub-Leases to the Designated Third Party or (b) request the Designated Third Party to enter into new lease agreements with the sub-lessees, provided that the Retail Master Lessee shall procure that the sub-lessees terminate the existing sub-lease agreements and enter into new lease agreements with the Designated Third Party.

**Obligation to restore the Retail Component to its original condition**

The Retail Master Lessee is obliged to restore the Retail Component to its original condition, fair wear and tear excepted, when it vacates them unless otherwise agreed by the Retail Master Lessor.

**HOTEL MASTER LEASE CORPORATE GUARANTEE**

The Corporate Guarantor will unconditionally and irrevocably guarantee to the ANA Crowne Plaza Kobe Trustee that the Hotel Master Lessee will punctually pay the rent and all other sums payable under the Hotel Master Lease Agreement and observe and perform the covenants, terms and conditions of the Hotel Master Lease Agreement.

Upon the default of the Hotel Master Lessee, the Corporate Guarantor will pay the rent and other sums payable under the Hotel Master Lease Agreement and/or as the case may be, perform or procure the performance of any of the covenants, terms or conditions of the Hotel Master Lease Agreement. The obligations of the Corporate Guarantor will cease six months after the Hotel Master Lessee yields up vacant possession of the Hotel Component in accordance with the terms of the Hotel Master Lease Agreement, on the expiry or termination of the term of the Hotel Master Lease Agreement.

¹ The Retail Master Lessee owns the Lessee’s FF&E as it will be responsible for capital expenditure in respect of the retail component.
The obligations of the Corporate Guarantor under the Corporate Guarantee for the Hotel Component commences on the commencement date of the Hotel Master Lease Agreement.

RETAIL MASTER LEASE CORPORATE GUARANTEE

TCC Land International Limited (the “Retail Corporate Guarantor”) will unconditionally and irrevocably guarantee to the ANA Crowne Plaza Kobe Trustee that the Retail Master Lessee will punctually pay the rent and all other sums payable under the Retail Master Lease Agreement and observe and perform the covenants, terms and conditions of the Retail Master Lease Agreement.

Upon the default of the Retail Master Lessee, the Retail Corporate Guarantor will pay the rent and other sums payable under the Retail Master Lease Agreement and/or as the case may be, perform or procure the performance of any of the covenants, terms or conditions of the Retail Master Lease Agreement. The obligations of the Retail Corporate Guarantor will cease six months after the Retail Master Lessee yields up vacant possession of the Retail Component in accordance with the terms of the Retail Master Lease Agreement, on the expiry or termination of the term of the Retail Master Lease Agreement.

The obligations of the Retail Corporate Guarantor under the Corporate Guarantee for the Retail Component commences on the commencement date of the Retail Master Lease Agreement.

ASSET MANAGEMENT AGREEMENT

On 1 July 2014, Kobe Excellence TMK and the Kobe Asset Manager will enter into an asset management agreement (“Asset Management Agreement”) pursuant to which the Kobe Asset Manager will be appointed to manage the properties held by Kobe Excellence TMK (through the ANA Crowne Plaza Kobe Trustee) (the “TMK Properties”), subject to the terms of the Asset Management Agreement.

Scope of services provided by Kobe Asset Manager

The scope of services delegated to the Kobe Asset Manager is as follows:

(a) improving the yield of the TMK Properties;

(b) devising, recommending, and supervising the implementation of policies and procedures designed to ensure the efficient and effective collection of all rents and other revenues, if any, with respect to the TMK Properties;

(c) advising and consulting with Kobe Excellence TMK regarding, and supervising the maintenance of, accurate records (“Records”) reflecting, among others, the status of property and withholding taxes (and assessments and other similar items that are or may become liens on the TMK Properties) and insurance premiums, real estate taxes and ground rents, if any, payable in respect of the TMK Properties;

(d) ensuring that the Records are properly organised, maintained and preserved as may be required and comply with all applicable rules and regulations;

(e) advising and consulting with Kobe Excellence TMK regarding, and supervising the insurance to be taken up in respect of the TMK Properties;

(f) advising and consulting with Kobe Excellence TMK regarding, and assisting its with the procurement and maintenance of any and all approvals, consents, licenses, permits or registrations required to be obtained and maintained by Kobe Excellence TMK pursuant to the Specified Bond Purchase Agreement dated 28 June, 2010 (as amended) (the “Bond Agreement”).
Purchase Agreement") between Kobe Excellence TMK as Specified Bond issuer and United Overseas Bank Limited, Tokyo Branch as Specified Bond purchaser (the “Specified Bond Purchaser”);

(g) advising regarding, recommending, and supervising the making and carrying out of all day-to-day decisions in connection with the management and operation of the TMK Properties;

(h) entering into and executing, or causing to be entered into or executed, such service contracts as the Kobe Asset Manager may reasonably deem necessary or advisable with respect to the TMK Properties, subject to approval from Kobe Excellence TMK and, if required under the Bond Purchase Agreement, the Specified Bond Purchaser;

(i) purchasing, or causing to be purchased, such supplies and operating equipment for the TMK Properties as set forth in the relevant TMK Properties Business Plan (as defined below) or as may be deemed reasonably advisable or necessary by the Kobe Asset Manager, subject to approval from Kobe Excellence TMK;

(j) advising regarding making or causing to be made such ordinary repairs and/or alterations to the TMK Properties as set forth in the relevant TMK Properties Business Plan or as may be deemed reasonably advisable or necessary by the Kobe Asset Manager, subject to approval from TMK;

(k) liaising with all related parties related to the ANA Crowne Plaza Kobe and advising for requirements related to ANA Crowne Plaza Kobe, the TMK Properties and the Retail Component as may be deemed reasonably advisable or necessary by the Kobe Asset Manager, subject to approval from Kobe Excellence TMK (provided that Kobe Asset Manager has no obligation to advise about ANA Crowne Plaza Kobe and/or TMK Properties);

(l) preparing and filing an application for the provisional registration of statutory preference over the TMK Properties in favour of the Bond Purchaser with the competent legal affairs bureau in Japan if and as required under the terms and conditions of the specified bonds;

(m) advising, recommending, implementing and supervising the making and enforcing of rules and regulations appropriate for the operation of the TMK Properties;

(n) subject to approval from Kobe Excellence TMK, engaging, or causing to be engaged, legal counsel on behalf of Kobe Excellence TMK to represent Kobe Excellence TMK as the Kobe Asset Manager may deem reasonably necessary or advisable with respect to enforcing Kobe Excellence TMK’s rights or defending Kobe Excellence TMK from liability arising in connection with the TMK Properties;

(o) causing to be executed, in the name of Kobe Excellence TMK but subject always to Kobe Excellence TMK’s approval, property tax assessments; income and expense reports; and all license applications and renewals required by national or local agencies;

(p) at Kobe Excellence TMK’s direction and with its approval, upon receipt of funds therefore from Kobe Excellence TMK, funding the operating accounts of Y.K. Toranomon Properties as master lessee and commercial property manager of the retail component of ANA Crowne Plaza Kobe to ensure timely payments;

(q) on behalf of Kobe Excellence TMK, incurring expenses for services provided by any professional service providers and for insurance premiums and incurring any other costs and expenses related to the TMK Properties as may be necessary from time-to-time, to be reimbursed in accordance with the Asset Management Agreement; and
(r) performing such other services incidental to the duties described in items (a) – (p) above;

(s) preparing an annual business plan (the “TMK Properties Business Plan”) and investment budget with respect to the TMK Properties; and

(t) providing an ongoing management/operational and financial reporting service by way of monthly, bi-annual and full year forecast and projection reports to Kobe Excellence TMK. The monthly reports must include matters on the operations, management and financial aspects of the TMK Properties.

Performance standards

The Kobe Asset Manager will perform its services under this agreement:

(a) using the level of business operations, practices, procedures, skill, care, and diligence at least equivalent to that customarily employed by prudent managers of assets substantially similar to the TMK Properties; and

(b) to a standard reasonably expected of an experienced and reputable asset manager providing services of the same nature in Japan with respect to assets substantially similar to the TMK Properties,

(collectively, the “Performance Standards”).

Term

The term of the Asset Management Agreement is one year from 1 July 2014.

Indemnification

Provided that the Kobe Asset Manager fulfills its obligations under the Asset Management Agreement and has not committed fraud, gross negligence, wilful misconduct or any act or omission outside the scope of or in breach of the Asset Management Agreement, Kobe Excellence TMK shall indemnify the Kobe Asset Manager against all losses, claims, damages or liabilities (including reasonable expenses and reasonable attorneys’ fees) to which the Kobe Asset Manager may become subject in connection with:

(a) any matter arising out of or in connection with Kobe Excellence TMK’s business; and

(b) any tax liability (including interest and penalties) imposed on Kobe Excellence TMK.

Kobe Asset Manager shall be liable to Kobe Excellence TMK for and shall, to the fullest extent permitted by law, indemnify Kobe Excellence TMK against all losses, claims, damages or liabilities (including reasonable expenses and reasonable attorneys’ fees) arising out of or in connection with the business or affairs of Kobe Excellence TMK that results from:

(a) Kobe Asset Manager’s failure to perform the services it provides under the Asset Management Agreement in accordance with the Performance Standards or the terms of the Asset Management Agreement;

(b) the Kobe Asset Manager’s fraud, gross negligence (or, to the extent required by law, negligence) or wilful misconduct; and

(c) any breach of the Asset Management Agreement by the Kobe Asset Manager.
Kobe Asset Manager’s compensation

The following is payable to Kobe Asset Manager:

(a) an annual management fee of JPY14,000,000 (exclusive of consumption tax);

(b) where the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition) occurs, Kobe Excellence TMK shall pay to the Kobe Asset Manager an additional fee (“Additional Fee”), which shall be determined at the time of the disposition based on consultation between the parties on good faith, for the additional services rendered by the Kobe Asset Manager for the disposition, provided that no disposition fee is payable to the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe as part of the Listing; and

(c) a brokerage services fee for brokerage services rendered by the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition), the amount of which shall be determined at the time of the disposition based on consultation between the parties on good faith, payable separately from the Additional Fee, upon the completion of the disposition through the brokerage services provided by the Kobe Asset Manager.

Termination

Additionally, Kobe Excellence TMK may terminate the agreement in the following circumstances:

(a) upon written notice to the Kobe Asset Manager if the Kobe Asset Manager defaults in the performance or observance of any material term, condition or covenant in the Asset Management Agreement and such default continues for a period of 14 days after written notice is given by Kobe Excellence TMK specifying the default unless the default is rectified; and

(b) the occurrence, in relation to the Kobe Asset Manager, of any of the following:

(i) the Kobe Asset Manager states that it is unable to pay its debts as and when they fall due or generally suspends payment of its debts;

(ii) an order is made for the winding up or dissolution of the Kobe Asset Manager or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the Kobe Asset Manager (other than for the purpose of amalgamation or reconstitution) without the consent of Kobe Excellence TMK or the Kobe Asset Manager suffers an insolvency-related event under the laws of any jurisdiction.

Confidentiality

The parties agree that:

(a) except where necessary for the performance of this agreement, neither party may directly or indirectly disclose to any person or use (other than for purposes of this agreement) the terms of this agreement or any information that any party may acquire under this agreement;

(b) they will comply with all applicable privacy and data protection laws; and

(c) the Kobe Asset Manager must have the appropriate security policy and standards to protect information in its control.
**Delegation of duties by the Kobe Asset Manager**

The Kobe Asset Manager may act through subcontractors, agents or attorneys provided that the Kobe Asset Manager shall be liable for the default of its obligations under the terms of the Asset Management Agreement caused by such subcontractors, agents or attorneys. Additionally, the Kobe Asset Manager may consult with independent counsel and independent public accountants to be selected with reasonable care. The Kobe Asset Manager is required to properly supervise any third party it engages to perform the Kobe Asset Manager’s duties under the Asset Management Agreement.

**AGREEMENTS RELATING TO THE WESTIN KUALA LUMPUR**

**SALE AND PURCHASE AGREEMENT**

The Malaysian SPV entered into a Sale and Purchase Agreement with JBB Hotels Sdn Bhd (the “Vendor”) for the acquisition of freehold land held under Lot 1368 Seksyen 67 in Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, together with The Westin Kuala Lumpur, the hotel, the plant, the services infrastructure and FF&E therein (the “Property”) at a purchase price of MYR455,000,000.00 (the “Purchase Consideration”).

Under the Sale and Purchase Agreement, it is provided, *inter alia*, that:

- the Purchase Consideration shall be satisfied through proceeds of issuance of MTNs pursuant to the MTN Programme;
- upon legal completion, the Malaysian SPV will satisfy the Purchase Consideration by paying the redemption sum to discharge the existing charge on the Property directly to the existing chargee and pay the difference between the purchase price and the redemption sum to the Vendor in accordance with the Sale and Purchase Agreement.
- upon legal completion, the Vendor shall deliver possession of The Westin Kuala Lumpur to the Malaysian SPV, and the Malaysian SPV shall on the same day grant a tenancy of The Westin Kuala Lumpur to the Vendor (as tenant);
- in the event that prior to the delivery of the Property to the Malaysian SPV there is material damage to the Property, the Malaysian SPV may elect to terminate the Sale and Purchase Agreement. In the event there is damage to the Property which is not material damage, the Vendor would be obliged to rectify the damage at its own cost and expense prior to legal completion or, if this is not possible, as soon as practicable after legal completion. The threshold for material damage is 20% of the total reinstatement cost of the Property at or around the time of the occurrence of the damage, as determined by a loss adjuster appointed by the Vendor;
- the completion of the sale and purchase of the Property to the Malaysian SPV is subject to and conditional upon, *inter alia* (i) the approval of the sale by the Vendor’s shareholders and directors¹, (ii) the approval of the sale by the Malaysian SPV’s directors¹ and (iii) the consent of the sale by the current hotel manager of The Westin Kuala Lumpur being obtained by, (iv) the waiver¹ from Digi Telecommunications Sdn Bhd (“Digi”) to exercise its rights under Clause 9.6 (*Option to Purchase*) of the tenancy agreement dated 2 July 2009 entered into between Digi and the Vendor, (v) all conditions precedent to, and the successful issuance of the MTNs being fulfilled by, and (vi) the listing of and commencement of trading of the Stapled Securities on the SGX-ST on, the Listing Date;

¹ These approvals and waivers have been obtained.
• if, at any time prior to legal completion, the Malaysia government acquires or gives notice of the compulsory acquisition or intended compulsory acquisition affecting the Property, the Malaysian SPV shall be entitled to rescind the sale and purchase.

• on completion, The Westin Kuala Lumpur will be let by the Malaysian SPV to the Vendor (as tenant).

In addition, under the Sale and Purchase Agreement, certain limited representations and warranties are made by the Vendor relating to the Property. Claims for breach of warranties are subject to an aggregate maximum limit, and must be made within 15 months after the legal completion of the sale and purchase. Save for the potential claim by the local authority of Kuala Lumpur, Dewan Bandaraya Kuala Lumpur against the Vendor for outstanding rentals of MYR558,100.00 from August 2010 to July 2013 arising from the Vendor’s use of a piece of land beside the Property for purposes of a sidewalk cafe, the maximum aggregate liability of the Vendor in respect of the claims shall not exceed MYR 455,000,000.00 and no liability shall arise in respect of any claim unless the amount of the claim solely or when aggregated with any other or previous claim or claims shall exceed a total sum of MYR 259,800.00. Where any notice of any claim or claims shall be given to the Vendor on or before the date falling 12 months after completion, such claim or claims shall be subject to a further threshold of MYR 1,299,300.00. After this initial 12 month period, the Malaysian SPV’s right to claim for any breach of warranty against the Vendor for the remaining 3 months of the claim period shall not be subject to the further threshold, so long as the claim exceeds MYR 259,800.00. If, prior to legal completion, it is found that there is a material breach of warranty by the Vendor and/or the Vendor fails to remedy the relevant breach within a certain time period (if such breach is capable of being remedied), the Sale and Purchase Agreement is to be rescinded forthwith and neither of the parties have any claims against the other save and except for any antecedent breach.

TCCL GUARANTEE IN RESPECT OF THE WESTIN KUALA LUMPUR

Under the TCCL Guarantee, TCCL unconditionally and irrevocably guarantees to the Malaysian SPV that the Vendor will pay all sums payable under the Sale and Purchase Agreement and will observe and perform the covenants, terms and conditions of the Sale and Purchase Agreement (on the part of the Vendor to be paid, observed and/or performed).

In the event of any default of the Vendor, TCCL will pay the sums payable under the Sale and Purchase Agreement and/or as the case may be, perform (or procure performance of) any of the covenants, terms or conditions of the Sale and Purchase Agreement.

TENANCY AGREEMENT

Under the Tenancy Agreement, the Malaysian SPV lets the freehold land held under Lot 1368 Seksyen 67 in Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, together with The Westin Kuala Lumpur, the hotel, the plant, the services infrastructure and FF&E therein (the “Property”) to JBB Hotels Sdn Bhd (the “Tenant”).

The term of the Tenancy Agreement is for 3 years with two options for the Tenant to renew the tenancy for a further 3 years each on the same terms and conditions, save for amendments which are required by or are consistent with the law and exclusion of any further option to renew after the second option to renew has been exercised.

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1 The REIT Manager is satisfied as to the financial strength of TCCL and its financial ability to stand behind the TCCL Guarantee.
Within 14 business days from the commencement date of the Tenancy Agreement, the Tenant is obliged to apply for approval of the relevant state authority on the conversion of the tenancy into a lease. Upon receipt of such approval, the Tenant shall forthwith notify the Malaysian SPV, and the Malaysian SPV or the servicer acting on behalf of the Malaysian SPV (the “Servicer”) convert the tenancy into a lease for 20 years with an option for the lessee to renew the lease for a further 20 years on the same terms and conditions as the Tenancy Agreement, save for amendments which are required by or are consistent with the law and exclusion of any further option to renew.

The Tenant is required to pay rent on a monthly basis, which rent shall comprise:

(a) a Fixed Rent of MYR14,800,000.00 per annum, monthly payment of which is payable in advance on the 1st day of each month; and

(b) a Variable Rent which is payable in arrears on 21st day of each month.

The Variable Rent for the Property in respect of a fiscal year is computed based on the sum of (i) 78.5% of the Property's gross operating profit for that fiscal year; and (ii) any unutilised balance in the FF&E reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Tenancy Agreement, less Fixed Rent for the relevant fiscal year, and if the calculation of the Variable Rent yields a negative figure, the Variable Rent will be deemed to be zero.

The quantum of the Variable Rent will be adjusted within 90 days after the end of each fiscal year based on the audited profit and loss statement for the Property for such fiscal year.

The monthly Fixed Rent for any period less than one month will be apportioned on a daily basis (based on the actual number of days in that month).

If the Property is damaged or destroyed, the Tenant is not liable to pay rent for the period that the Property cannot be used, and if part of the Property is still usable, the Tenant's liability to pay rent is adjusted such that:

- if the total reinstatement costs exceed 25.0% of the total reinstatement cost of the Property at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Malaysian SPV, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Tenant will pay a reduced rent equivalent to the sum of (a) NIL% of the Property's gross operating revenue, (b) 78.5% of the Property's gross operating profit applicable to the computation of the Variable Rent for such period, and where applicable, any unutilised balance in the FF&E Reserve which is not carried forward to the following fiscal year by mutual agreement of the parties to the Tenancy Agreement less an amount equivalent to half the Fixed Rent for such period and (c) an amount equivalent to half the Fixed Rent for such period;

- if the total reinstatement costs do not exceed 25.0% of the total reinstatement cost of the Property at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the Malaysian SPV, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Tenant will continue to pay the rent for such period for the Property, without any abatement of the Fixed Rent amount.

In the event the Property is damaged or destroyed, and the damage or destruction of the Property or part(s) thereof results in at least 50.0% of the total number of hotel rooms, being rendered unusable by the Tenant for purposes of the hotel business, or where total costs for the reinstatement of which exceed 50.0% of the total reinstatement cost of the Property at or around the time of occurrence of the damage, as determined by a loss adjuster appointed by the
Malaysian SPV, the Malaysian SPV or the Servicer may give the Tenant notice that the Malaysian
SPV considers it impracticable or undesirable to repair the damage or rebuild the Property
following which either the Malaysian SPV or the Tenant may terminate the Tenancy Agreement by
written notice to the other party, and no compensation is payable in respect of that termination. If
the damage or destruction does not satisfy the above threshold, the Malaysian SPV must use the
insurance proceeds which it receives to restore or reinstate (i) the Property to the condition of the
Property existing immediately prior to the occurrence of the damage or destruction as far as
practicable; and (ii) the FF&E, operating asset and inventories, to the extent possible with the
available insurance proceeds actually received by the Malaysian SPV.

The Tenant will provide a security deposit, by way of bank guarantee, of an amount equivalent to
eight months of the monthly Fixed Rent. The Malaysian SPV shall procure such bank guarantee
to be assigned to the trustee of the holders of the asset-backed medium term notes issued by the
Malaysian SPV pursuant to the asset-backed securitisation transaction (the "ABS Trustee"). In
addition to such security deposit, the Tenant shall procure the provision of a corporate guarantee,
for, amongst other things, the payment of rent, and such corporate guarantee shall be assigned
by the Malaysian SPV to the ABS Trustee.

The FF&E in the Property at the commencement date of the Tenancy Agreement will be the
property of the Malaysian SPV and the FF&E acquired or replaced by the Tenant during the term
of the Tenancy Agreement will be the property of the Tenant, subject to the condition that the title
to the FF&E items which are owned by the Tenant and still in use shall be transferred to the
Malaysian SPV at the end of the Tenancy Agreement for MYR1.00. For each fiscal year, the Tenant
is required to set aside in the FF&E reserve an amount equivalent to 4% of the Property’s gross
operating revenue for such fiscal year to be utilised in accordance with an annual FF&E plan
approved by the Malaysian SPV or the Servicer.

Any unutilised balance in the FF&E reserve at the end of a fiscal year must be carried forward and
made available in the next fiscal year but this shall not reduce the required contribution to the
FF&E reserve in the next fiscal year, provided that if the unutilised balance in the FF&E Reserve
is not carried forward to the following fiscal year by mutual agreement of the parties to the Tenancy
Agreement, the unutilised balance shall be deemed to form part of the Variable Rent.

The total expenditure by the Tenant in any fiscal year shall not exceed the unutilised balance in
the FF&E reserve. Any unutilised amounts standing to the credit of the FF&E reserve at the end
of the Tenancy Agreement shall be paid in cash by the Tenant to the Malaysian SPV.

On each terminating date of the Tenancy Agreement, the Tenant must offer to sell or otherwise
transfer to the Malaysian SPV or the hotel manager nominated by the Malaysian SPV or the
Servicer, all operating assets situated on the premises on the terminating date of the Tenancy
Agreement at a consideration not exceeding the net book value or, if the net book value is zero,
then at a consideration of RM1.00.

Save and except for the first fiscal year in respect of which the annual budget has been approved
prior to commencement of the term of the Tenancy Agreement, for each fiscal year comprised in
the term, the Tenant must submit to the Malaysian SPV or the Servicer for review and approval
by no later than 60 days prior to the commencement of the following fiscal year, an annual budget
for that fiscal year which includes, inter alia, a proposed capital budget for capital improvements.
In respect of such proposed capital budget, the Malaysian SPV is not obliged to undertake any
expenditure for capital improvements unless (i) such capital improvements are (a) required to
comply with any directive, order or requirement of any relevant government authorities or (b)
required to meet safety or health requirements relating to the Property, or (ii) in certain emergency
cases.
The Tenant is required, at all times during the term of the Tenancy Agreement, to cause the Property and the business to be operated and managed by a hotel manager under the terms of a hotel management agreement. The Tenant is not permitted to terminate or assign the hotel management agreement (save for an assignment to the ABS Trustee or a related company) or waive any of its rights under the hotel management agreement without the consent of the Malaysian SPV or the Servicer.

The Malaysian SPV will enter into a non-disturbance agreement with the Tenant and Starwood Asia Pacific Hotels & Resorts Pte. Ltd., the hotel manager, pursuant to which:

- the Malaysian SPV and the Tenant shall take all actions necessary to convert the Tenancy into a lease in accordance with the Tenancy Agreement;
- in the event of any termination of the Tenancy or Lease and/or sale of the Property during the term of the hotel management agreement, notwithstanding anything to the contrary in the Tenancy and/or the Lease, the Malaysian SPV agrees with the Hotel Manager that the Malaysian SPV shall procure that the Hotel Manager shall continue to supervise, direct and control the operation of the Property during the term of the hotel management agreement under the current management arrangement; and
- in the event of a sale or assignment of its interest in the Property, the Malaysian SPV shall ensure that its assignee (save for an assignee of a security interest) or successor in interest shall assume all rights and obligations of the Malaysian SPV under the non-disturbance agreement with effect from the date of sale or assignment (as the case may be).

The Tenant must, at its cost, repair and maintain the Property, the hotel, its services, services infrastructure and plant in good and substantial condition and repair and in working order required for the operation of the Property but the Tenant is not responsible for works which are in the nature of capital improvements. The Tenant must, at its cost, repair and replace all FF&E and operating asset required for the operations of the Property. The Malaysian SPV may in its absolute discretion fund any expenditure by the Tenant for the repair and replacement of the FF&E, but this shall not reduce the amount that the Tenant has to set aside in the FF&E reserve for the relevant fiscal year or any subsequent fiscal year(s).

All necessary licences and permits must be obtained and maintained by the Tenant at its cost. Where any licence or permit must, under law, be obtained by the Malaysian SPV (as the owner of the Property) instead, the Tenant must co-operate with and render all necessary assistance to the Malaysian SPV to facilitate the application for the relevant licence or permit by the Malaysian SPV. Such assistance includes but is not limited to, inter alia, the payment of all fees and charges in respect of such application.

The Tenant must, at its cost, take out and maintain public liability insurance policy, insurance relating to workers’ compensation and contract works insurance in respect of any works (save for capital improvements which the Malaysian SPV may elect to carry out on its own behalf) undertaken or carried out by the Tenant. The Malaysian SPV will take out and maintain, at its cost, a property insurance insuring the Property, the hotel, the services infrastructure, the plant and the contents of the Property, and business interruption policy for the respective rights and interests of the Malaysian SPV (as landlord), and the Tenant (as tenant). In relation to capital improvements which the Malaysian SPV may elect to carry out, the Malaysian SPV must take out and maintain contract works and contract works liability insurance in respect of such capital improvements. The Tenant is required to pay the insurance premium in respect of the business interruption policy attributable to the insurance coverage for the Tenant’s interests.
The Malaysian SPV may sell or assign its interest in the Property subject to the terms of the Tenancy Agreement. The Malaysian SPV may also sell or assign its interest in the Property at any time free and clear of the Tenancy Agreement and without the Malaysian SPV being liable for any claims, damages, compensations, costs and expenses for such termination provided (i) the Malaysian SPV gives 6 months’ written notice to the Tenant and (ii) in any sale or assignment of the Malaysian SPV’s interest in the Property free and clear of the Tenancy Agreement, the Malaysian SPV shall use reasonable endeavours to procure the purchaser’s or assignee’s agreement to have the sale or assignment subject (a) to the terms of the Tenancy Agreement and/or (b) the hotel manager’s agreement to continue with the hotel management agreement.

CORPORATE GUARANTEE

The Corporate Guarantor will unconditionally and irrevocably guarantee to the Malaysian SPV that the Tenant will punctually pay the rent and all other sums payable under the Tenancy Agreement and observe and perform the covenants, terms and conditions of the Tenancy Agreement.

In the event of any default of the Tenant, the Corporate Guarantor will pay the rent and other sums payable under the Tenancy Agreement and/or as the case may be, perform any of the covenants, terms or conditions of the Tenancy Agreement. The obligations of the Corporate Guarantor will cease six months after the Tenant yields up vacant possession of the Property in accordance with the terms of the relevant Tenancy Agreement, on the expiry or termination of the term.

ABS SERVICING AGREEMENT

The ABS Servicing Agreement is entered into by Frasers Hospitality Asset Management Pte. Ltd. (formerly known as FCL Pearl Pte. Ltd.) as the servicer (the “Servicer”), Malaysian Trustees Berhad (“Bond Trustee”) and the Malaysian SPV.

Under the terms of the ABS Servicing Agreement, the Servicer is to assume, inter alia, the following functions:

(a) To maintain and manage the Property in accordance with the regulations and laws binding the Malaysian SPV and the Property;

(b) To collect all payments and interest on overdue payment, other income generated directly or indirectly from the Property and pay the same to and for the account of the Malaysian SPV;

(c) As project manager to plan and implement asset enhancement plans (if any or as and when required);

(d) To implement strategies and policies on behalf of the Malaysian SPV by doing all acts necessary or prudent including but not limited to maximizing the revenue arising from the Property;

(e) Take up and maintain the necessary insurances over the Property on behalf of the Malaysian SPV, promptly notify of any event which will or may give rise to any claim or right of action under the insurances and to cause the name of the security trustee appointed under the MTN Programme to be endorsed on such insurance policy as the loss payee and beneficiary;

(f) Operate (including but not limitation ensuring that all payments are made into and out of) the operating account in accordance with the terms and conditions of the transaction documents relating to the MTN Programme;
(g) Prepare a detailed budget on a periodic basis for the purposes of the Bond Trustee’s approval setting out the estimated operating and capital expenditure and estimated receipts of, derived from or accruing to the Property; and

(h) Prepare and deliver to the Bond Trustee the servicer report containing certain information on the Property and such other information on each servicer report on a periodic basis.

The Servicer shall receive a remuneration of MYR360,000.00 per annum for provision of the services in the ABS Servicing Agreement.
OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN AUSTRALIA, THE UNITED KINGDOM, JAPAN AND MALAYSIA

RELEVANT LAWS AND REGULATIONS IN AUSTRALIA

General

The laws of Australia have their source in both government legislation and regulation (at the Commonwealth, state and local government levels) and the general law developed by the courts, as follows:

- **Commonwealth/Federal**: The Commonwealth Government has power derived from the federal Constitution to legislate in relation to specific areas including corporations, trade and commerce, taxation, banking and foreign investment. For example, the Corporations Act is the legislation that governs managed investment schemes, financial services licensing and foreign company registration.

- **State and Territory**: Subject to Commonwealth laws, the states and territories make laws which apply to their own jurisdiction. It is the state-based legislation that covers many general property matters, including land title and environmental matters.

- **Local Government**: Local governments (or councils) provide governance for communities at a more local level, including on environmental aspects, permitted uses of land and building approvals. There are usually many local government areas and bodies within a capital city of each state and territory.

- **Courts**: Legislation is supported by case law (known as common law) which is developed through decisions of the courts. The system of binding precedent requires the courts to consider the precedent established in earlier cases, and in this way Australian real property law is progressively developed and adapted.

System of Land Holding in Australia

**Registered Land**

Australia operates a system of land registration known as the Torrens system. Under this system, legal title to property is perfected by the act of registration. This means that on a sale of Torrens system land, the buyer obtains legal title on registration of the transfer, rather than on execution of the instrument of transfer. Most, but not all, of the land in Australia is Torrens system land.

Each state or territory maintains a property registry, which is a state government-run public repository of information on property tenure. Although the rules, requirements and forms differ across the jurisdictions, the register contains title information and details of registered interests affecting Torrens system land. Examples of registered interests include easements, restrictive covenants, mortgages and leases.

Title to Torrens system land is recorded on a certificate of title which is issued by and kept at the registry. A duplicate certificate of title is issued to the registered owner in most states and territories.

In Australia, the Torrens system is underpinned by a principle known as “indefeasibility”. Registration of title provides indefeasibility i.e. once a transfer or grant of title to the land is registered, then as a general rule, the title cannot be defeated by other unregistered interests. This means that on registration, the registered owner of the land acquires its interest subject to earlier registered interests but free from all unregistered interests (even if the acquirer knew about
those unregistered interests), other than a number of statutory and equitable exceptions. The exact scope of these exceptions varies between the various states and territories, but generally includes fraud, short-term leases, easements, misdescription of boundaries and, sometimes, adverse possession.

Legislation in most states and territories provides for compensation to be payable to persons who suffer loss as a result of the operation of the system, for instance where fraud occurs or there is an error or omission in the registry.

In practical terms, the effect of indefeasibility of title is that a buyer of property in Australia can generally rely on the certificate of title as evidence of title. Time and expense do not need to be incurred in investigating title beyond the register, other than in respect of the specific exceptions and which are not always of themselves possible to investigate. Title insurance is generally not obtained as part of property acquisitions in Australia, where the subject property is Torrens system land.

Unregistered Land

Not all land in Australia is registered and so the Torrens system of title by registration does not always apply. The two main types of unregistered land are:

- unalienated Crown land (that is, land owned by the Commonwealth, a state or a territory that has not previously been the subject of a grant of title); and
- land falling under the old pre-registration system (known as “general law” land).

If land of either type is the subject of an investment, additional due diligence is undertaken as there is no registered title to rely on.

Regulation of Foreign Investment in Australia

Australia’s foreign investment regime consists principally of the FATA and the Policy. The Australian Treasurer administers the FATA and the Policy with the advice and assistance of the FIRB.

Generally, FIRB Clearance is required for:

(a) the acquisition of a Substantial Interest in a corporation or trust estate that has gross Australian assets valued above the relevant threshold; and

(b) the acquisition of an interest in Australian Urban Land (including an unit in an AULTE),

unless an exemption applies.

There are specific circumstances where foreign investors can purchase Australian Urban Land that is residential property in Australia, but outside these circumstances those purchases are prohibited. Investments in non-residential property are treated less sensitively under the foreign investment regime, but will in many cases require FIRB Clearance.

The Australian Treasurer has powers under the FATA to make adverse orders, including prohibition of a proposal, ordering disposal of an interest acquired or imposing conditions on a proposed transaction, in respect of a relevant acquisition if he or she considers it to be contrary to Australia’s national interest. The issue of a FIRB Clearance removes the risk of the exercise of the Australian Treasurer’s powers. The obligation to notify and obtain FIRB Clearance is upon the acquirer of the interest.
The failure to obtain FIRB clearance may be an offence under Australian law.

**Types of Transactions requiring FIRB Clearance**

FIRB Clearance is required under the FATA for the acquisition of:

- a Substantial Interest in an Australian corporation or trust estate with gross Australian assets valued above the relevant threshold (as at the date of this Prospectus, the relevant threshold is AUD248.0 million);

- the acquisition of an interest in Australian Urban Land that is developed commercial real estate and valued above the relevant threshold (as at the date of this Prospectus, the relevant threshold is AUD54.0 million for non-heritage listed property and AUD5.0 million for heritage listed property); and

- the acquisition of an interest in an Australian Urban Land Corporation or AULTE, regardless of value.

FIRB Clearance is required under the Policy for the acquisition of:

- any land in Australia by a Foreign Government Investor;

- any Direct Investment by a Foreign Government Investor; and

- a Substantial Interest in an offshore company whose Australian subsidiaries or gross assets are valued above the relevant threshold (as at the date of this Prospectus, the relevant threshold is AUD248.0 million).

FIRB Clearance is also able to be sought on a voluntary basis under the FATA if, assuming FHT is controlled by foreign persons, there is a change to the foreign persons who hold an interest in FHT and the value of the gross Australian assets held by FHT exceeds the relevant threshold (as at the date of this Prospectus, the relevant threshold is AUD248.0 million). Although there is no obligation to notify the Treasurer and seek FIRB Clearance in such instance, the Treasurer may make adverse orders under FATA if he or she considers a particular transaction to be “contrary to the national interest”.

**Persons Who May Be Required to Make a Notification**

Under Australia’s foreign investment regime, it is the responsibility of any person (including, without limitation, nominees and trustees) who is:

- a natural person not ordinarily resident in Australia;

- a corporation in which a natural person not ordinarily resident in Australia (“Non-Australian Resident”), or a corporation incorporated outside of Australia (“Non-Australian Corporation”), holds direct or indirect, actual or potential, voting power of 15.0% or more;

- a corporation in which two or more persons, each of whom is either a Non-Australian Resident or a Non-Australian Corporation, hold direct or indirect, actual or potential, voting power in aggregate of 40.0% or more;

- a trustee of a trust estate in which a Non-Australian Resident or Non-Australian Corporation holds 15.0% or more of the corpus or income of the trust estate;
• a trustee of a trust estate in which two or more persons, each of whom is either a Non-Australian Resident or a Non-Australian Corporation, hold in aggregate 40.0% or more of the corpus or income of the trust estate; or

• a Foreign Government Investor,

to ascertain if they may be required to notify the Australian Treasurer of their investment.

**Who is a Foreign Government Investor?**

A Foreign Government Investor is:

• a foreign government, their agency or related entity (for example, state-owned enterprises and sovereign wealth funds) ("Foreign Government");

• a corporation in which a Foreign Government has an interest (direct or indirect) of 15.0% or more;

• a corporation in which two or more Foreign Governments have an aggregate interest (direct or indirect) of 40.0% or more; or

• an entity that is otherwise controlled by a Foreign Government.

**What is a Direct Investment?**

A ‘direct investment’ is an investment by a Foreign Government Investor that provides an element of influence or control over the target.

Any investment of an interest of 10% or more is considered to be a direct investment. Investments that involve interests below 10% may also be considered direct investments if the acquiring Foreign Government Investor is building a strategic stake in the target, or can use that investment to influence or control the target. In particular, an investment of less than 10% which includes any of the following is considered to be a direct investment:

• preferential, special or veto voting rights;

• the ability to appoint directors or asset managers;

• contractual agreements including, but not restricted to, agreements for loans, provision of services and off take agreements; or

• building or maintaining a strategic or long-term relationship with a target entity.

Retaining an interest of 10 per cent or more following the enforcement of a security interest is also considered a direct investment.

**What is a Substantial Interest?**

The acquisition of a “Substantial Interest” is the acquisition of:

• control of 15% or more of the actual or potential voting power or issued shares in a target by a single foreign person (together with associates); or

• control of 40% or more of the actual or potential voting power or issued shares in a target by more than one foreign person (together with associates).
What Constitutes an Acquisition of an Interest in Australian Urban Land?

“Australian Urban Land” is broadly defined (in essence, all land not used for primary production purposes) and covers more land than its natural meaning might otherwise suggest.

What Acquisitions of an Interest in Australian Urban Land Will Require Prior Notification to and Clearance by FIRB?

The FATA defines an interest in Australian Urban Land to include:

- a legal or equitable interest in Australian Urban Land, other than an interest under a lease or licence or in a unit in a unit trust estate;

- an interest in a share in a company that owns Australian Urban Land, being a share that entitles the holder to a right to occupy a dwelling of a kind known as a flat or home unit situated on the land;

- an interest as lessee or licensee in a lease or licence giving rights to occupy Australian Urban Land where the term of the lease or licence (including any extension) is reasonably likely, at the time the interest is acquired, to exceed five years;

- an interest in an arrangement involving the sharing of profits or income from the use of, or dealings in, Australian Urban Land;

- an interest in a share in an Australian Urban Land corporation;

- an interest in a unit in an Australian Urban Land trust estate; or

- if the trustee of an Australian Urban Land trust estate is a corporation – an interest in a share in that corporation.

What Exemptions Apply?

An acquisition of developed commercial real estate by a private foreign person does not require FIRB Clearance if:

- it is valued at less than AUD54.0 million (indexed annually), for properties that are not heritage listed; and

- it is valued at less than AUD5.0 million (not indexed), for properties that are heritage listed.

In August 2013, an administrative exemption for certain ‘passive investments’ by foreign persons (other than Foreign Government Investors) in an AULTE was announced under the previous Australian Government. Relevantly, the exemption was to apply to acquisitions of interests of less than 10% in a listed trust that was an AULTE with predominantly non-residential properties.

The administrative exemption does not have the force of law and was intended to apply for an interim period only, pending public consultation and clarification of the Australian Government’s position. However, there was a subsequent change of Government in Australia in September 2013, and the current Australian Government has not announced its policy position either way in respect of the exemption.
Nonetheless, FHT understands that the administrative exemption remains operative at this point in time on the basis that the administrative exemption remains published on FIRB's website and no announcement has been made that it has been revoked. However, there is no definitive clarity at this point as to the continued availability or terms of any such exemption in the future.

There are some other exemptions that may also apply depending on the circumstances.

**What is an AULTE?**

An Australian Urban Land trust estate is a unit trust estate and the value of so much of its total assets as consists of interests in Australian urban land exceeds 50.0% of the value of its total assets.

An AULTE is not necessarily a trust formed in Australia. It may be formed anywhere. It is the composition of the assets of the trust that will make it an AULTE for the purposes of the Australian foreign investment regime.

The acquisition of a single unit in an AULTE is notifiable under the FATA unless an exemption applies. If the Australian Treasurer considers the acquisition of an interest in AULTE as contrary to the national interest, the FATA provides power to the Australian Treasurer to make adverse orders in respect to the acquisition.

**What Notification is Required for an Acquisition of an Interest in Australian Urban Land?**

An application is made by a foreign person to the Australian Treasurer through the FIRB using the prescribed forms.

Under FATA, the Australian Treasurer has a period of 40 days in which to make a decision on an application and to notify the applicant of the decision made. This period may be extended for a further period of up to 90 days if the Australian Treasurer is of the view additional time is required. The time period does not apply to Foreign Government Investors or other applications made under the policy.

**What Notification is Required for an Acquisition of an Interest in a corporation with Australian assets?**

Different rules and thresholds apply to acquisitions of interests in corporations with Australian assets that are not Australian Urban Land Corporations or AULTEs. Any acquisition of a Substantial Interest in a corporation with gross Australian assets valued at more than the relevant threshold amount requires FIRB Clearance. The current monetary threshold is AUD248.0 million.

Direct Investments by Foreign Government Investors are required to be notified to FIRB regardless of value.

There are circumstances in which a foreign person is not required to seek FIRB Clearance before acquiring Stapled Securities in FHT, but where the Australian Treasurer may make adverse orders under the FATA if he or she considers a particular transaction to be “contrary to the national interest”. FHT recommends that individual investors seek their own advice on this matter, including whether to seek FIRB Clearance on a voluntary basis under the FATA from the Australian Treasurer prior to acquiring any Stapled Securities in FHT.
Leases/Tenancies in Australia

Lease terms in Australia are subject to market practice, and there are also terms implied by legislation and common law. In particular, there is a large body of retail tenancy legislation which has been developed to protect retail tenants, especially smaller specialty tenants. Generally the parties cannot contract out of these provisions.

The leasing practice differs in the various states and territories in relation to registration. Generally speaking, short term leases to tenants in possession do not need to be registered to grant an indefeasible leasehold title. In all jurisdictions except Victoria and South Australia (where it is one year or less), a short term lease means a lease of three years or less.

In all jurisdictions (except Victoria), registration of a lease (other than a short term lease) is required to give indefeasible leasehold title. The exception is Victoria where a lease to a tenant who is in possession grants an indefeasible leasehold title regardless of the term. As a result, leases are rarely registered in Victoria.

Compulsory Acquisition

The Lands Acquisition Act 1989 of Australia provides specific powers to the Australian Commonwealth Government to acquire interests in land and also provides a regime designed to protect an owner’s interests when the Australian Commonwealth Government wants to acquire the owner’s interest in land. Similar state and territory based regimes apply in respect of compulsory acquisitions of interests in land by state and territory governments.

For compulsory acquisitions of property in Australia, the amount of compensation to which a person is entitled is such amount as, having regard to all relevant matters, will compensate the person for the acquisition. In assessing the amount of compensation, regard is had to matters, including but not limited to:

- the market value of the land;
- any financial advantage, additional to market value, to the person incidental to the person’s ownership of the interest;
- any loss, injury, damage or reasonable expense incurred as a direct result of the acquisition; and
- reasonable legal or professional costs.

Liquor Licensing

State-based liquor licensing legislation requires that premises where liquor is sold to the public or to guests must be licensed. Licences may be held by a corporation or an individual, but in all cases the relevant individual or the ultimate controllers of the licensed corporation must be shown to be fit and proper persons to the satisfaction of the state liquor licensing regulators. Liquor licences control the areas where liquor can be served, to whom and at what times, and usually contain detailed operational conditions. Breaches of liquor licensing laws can result in a loss of a licence and can be a serious offence.
Planning Regulation

Planning Controls

Control of land use is heavily regulated through statutory planning instruments. Each state and territory has its own system of zoning land which designates permissible and prohibited uses. The planning instruments are extensive, covering not only permissible land uses but also design limitations, height controls, impacts on native vegetation, impact of other natural hazards and heritage, among other matters.

Planning Approvals

Under the various state planning instruments, many land uses and developments will need to obtain planning approvals. Approvals are most often granted by the local council, and for some larger projects approvals can be granted by the state government. The planning approvals can be very detailed and include conditions governing the built form, hours of operations, amenity impacts and payment of development contributions to the authorities. Without the relevant planning approval, there is a risk that the use of land may not be permitted to continue, or building works may need to be rectified or demolished. Planning controls or conditions may also limit future development of the Properties.

Any proposed new development will be required to undergo an assessment process under the planning and/or environmental legislation of the relevant state. There are generally appeal rights to state courts in relation to decisions arising out of the assessment process. Obtaining approvals can take some time, although there is sometimes a streamlined process available for major projects.

Environmental Regulation

Commonwealth Requirements

The main Commonwealth environmental legislation is the Environmental Protection and Biodiversity Conservation Act 1999 which regulates actions that have or are likely to have a significant impact on one of the following: world heritage properties; national heritage places; wetlands of international importance; listed threatened species and ecological communities; migratory species protected under international agreements; Commonwealth marine areas; the Great Barrier Reef marine park; nuclear actions including uranium mines; and actions that will affect the land owned by the Commonwealth.

In these cases, additional approval is required from the Australian Government. Carrying out such activities without a required approval is a serious offence.

However, the majority of environmental regulation in Australia is carried out at the level of the state government, as set out below.

Environmental Licences

State-based environmental protection legislation requires that specified activities that have adverse environmental impact will require a licence. Licensing is most often related to management of waste and industrial-type premises but can include other premises which are deemed to have an impact on the environment. These licences will govern many aspects of environmental regulation at a site and generally require annual fees, on-going monitoring of emissions and annual reporting.
Offences

Under the state environmental protection legislation, it is an offence to pollute air, water, or land without a licence. Most of these offences are strict liability, meaning that there are very limited defences.

Pollution incidents are often prosecuted by the Environment Protection Authority (the “EPA”) resulting in fines and restitution orders, and more rarely imprisonment.

Contamination

Certain levels of soil and groundwater contamination may require notification to the EPA. Each state’s EPA can also order clean-up of contaminated sites. Typically, the EPA will order the current owner of a site to carry out clean up. That owner may then seek to bring court proceedings to recover the clean-up costs against the original polluter, assuming the original polluter can be found. Clean-up of contaminated sites and groundwater can run into millions of dollars. A polluter will always remain responsible for its contamination, including any contamination that the person or company had caused on sites it has now vacated or sold.

Native Title

Existence of Native Title Rights

In Australia, the rights and interests of indigenous inhabitants in their traditional land, in accordance with their own laws and customs, are protected at common law and under legislation. These rights are referred to as “native title”.

To date, there have only been a small number of native title claims that have been determined by the Federal Court to hold native title, however there are a large number of native title claims that have been registered by the National Native Title Tribunal and attract native title procedural rights.

Extinguishment of Native Title Rights

Native title is extinguished if an inconsistent grant of an interest in the land to people other than the native title holders was granted prior to 23 December 1996. Such grants include the grant of freehold land and most forms of leases. It is also possible for native title to be extinguished in the same manner after 23 December 1996 if the procedures in the Native Title Act are followed. It is relatively unusual for native title to be an issue on city-centre sites.

Heritage

There is legislative protection of items of Australian heritage. Where real estate is listed on a heritage register or otherwise affected, restrictions may be placed on any development which would affect the heritage items.

Specific indigenous heritage legislation exists to protect sites and objects of significance to indigenous people. Indigenous heritage sites may exist on land that is not the subject of native title. Consent of the relevant Minister may be required if use of the land may disturb or destroy Aboriginal sites. The Commonwealth legislation provides for emergency (and permanent) declarations in the event that state legislation fails to protect a significant Aboriginal site.
Regulation of Managed Investment Schemes

An MIS is a type of trust where people contribute money or its equivalent to acquire an interest in the trust. The contributions are pooled together or used in a common enterprise to produce benefits for the members of the trust in circumstances where the investors do not have day to day control over the operation of the trust. The trustee operates the trust although it may delegate its functions including the powers of management of the trust to a manager. Certain MIS have to be registered with the ASIC. Registered MIS are subject to supervision by ASIC and are required to comply with heightened governance requirements.

MIT Australia is not intended to be, or become, a registered MIS. The trustee of MIT Australia will be an independent public company and as such its directors have the same duties as the directors of any other company, including a duty to prevent the trustee from trading while insolvent. See “Regulation of Companies” below for a discussion of the regulation of companies.

MIT Australia must be operated in accordance with its trust deed (the constitutive document as amended from time to time), the general law applicable to trusts and statutory obligations on the trustee (including under its Australian financial services licence (if applicable)) and its directors. See “Regulation of Companies” below in relation to duties of directors.

Investors in an MIS have no day-to-day control over the operation of the MIS, that control being exercised by the trustee or its delegate. However, the investors may call meetings of MIS members, including to change the trustee or to direct that the MIS be wound up. Where the trustee delegates performance of its, or some of its, functions and powers to a manager, the delegation will usually be contained in a written investment management agreement. This agreement will specify the terms of appointment, including the powers to be performed by the manager and any discretions, the trustee’s reserved powers (if any) to direct the manager’s performance, the duration, and the manager’s right to be paid fees and to be indemnified by the trustee from the property of the trust.

The right of the trustee to be paid remuneration out of the property of an MIS is limited to the extent it is specified in the trust deed of the trust. The right of the trustee to be indemnified out of the property of an MIS is also limited to the extent it is specified in the trust deed of the trust and the general law.

Regulation of Companies

Ordinarily, companies trade with limited liability. However, a company’s directors and any holding company may be liable for debts incurred at a time when the company is insolvent and there are reasonable grounds for suspecting it is insolvent or would become insolvent. Further, in certain circumstances, a company director may also be liable for any outstanding tax-related liabilities of the company.

Companies are subject to a large range of corporate governance requirements and guidelines in Australia and in the case of unlisted proprietary companies, they primarily arise from the Corporations Act. The ASIC is responsible for overseeing the operation of and compliance with this law.

A proprietary company must have at least one director who is ordinarily resident in Australia and it must have a registered office in Australia.

The directors of a company may delegate any of their powers to another director, a committee of directors, an employee of the company, or any other person.
Directors’ duties in Australia are prescribed by legislation, in particular the Corporations Act, and an extensive body of case law (common law). As fiduciaries, directors owe stringent duties:

- to act honestly;
- to exercise due care and diligence;
- to act in good faith in the best interests of the company and for a proper purpose;
- not to improperly use their position or company information; and
- to disclose their material personal interests and avoid conflicts of interest.

Directors have duties regarding financial and other reporting and disclosure and can be liable under various laws including for breaches of fund raising, anti-money laundering, environmental, trade practices, privacy, and occupational health and safety laws. If the company they manage is in financial distress, there are additional duties and issues which the directors must address with particular care and consideration.

All companies are required to prepare annual accounts and large proprietary companies (being those who satisfy at least two of the following criteria: consolidated revenue for the financial year of AUD25.0 million or more; consolidated gross assets of AUD12.5 million or more; the company and its controlled entities have 50 or more employees) must have their annual accounts audited.

**RELEVANT LAWS AND REGULATIONS IN ENGLAND, WALES AND SCOTLAND**

**General**

The laws of England and Wales derive from statute, common law (largely binding precedent normally only overruled by a higher Court) and where applicable the application of EU directives and European Court precedent. We have set out a non-exhaustive and general summary below where more relevant. The laws of Scotland have a similar derivation and are closely aligned with those of England and Wales, but contain some important differences in property law which are also set out in a similar manner.

**System of Land Holding in the United Kingdom**

The United Kingdom has a system of registration of the ownership of title (both freehold and leaseholds other than leaseholds for less than 7 years) as well as certain other real property-related rights, restrictions and covenants. It also provides for registration of security taken over land interests. A registered title is guaranteed. If a buyer suffers a loss because of a mistake or an omission from the register, they may be able to get government backed compensation. Title is based on the registration on the records at Land Registry (Land Register of Scotland in Scotland) and not on any certificate issued by the registry.

While the legal ownership of a lease is perfected through the registration, the beneficial ownership takes effect immediately on completion. In accordance with good practice, a solicitor representing a tenant taking a lease will lodge a priority search to protect the interests of the tenant pending completion of formal registration.

**Regulation of Foreign Investment in Property**

There are no restrictions on the acquisition or disposal of land in the United Kingdom by overseas individuals or companies.
Leases of Property in England, Wales and Scotland

Parties are free to agree terms but there are legislative requirements (including registration at the Land Registry for leases of more than 7 years (20 years in Scotland) and formalities including the requirement for a particulars section at the front of the lease (no particulars requirement in Scotland)). Certain legislation imposes terms on the parties or restricts the extent to which certain statutory provisions can be contracted out.

Security of Tenure

The Landlord and Tenant Act 1954 (as amended) gives most occupiers of business tenancies a right to remain in occupation and to be granted a new lease on the expiry of their contractual term. There are grounds on which a landlord can seek possession based including, redevelopment, the fact that the landlord wants the premises for its own use or a history of breach of the terms of the lease. In certain circumstances compensation is payable where these grounds are used. It is possible to contract out of the security of tenure provisions. Provision has been made for the Master Lease Agreement to be contracted out so that if the Lessor in that document exercises its right to terminate the lease (subject to making the contractual payment where triggered) the Lessee will not have an automatic right to a new lease or to remain in possession.

The Landlord and Tenant Act does not apply in Scotland and therefore broadly, the terms of the lease set out the whole rights and obligations of the parties, including that the lease ends on the date specified within the document. However, the landlord must serve a significantly advanced notice, failing which, the lease continues on a year to year basis.

Statutory Intervention in Lease Terms

Various statutes impose terms in commercial leases. These include a release of a tenant on assignment. It is noted that the Master Lease Agreement is to prohibit assignment and where this is the case the legislation does not override this. Where consent is required and subject to conditions statute imposes reasonableness requirements and prevents the landlord delaying its response.

In Scotland, there is no automatic release of outgoing tenants on assignment (called ‘assignation’ there) although release is frequently given by landlords in practice. There is no requirement for reasonableness, but it is generally set out as an obligation on the landlord and likewise if the lease is silent on assignment, the tenant is entitled to assign. There is no right to assign in the Master Lease Agreement except to a ‘Related Company’ (as defined in it).

There are rights for the lessee to apply for relief where a lease entitles the lessor to terminate the term for breach. This would normally result in the Court allowing the lessee additional time to remedy the breach. There are restrictions on the level of damages that can be claimed for breach of a repairing covenant based on the actual damage to the lessor’s interest and termination would not normally be allowed for disrepair where the nature of the disrepair was not urgent or causing damage to the Landlord’s interest. As the end of the lease approaches it is more likely disrepair would damage the Landlord’s interest.

In Scotland there are no such controls although the landlord must follow strict notice requirements and give the tenant a minimum of 14 days to remedy monetary breaches and a reasonable period to remedy non-monetary breaches before they may terminate the lease. Although no breach is strictly exempted from the right to terminate, there is a statutory provision that termination cannot be used as a landlord remedy ‘if in all the circumstances of the case a fair and reasonable landlord would not seek so to rely’. Damages for disrepair are not restricted to ‘diminution in value’ – the whole proper and reasonable cost of making the repairs can be sought.
Planning and Land Use Controls

Development, material alterations and change of use are subject to extensive controls. A failure to comply may result in enforcement notices preventing the continuing works or changed use, fines and potentially a requirement to demolish or undo works. Where an application for consent is required charges are made in connection with the application, the supporting documentation and reports required can be extensive and the Planning Authority may be entitled to impose obligations to make contributions or to carry out work to mitigate the impact of the development. Community Infrastructure Levy may be payable (a payment towards local infrastructure costs). The term ‘Community Infrastructure Levy’ is not used in Scotland, but a similar contribution may be sought by the planning authority.

Planning consents granted in relation to works or a change of use pre-dating the acquisition will govern the use of the properties and a breach of the conditions can result in enforcement action resulting in the closure of a business.

Compulsory Purchases by Government Departments or Local Authorities

Any property in the United Kingdom may at any time be compulsorily acquired by a government department or a local authority, in connection with proposed redevelopment or infrastructure projects.

In the event of a compulsory purchase order being made in respect of a Property, compensation would be payable on the basis of the value of all owners’ and tenants’ proprietary interests in that Property at the time of the related purchase, as determined by reference to a statutory compensation code. In the case of an acquisition of the whole of that Property, the relevant freehold, heritable or long leasehold estate and any lease would both be acquired.

If the amount received from the proceeds of purchase of the relevant freehold, heritable or long leasehold estate are inadequate to cover the loss of cash flow from such Property, the business and operations of FH-REIT in relation to such Property may be adversely affected.

There may be a delay between the compulsory purchase of a property and the payment of compensation, the length of which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the open market value. Should such a delay occur in the case of any Property, then, unless FH-REIT’s cash flow position may be negatively affected.

Environmental Considerations

Environmental legislation primarily imposes liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. An owner or occupier of contaminated land could become liable as a “knowing permitter” if they become aware of significant pollution, have the necessary degree of control over operations on the land to prevent such contamination and fail to take any action to prevent it. This legislation places liability for clean-up costs on the owner or occupier of contaminated land where no person can be found who has caused or knowingly permitted the presence of the substances which have led to the pollution.

The term “owner” means a person (other than a mortgagee or (in Scotland) heritable creditor not in possession) who, whether in his own right or as trustee for any other person, is entitled to receive the rack rent from the land or, where the land is not let at a rack rent, would be so entitled if it were so let. Thus, if land which falls within the title to any of the Properties and the freehold or heritable title (or, in the case of long leaseholds for a rent which is less than rack rent, such long
leasehold title) is contaminated, then, where the person who caused or knowingly permitted such contamination to occur cannot be found, FH-REIT as “owner” might be liable for the costs of cleaning up such contamination.

A polluter or owner/occupier of contaminated land can also be liable to third parties for harm caused to them or their property as a result of the contamination.

Fire Regulations and Environmental Health and Health and Safety and Disability Discrimination

The relevant regulations require frequent inspections which may lead to requirements or recommendations being issued. A failure to comply could result in a business being carried on at a property being closed down with resulting loss of profit and potential breach of contract claims. Costs of undertaking required works to meet updated regulations may be significant.

There are extensive requirements to meet standard in relation to the safety of employees and customers and in particular relating to the preparation and storage of food.

There are requirements to make premises and services accessible to disabled visitors and customers which can involve an obligation to undertake works.

Local Property Taxes

Business Rates will be payable by the occupier carrying on the business. The Master Lease Agreement imposes the payment obligation on the lessee.

National Property Taxes

Stamp Duty Land Tax (SDLT) is payable on land transactions. From April 2015, SDLT will cease to apply to transactions involving land in Scotland and will be replaced by the Land and Buildings Transaction Tax (LBTT). LBTT is the first Scottish tax, and the Scottish Government will have control over the tax base as well as the rates. The LBTT Act was enacted in summer 2013, although the rates were not included in it and may not be announced until September 2014.

Employment Legislation

Employees benefit from protection from unfair dismissal and discrimination in treatment in relation to their selection and on going employment. There are controls on the manner in which employees can be made redundant and as to payments to be made and notice given. There are requirements in relating to consultation in respect to both redundancy and business transfers. There are requirements imposed on successor businesses to preserve terms of employment. There are obligations relating to pensions and terms and conditions.

RELEVANT LAWS AND REGULATIONS IN JAPAN

FH-REIT’s investment in ANA Crowne Plaza Kobe is subject to various Japanese laws and regulations, including the laws and regulations summarised below. The laws and regulations summarised below are not exhaustive, and may not include issues which are specific to particular investors in Stapled Securities. The summaries that follow are based on applicable laws and regulations as of the date of this Prospectus. No assurance is given as to the impact of any possible judicial decision or amendments to Japanese laws or administrative practices after the date of this Prospectus.
Ownership of Real Property in Japan

Real property in Japan (namely, land and improvements and fixtures thereto, including buildings) are regulated by the Civil Code of Japan (Act No. 89 of 1896, as amended) (the “Civil Code”) and laws in relation thereto, including the Act on Building Unit Ownership, etc. (Act No. 69 of 1962, as amended) (the “Building Unit Ownership Act”), and such laws allow for separate ownership (shoyuken) of a land parcel on the one hand, and the building thereon on the other. An owner of real property is entitled to manage, profit from and dispose of the real property in accordance with the relevant laws and regulations. At the same time, such owner bears various obligations and liabilities concerning the real property under the relevant laws and regulations. Transactions with respect to ownership of real property are subject to various restrictions, such as those under the Real Property Brokerage Business Act (Act No. 176 of 1952, as amended) (the “Real Property Brokerage Business Act”).

Building Ownership

Building ownership refers to a type of ownership recognised under the Building Unit Ownership Act, whereby the building is divided into different portions, each of which may be owned separately. Properties subject to building ownership have two parts. These are the private-use portions (senyu bubun) of the building (which a building owner may own exclusively and sell independently from other private-use portions) and the common-use portions (kyoyo bubun) of the building (such as the entrance areas, roofs and external walls, which all, or several of, the owners of separate parts of the building may jointly use or own).

The Building Unit Ownership Act requires owners of a building to hold meetings at least once a year. Unless otherwise provided in the Building Unit Ownership Act or such rules as agreed upon between the owners of a building in Japan as required under the Building Unit Ownership Act (the “Management Regulations”), resolutions at such meetings must be approved by (i) a majority of all the building owners, and (ii) building owners who, in the aggregate, have a majority of the voting rights in relation to the building. Voting rights are granted to building owners in proportion to their interest in the building unless otherwise provided in the Management Regulations.

Approvals of (i) 75.0% or more of all the owners of the building, and (ii) building owners who hold, in aggregate, 75.0% or more of the total voting rights in relation to the building, are required to pass resolutions regarding certain administrative matters (such as building modifications that will significantly change the shape or function of the building’s common-use portions (kyoyo bubun)) or for the amendment of Management Regulations.

Resolutions for the reconstruction of a building require the approval of (i) 80.0% or more of all building owners, and (ii) building owners who hold, in aggregate, 80.0% or more of the total voting rights in relation to the building.

Owners of private-use portions (i.e., building units) have sole discretion to transfer such building units. Such transfer automatically accompanies the transfer of such owner’s joint ownership interests in the common-use portions. Such transfers are not subject to the consent or right of first refusal of the other building owners unless otherwise provided under the Management Regulations.

The owner of a building unit will bear its own costs with respect to such building unit but will share with other building owners costs in respect of common-use portions.
Real Property Registration in Japan

In Japan, ownership of real property and certain other real property-related rights (such as the right to use real property or the security interests over real property) can be registered. Registration is required to perfect title or rights in real property against third parties.

However, the real property register in Japan does not necessarily reflect the true title or rights or the true holders thereof. In practice, parties who plan to enter into a real property transaction usually rely upon the registry, as it is generally the best indicator of true ownership or possession of the real property-related title or rights. However, a party has no recourse to anyone but the seller if it purchases real property or a related right in reliance on information in the registry and such information turns out to be incorrect. A bona fide purchaser may seek reimbursement from the seller pursuant to statutory or contract-based warranties, although it will not, in general, be able to obtain title in or rights in relation to the real property.

Warranty Obligations

A seller of real property owes statutory warranty obligations to a purchaser for any latent defect in the real property unless such warranty obligation is contractually excluded. Statutory warranties are generally effective for one year from the date on which the purchaser becomes aware of the existence of the latent defect and can be enforced during this period by a cancellation of the underlying sale or by requesting for damages from the seller. These statutory warranty obligations may be contractually excluded or substantially reduced under the relevant sale and purchase agreement. However, these warranties, even if not excluded, may prove insufficient if the seller lacks funds to compensate the purchaser for its loss.

Liabilities of Real Property Owners

Under Japanese law, a person who suffers damage by reason of any defect in the construction or maintenance of a structure on a land parcel can claim against the person in possession of the structure for damages suffered even if such damages are not the result of any wilful misconduct or negligence of the possessing person; provided that if the person in possession has exercised due care to prevent the occurrence of such damage, the owner of the structure will be liable for such damage. While it is customary to obtain third-party liability insurance over real property, insurance may not be available in certain circumstances, or (even if available) may not cover the liability described above in relation to the property.

Land Leases

Overview

If the owner of a building is different from the owner of the building’s underlying land, the building owner must be given the right to use the underlying land so that building is lawfully possessed. The Civil Code provides for two types of leasehold interest in land which are commonly used in land lease transactions and which can be perfected as against third parties. These are (i) the surface right (chijou-ken) and the leasehold right (chinshaku-ken). If a surface right or leasehold right is created for purposes of owning a building, such surface right or leasehold right will be subject to the Act on Land and Building Leases of Japan (Act No. 90 of 1991, as amended) (the “Act on Land and Building Leases”). A holder of such leasehold interest will can enjoy more statutory protection under the Act on Land and Building Leases than under the Civil Code.
**Perfection**

The Civil Code requires a lessee to register its surface right or leasehold right in the real property registry to perfect such surface right or leasehold right in the underlying land. However, the Act on Land and Building Leases (as well as its precedent legislation) also allows a lessee to perfect its surface right or leasehold rights over the underlying land by registering its ownership of the building erected on such underlying land if the lessee owns such building (although this method of perfection is not applicable to leased land on which the registered building is not erected). Surface rights or leasehold rights in an underlying land parcel, if not duly perfected, cannot be asserted against a purchaser of such underlying land. Surface rights or leasehold rights are also subject to mortgages over the underlying land that are registered prior to the perfection of the surface rights or leasehold rights over the land. Generally, a lessee loses its surface rights or leasehold rights when and if the mortgagee of a mortgage registered prior to the surface right or leasehold right forecloses on the land. The acquirer can then, as a result of the foreclosure, require that the lessee vacate the land prior to the end of the term of the surface right or lease right.

**Term and Renewal**

A land lease contract will be subject to certain terms and conditions favourable to the lessee under the Act on Land and Building Leases (if the land lease is created for the purpose of owning a building), namely (a) the initial term of the contract has to be for a period of at least 30 years, (b) the term of the contract is subject to extension by the lessee unless the lessor has a justifiable reason for not agreeing to such extension in light of factors such as the lessor’s and the lessee’s respective needs for the land, the history of the land lease contract, the present use of the leased land, and the amount of money the lessor is offering to pay the lessee to partially compensate the lessee for vacating the land, and (c) the lessee has the right to demand that the lessor purchase at market price the building on the leased land owned by the lessee at the end of the term of the land lease contract if the contract is not extended or renewed. Based on the relevant judicial precedents, lessors are prohibited from terminating a leasehold interest contract for cause unless such cause is material.

**Transfer and Sublease**

The transferability of leasehold interests over land depends on the type of the leasehold interest and the provisions of the agreement under which a surface right or a leasehold right is created. A surface right entitles a lessee to transfer its interest to a third-party (or sublease the land) without the consent of the lessor, unless otherwise agreed in the land lease contract. In the case of leasehold rights, however, any transfer (or sublease) of a lessee’s interest is subject to the lessor’s consent unless otherwise agreed in the land lease contract. A lessee which wishes to transfer or sublease its leasehold interest over the land together with the transfer of the building erected on the land may seek judicial permission to do so under the Act on Land and Building Leases if (notwithstanding that such transfer will result in no disadvantage to the lessor) the lessor refuses to give consent for such the lessee’s transfer of its leasehold interest over the land. In such a case, a court may authorise the transfer (or sublease) if such transfer or sublease does not prejudice the lessor’s interests. A court, in coming to its decision, will consider the amount payable by the lessee to the Landowner for the Landowner’s consent to such transfer or sublease, the length of the term remaining on the leasehold interest, the history of the relevant contract, the circumstances requiring such transfer or sublease of the leasehold interest, and any other relevant factor. This will be determined on a case-by-case basis.
The owner of the building may not be able to assert its sub-leasehold interest against the owner of the underlying land if the owner of a building holds a sub-leasehold interest over the underlying land, and the contract between the owner of the land and the lessee of the land is terminated due to the breach of the leasehold interest agreement. In such an event, the owner of the building may need to vacate the land.

**Building Leases**

**Overview**

Under Japanese law, lease agreements generally fall into the categories of (i) conventional lease (*futsu chintaishaku*), which generally have terms of one or two years and are renewable or (ii) fixed term lease (*teiki chintaishaku*), which are in writing, have terms that are fixed and not renewable, and under which the lessee has received prior written notice of non-renewal before executing the lease agreement. Where a Fixed-Term Lease involves a term of one year or more, the lease will terminate upon the lapse of six-months from such notice even if there is no justifiable reason.

**Perfection**

The Act on Land and Building Leases provides that a building lease becomes perfected against any person who subsequently acquires the relevant building or other real property rights over the relevant building at the time the building is physically delivered from the lessor to the lessee.

**Term and Renewal**

The Act on Land and Building Leases prohibits a lessor from refusing to extend a lease term or exercise the contractual right of unilateral termination with respect to a traditional building lease unless it has justifiable reasons for doing so. In determining whether a lessor has the right to terminate a lease, a Japanese court will consider various reasons, including (i) the lessor’s and lessee’s respective needs for the building (ii) the history of the building lease contract, (iii) the present use of the leased building, (iv) the current condition of the building and (v) the amount of money the lessor is offering to pay the lessee to partially compensate the lessee for vacating the building. Based on the relevant judicial precedents, lessors are prohibited from terminating a leasehold interest contract for cause unless such cause is material.

**Rent Adjustment**

Generally, either party to a building lease may demand for the rent be increased or decreased in response to market conditions, even where a properly executed lease exists. If the parties cannot come to an agreement, a court may order an adjustment after considering factors such as (i) whether there have been any change in tax or other liabilities imposed on the building and/or the underlying land, the value of the building and/or the underlying land and any other relevant economic conditions, and (ii) the rent under comparable leases in neighbouring areas.

Conventional lease contracts may exclude the application of the statutory rent adjustment only for upward adjustment, and cannot exclude the application of the statutory rent adjustment for downward adjustment. Rent amounts fixed-term leases are not subject to such adjustment upward or downward if it is so agreed in the building lease contract.
Security Deposit and Guarantee Money

Lessees are commonly required by lessors to pay a security deposit (shiki-kin) upon execution of a building lease. The deposit essentially guarantees the lessee’s obligations to the lessor and sometimes bears interest. The lessee security deposit is fully or partially refundable either after a specified period of time has passed under the building lease or at the end of the building lease, depending on the terms of the building lease. The amount of security deposit refundable to a lessee varies from location to location and from case to case.

Property Ownership and Investment Vehicles

Overview

A Tokutei Mokuteki Kaisha ("TMK") is a special purpose securitisation corporation established under the Asset Liquidation Act. A TMK can acquire, manage and dispose of direct ownership (shoyu-ken) or trust beneficial interests (shintaku jueki-ken) in real properties in accordance with the TMK Law. Under the TMK Law, TMKs are authorised to procure funds by issuing “asset-backed securities”, which is defined to include specified bonds and preferred contributions, among others. TMKs also issue specified contributions, which do not constitute “asset backed securities” under the TMK Law. Assets acquired by a TMK and used to back its asset-backed securities are defined as “specified assets” under the TMK Law.

The TMK Law prohibits TMKs from engaging in any business other than the so-called “liquidation of assets” and businesses ancillary thereto in accordance with the TMK’s asset liquidation plan (shisan ryudoka keikaku). “Liquidation of assets” is defined in the TMK Law as a series of transactions involving (i) the acquisition of assets using funds procured through the issuance of asset-backed securities or specified loans, as described below, and (ii) (a) the performance of obligations under specified bonds or specified loans or certain other debts (if any) and (b) the distribution of profits or residual assets to preferred contribution-holders or the acquisition of preferred contribution for cancellation, with all cash payments to be made using funds obtained through the management and disposition of such assets.

TMK Formation

Many of the procedures for the establishment of a TMK are similar to those for the establishment of a limited liability company (godo kaisha or “GK”) or a joint stock company (kabushiki kaisha or “KK”), two common forms of corporate entities in Japan. Unlike a GK or a KK, however, the TMK must satisfy a comprehensive application process with governmental authorities, which involves the preparation and filing of an Asset Liquidation Plan (the “ALP”) before the TMK may commence its business operations.

A TMK is formed when a promoter (which may be an individual, a local company or a foreign company) prepares the its articles of incorporation (teikan), arrange for them to be notarised, subscribes for specified shares (tokutei shusshi), which are equivalent to common shares in an ordinary corporation, and capitalises the TMK through its payment of the issue price of the specified shares. A TMK has no minimum capital requirement. The formation of the TMK is then registered (setsuritsu no toki) through the filing of an application for commercial registration with the local Legal Affairs Bureau in the jurisdiction of the principal office of the TMK. The date on which the application is accepted by the local Legal Affairs Bureau for processing process will be the date of the TMK’s formation.
**Asset Liquidation Plan**

A TMK intending to commence any business related to the liquidation of specified assets is required to file a prior notification to that effect, together with an ALP, with the Regional Finance Bureau. The ALP should detail the terms of asset liquidation, the asset-backed securities to be issued, the specified assets, the measures to be taken to manage and dispose of the assets, and matters concerning borrowings. In practice, amendment to an ALP, with some exceptions, requires the prior consent of all contribution-holders, holders of specified bonds (if specified bonds have been issued) and lenders of specified loans. An ALP which has been amended (other than an ALP which contains such minor amendments as prescribed under the TMK Law) must be filed with the Regional Finance Bureau.

**Mandatory Outsourcing of Operations**

In principle, the TMK Law requires a TMK to outsource the management and disposition of its specified assets to a trust company. If the specified assets take the form of direct ownership interests in real property, the TMK may outsource the management and operation of the specified assets to an asset manager rather than to a trust company in accordance with the TMK Law.

**Specified and Preferred Contributions**

TMKs issue two types of equities under the TMK Law. One is the specified contribution (tokutei syusshi) which TMKs must issue. The other is the preferred contribution (yusen syusshi) which TMKs may issue. Preferred contribution holders have priority over specified contribution holders with respect to profit distributions and/or residual assets of the TMK. Holders of specified contributions typically waive their rights to dividends. With respect to the transferability of such contributions, while a TMK may not restrict transfers of preferred contribution, transfers of specified contribution (other than transfers of specified contribution between holders of specified contributions) is subject to the approval of the TMK.

The FIEL provides for three types of private placement (shibo) under which applications for subscription of preferred contributions issued by TMKs may be solicited. These are (i) private placements for Qualified Institutional Investors only, (ii) private placements for Specified Investors only and (iii) private placements under which the number of solicitees is less than fifty. If solicitations of application for subscription of preferred contributions fall under any of the above types of private placement, the TMK, by virtue of Article 4, Paragraph 1 of the FIEL, will be exempted from the securities registration requirements under the FIEL.

Holders of preferred contributions are entitled at the end of each fiscal year to receive dividends from distributable profits up to the total distributable profits on a pro-rata basis, subject to the provisions in the ALP regarding the preferential treatment of preferred contribution holders. Holders of contributions are entitled to receive distributions from a TMK's residual assets (being distributable assets of a TMK after it pays in full (or reserves such amount necessary to pay in full) any and all of its obligations) on a pro-rata basis, but subject to the provisions in the ALP regarding the preferential treatment of preferred contribution holders.

**Specified Bonds and Loans**

A TMK may also issue specified bonds under the TMK Law. The TMK Law grants to holders of specified bonds the right to receive all payments due in relation to such specified bonds out of the assets of the TMK before any payment is made to other unsecured creditors. This statutory right is generally referred to as a general security lien (ippan tanpo). Unless otherwise provided in the ALP, such general security interest is automatically created by operation of law.
In addition to funds procured through the issuance of specified bonds, the TMK may borrow funds to finance the acquisition of the specified assets from a bank or other qualified institutional investor, with any such borrowing referred to as a “specified loan”.

**General Meetings of Contribution-Holders**

A TMK holds its ordinary general meeting of contribution-holders after the end of each fiscal year. If necessary, a TMK may also hold an extraordinary general meeting of contribution-holders. A general meeting of contribution-holders may resolve the matters provided for in the TMK Law and the articles of incorporation of the TMK, the organisation, operations and administration of the TMK, and any and all other matters regarding the TMK. Specified contribution holders have voting rights in respect of all matters which may be resolved at the general meeting of contribution-holders. However, preferred contribution holders have voting rights only in respect of certain limited matters, as specified under the TMK Law and the articles of incorporation of the TMK.

**Directors, Statutory Auditors and Accounting Auditors**

A TMK must have at least one director. Every director in a TMK has the authority to implement the operations of the TMK, unless otherwise provided in the article of incorporation. If there are two or more directors, decisions regarding the operations of the TMK will be made by a majority of the directors, unless otherwise provided in the TMK’s articles of incorporation. Further, every director has the authority to represent the TMK. The TMK may appoint a representative director from among the directors pursuant to the TMK’s articles of incorporation, or through the appointment by the directors from among themselves pursuant to the provisions of the TMK’s articles of incorporation, or by the resolution of a contribution-holders’ meeting.

A TMK must also appoint at least one statutory auditor. The function of such statutory auditor is to audit the execution of duties by the TMK’s directors and to prepare reports of such audit. Statutory auditors may, at any time, request for reports on the TMK’s business from the directors and investigate the operational and financial status of the TMK. If the statutory auditors find any director culpable of any misconduct, or is likely to engage in such conduct, or that there has been a violation of the TMK’s ALP, the TMK’s articles of incorporation or any law or regulation, or that there is any grossly improper factual circumstance, they are required to report the same without delay to the other directors or (if there are no other directors) to the general meeting of contribution-holders.

Additionally, if the TMK issues preferred contributions or if there are certain other circumstances which make an accounting auditor necessary, the TMK must appoint an accounting auditor, which must be a Certified Public Accountant or an audit firm. The function of an accounting auditor is to audit the financial statements of the TMK and the supplementary schedules thereof. An accounting auditor may inspect and copy the accounting books or materials relating thereto at any time. If the accounting auditor detects any misconduct, the existence of any material fact which is in violation of laws and regulations, the TMK’s ALP or the TMK’s articles of incorporation in connection with the directors’ execution of their duties, he/she shall report the same to the statutory auditor without delay.

Unless provided in the TMK’s articles of incorporation, the term of office for directors and statutory auditors is indefinite. The term of office for the accounting auditor continues until the conclusion of the annual contribution-holders’ meeting for the last business year which will end within a year of their election. However, unless otherwise resolved at the annual contribution-holders’ meeting, the accounting auditor will be deemed re-elected at such annual contribution-holders’ meeting.
**Distribution of Profits and Residual Assets**

Following contribution-holders’ approval, year-end dividends are distributed, within the limits of distributable profit, in cash to contribution-holders on record as at the end of each fiscal year in proportion to the contribution interest held by each contribution-holder, but subject to the provisions in the ALP regarding preferential treatment of holders of preferred contribution. Additionally, a TMK may make interim dividend payments in cash once during each fiscal year, by determination of its directors pursuant to the provision of the TMK’s articles of incorporation.

In the event that the TMK is liquidated, the assets remaining after payment of all debts (including debts under specified bonds and specified loans), liquidation expenses and taxes will be distributed among contribution-holders generally in proportion to the respective number of units that they hold, but subject to the provisions in the ALP regarding preferential treatment of holders of preferred contribution.

**Trust Beneficial Interests**

“Trust beneficial interests” are beneficiary interests in a property which has been entrusted with a trustee under a trust agreement between such trustee and the settlor. Under such agreement, the trustee holds legal ownership in the entrusted property. Generally, the trustee’s consent is required to transfer a trust beneficial interest. Trust beneficial interests are governed by the Trust Act of Japan (Law No. 108 of 2006, as amended), the Trust Business Act of Japan (Law No. 154 of 2004, as amended), and the relevant trust agreement. A trust beneficiary may suffer certain trust-related liabilities and losses that would not arise if (such as compensation to trustees, losses due to unauthorised disposition or collateralisation of entrusted properties by trustees or losses arising from breach of trust agreements by trustees) the property had not been entrusted.

**Commercial Registration**

**Overview**

Under the Commercial Registration Act of Japan (Act No. 125 of 1963, as amended; the “Commercial Registration Act”), companies in Japan (including TMKs and foreign companies) are required to apply for commercial registration in order to disclose to the public certain information regarding such companies. Information required to be registered under the Commercial Registration Act and other relevant laws cannot be duly asserted against a third-party who has no knowledge of such matters unless such information has been registered.

**Registration of Changes**

When there is a change to registered matters, the company is required to apply for commercial registration to update such matters. Information required to be registered depends on the type and nature of the company in question and the grounds for registration.

**Building Lots and Buildings Transaction Business Act**

Under the Building Lots and Buildings Transaction Business Act, a person who intends to sell or purchase real properties, or broker sales, purchases or leases of real properties as a business must be licensed as a real property transaction specialist, before starting his or her business. The Building Lots and Buildings Transaction Business Act does not apply to a TMK which has filed a notification of commencement of business to which the TMK’s ALP is attached with the relevant finance bureau.
Hotel Business Act

In Japan, the hotel business is regulated by the Hotel Business Act (Act No. 138 of 1948, as amended). The Hotel Business Act seeks to ensure the sound development of the hotel business in Japan and provision of services that meet increasing and diversifying demands of hotel users, and in this way, facilitate the improvement of public health and national life. The Hotel Business Act requires a person intending to operate a hotel to obtain permission from the relevant prefectural governor (or the mayor or ward mayor, if the hotel is or will be located in cities with health centres or special wards). The prefectural governor may cancel the permission or order the suspension of hotel operations for a fixed period of time in certain prescribed circumstances, including circumstances in which the hotel operator violates the Hotel Business Act or any order based thereon.

Building Standards Law and City Planning Act

The Building Standards Act of Japan (Act No. 201 of 1950, as amended) (the “Building Standards Act”) establishes minimum standards for the site, structure, equipment and usage of a building. When a building owner intends to newly construct a building of a certain size, effect an extension, major repair or major remodeling of such a building, such building owner must apply for confirmation that such construction plan conforms to the relevant provisions in the Building Standards Act regulating building. Subsequently, the building owner must obtain a building confirmation (kenchiku kakunin) commencing the construction work.

The Building Standards Law contains various detailed and complex regulations relating to structural safety, fire safety and other matters. The building owner must comply with all these regulations. A building owner which does not cure any non-compliance upon informal discussion with the relevant administrative agency may be issued a written notice by the relevant administrative agency setting forth the desired actions to be undertaken on the part of the building owner to effect a cure. If the non-compliance remains uncured, the relevant administrative agency may issue a corrective order, requiring the building owner to take corrective action. Corrective orders may include, among others, an order for the demolition, removal, rebuilding, enlargement, reconstruction, remodeling, prohibition of use, and restriction on use of the said building and the taking of other necessary measures to correct the building violation.

The City Planning Act of Japan (Act No. 100 of 1968, as amended) (the “City Planning Act”) seeks to ensure balanced land development in Japan and to promote public welfare. The City Planning Act requires developers to obtain permission from the relevant prefectural governor (or the mayor, if the construction is planned in a city designated by the Government) prior to the commencement of any development activities (as defined in the City Planning Act) on land that have been designated as a city planning area or a quasi-city planning area by the prefecture (or city) in which such land is situated.

Land Readjustment Act

The Land Readjustment Act of Japan (Act No. 119 of 1954, as amended) (the “Land Readjustment Act”) provides for the so-called “land readjustment projects”, which are projects intended to alter the character of land located in city planning areas, or to establish or alter public facilities on such land, in order to improve such public facilities or to promote utilisation of housing lots in connection with the land. When a land readjustment project is carried out, the owner of the land subject to such project will be temporarily allocated alternative land, and may use such alternative land in the same manner as if it was the original land. Upon completion of the land readjustment project, the owner will be permanently allocated new land as replacement for the original land.
In many cases, land that is temporarily allocated to the owner will be permanently allocated to the owner at the end of the project. The Land Readjustment Act, however, does not expressly provide that land temporarily allocated to an owner will always be ultimately allocated to the owner at the conclusion of the project. The land area ultimately allocated to an owner may be greater or less than the area of the original land, and the utility value and asset value of the land finally allocated to an owner also may be greater or less than that of the original land. Imbalances in connection with a land readjustment may be rectified by payment or collection of settlement moneys in accordance with the land readjustment plan.

**National Land Use Planning Act**

Under the National Land Use Planning Act of Japan (Act No. 92 of 1974, as amended) (the “National Land Use Planning Act”), if a contract for the transfer of a large-scale ownership right to land is concluded, the person who acquires such right is required to notify the relevant prefectural governor or the mayor of a designated city of the purpose of use of such right, the transaction price of the land and other matters. A large scale land is defined in the National Land Use Planning Act as a land parcel or series of land parcels, located in the urban area, with a total land area of 2,000 sq m or more. The prefectural governor, or the mayor of the designated city, may recommend that the purpose of use for such land be changed, if the purpose of use in question does not conform to certain purposes of land usage.

**Foreign Company under Companies Act**

Under the Companies Act of Japan (Act No. 86 of 2005, as amended), a foreign company is required to establish its branch in Japan and appoint at least one representative in Japan if such company will continue conducting its business in Japan. Such representative will have the power of carry out all of the foreign company’s judicial or extra-judicial acts in connection with the foreign company’s business in Japan. Although the foreign company may restrict the power of the representative, it cannot avoid being held liable for the acts taken by its representative if the counterparty of the acts or transactions was not aware of such restriction. In addition, a foreign company has to indemnify a third-party for damage caused by its Japan representative in his/her conduct of business for the foreign company.

**Foreign Exchange and Foreign Trade Act**

*Overview*

Under the Foreign Exchange and Foreign Trade Act, transactions (including the acquisition and transfer of preferred contributions of TMKs and shares in respect of stock companies (collectively referred to as “Investment Units”)) with a foreign element are regulated for the purpose of contribution to the sound development of the Japanese economy and of ensuring the equilibrium of foreign transactions and stability of currency.

*Acquisition of Investment Units*

Generally, the acquisition of Investment Units by a non-resident of Japan from a resident of Japan may be carried out without any restriction. In principle, however, a resident of Japan who transfers units to a non-resident of Japan must file a report to the Minister of Finance following the transfer of Investment Units to the non-resident of Japan. In certain cases, prior notifications may also be required.
Environmental Regulation

Soil Contamination Countermeasures Act

The Soil Contamination Countermeasures Act regulates the investigation of soil contamination and for the prevention of harm to public health arising from such contamination. The Soil Contamination Countermeasures Act requires soil contamination investigations under certain circumstances, including when specified facilities using certain hazardous toxic substances are closed. Further, some local municipalities have established environment-related ordinances which require further countermeasures against soil contamination. Under the Soil Contamination Countermeasures Act, a current owner of the land may be held strictly liable for the survey, removal or remediation of certain hazardous or toxic substances on or under the land, whether or not the current owner knew of, or was responsible for, the presence of such hazardous or toxic substances.

Waste Management and Public Cleansing Act

The Waste Management and Public Cleansing Act of Japan (Act No. 137 of 1970, as amended) requires a company to obtain a license from the relevant authority for the conduct of the industrial waste disposal and/or transfer business. Industrial waste generators with respect to retail business operations can only entrust waste disposal and/or transfer operations to companies which have obtained such a licence. An industrial waste generator is statutorily required to entrust the disposal of its industrial waste through a written agreement and several items are statutorily required to be described in such written agreement under the Waste Management and Public Cleansing Act. Matters required to be included in such agreements include descriptions of the kinds and amount of entrusted industrial waste.

Other Environmental Regulations

Real property is subject to environmental protection legislation, such as those regulating air pollution, water pollution or odour emission. Such legislations may require owners of real properties to obtain certain licenses from relevant authority or to eliminate environmental hazards if such real properties give rise to environmental issues. Owners of real properties may also be held liable under other laws if hazardous or toxic substances, such as asbestos or PCBs, are found in their properties.

Employment and Labour Law

Overview

In Japan labour markets and employment relations are governed by several laws and regulations. These include the Labour Standards Act of Japan (Act No. 49 of 1947, as amended; the "Labour Standards Act"), which prescribes minimum labour conditions, the Minimum Wage Act of Japan (Act No. 137 of 1959, as amended) which sets forth minimum wage requirements; and the Industrial Safety and Health Act of Japan (Act No. 57 of 1972, as amended), which sets forth safety and sanitary requirements for the protection of employees.

Terms of Employment

The Labour Standards Act of Japan requires certain terms of employment (such as the terms of employment, working hours, holiday entitlements, and wage matters) to be specified in writing. An employment contract may be for a fixed or an unfixed term. Save where specified in the Labour Standards Act, the term of fixed term labour contracts may not exceed three years (although such fixed term may be renewed for successive terms). Successive renewal has the potential to cause
the relevant employee to be deemed to have been hired for an indefinite term. Unless otherwise expressly agreed, an employee will be deemed to be under contract for an indefinite term. This is the typical employment arrangement for regular Japanese employees.

**Work Rules**

The Labour Standards Act requires employers in Japan which hire 10 or more employees on a continuous basis to prepare work rules on certain prescribed matters (such as working hours, holiday entitlements, leave entitlements, wage matters, retirement and dismissal, and disciplinary actions). An employer is required to file its work rules with the appropriate local labour standards inspection office.

**Termination of Employees**

In Japan, employers are prohibited from terminating employees unless such termination is “appropriate in general societal terms” and is based on “objectively reasonable grounds”. Japanese courts have typically been highly protective of employees’ interests; accordingly, the above requirements are typically strictly interpreted by Japanese courts. Save in limited circumstances, employers are statutorily required to give employees at least 30 days’ termination notice, or make payment of average wages for such period in lieu of notice.

**RELEVANT LAWS AND REGULATIONS IN MALAYSIA**

**Foreign Investment in Properties in Malaysia**

Pursuant to the Guidelines on the Acquisition of Properties issued by the Economic Planning Unit of the Prime Minister’s Department ("EPU"), with effect from 1 March 2014, the following property acquisition, except for residential units, requires the approval of the EPU:

(i) direct acquisition of property valued at MYR20.0 million and above, resulting in the dilution in the ownership of property held by Bumiputera interest and/or government agency; and

(ii) indirect acquisition of property by other than Bumiputera interest through acquisition of shares, resulting in a change of control of the company owned by Bumiputera interest and/or government agency, having property more than 50% of its total assets, and the said property is valued more than MYR20.0 million.

Property acquisitions by foreign interest that do not require the approval of the EPU include, among others, acquisition of any commercial unit, agricultural land, industrial land or residential unit, valued at MYR1,000,000 and above. With reference to the Practice Note issued by the Securities Commission Malaysia on 5 December 2006, EPU approval is not required for the sale of The Westin Kuala Lumpur under the ABS structure, if the Securities Commission Malaysia’s approval is also sought for the ABS transaction.

In addition to the approval of the EPU, prior approval of the Governor of the State, as the case may be ("State Authority") is also required for a non-citizen or a foreign company to (i) acquire land, (ii) have any dealings (which includes but not limited any proposed transfer, lease or tenancies) with respect to alienated land or interest in alienated land; or (iii) transfer, transmit to, vest in or create in favour of any person or body as “trustee” on the alienated land, or any share or interest in such land where such trustee or beneficiary is a non-citizen or foreign company as provided under the National Land Code of Malaysia ("NLC"). Although ‘dealings’ is defined under the NLC to include any proposed transfer, lease or tenancies, the current practice of the Kuala Lumpur Land Office is to exclude tenancies as one of the dealings with foreign interest which require the State Authority consent.
Under the NLC, a foreign company is defined as:

(a) a foreign company as defined in Section 4(1) of the Companies Act 1965 of Malaysia ("CAM") being, a company, corporation, society, association or other body incorporated outside Malaysia or an unincorporated society, association or other body which under the law of its place of origin may sue or be sued and which does not have its head office or principal place of business in Malaysia;

(b) a company incorporated under the CAM with 50.0% or more of its voting shares being held by a non-citizen, or by a foreign company as defined in paragraph (a) above, or by both, at the time of the acquisition of the land or any interest in land at the time of the execution of the instrument or deed in respect of any alienated land or any interest; or

(c) a company incorporated under the CAM with 50.0% or more of its voting shares being held by a company referred to in paragraph (b) above, or by a company referred to in paragraph (b) together with a non-citizen or a foreign company referred to in paragraph (a), at the time of the acquisition of the land or any interest in land at the time of the execution of the instrument or deed in respect of any alienated land or any interest.

**Hotel Business**

All premises offering lodging or sleeping accommodation to tourists are required to be registered as tourist accommodation premises with the Commissioner of Tourism under the Tourism Industry Act 1992. In addition, an operator of a hotel business in the Federal Territory of Kuala Lumpur is also required to obtain a licence issued by the Commissioner of the City of Kuala Lumpur pursuant to the Hotel (Federal Territory of Kuala Lumpur) Act 2003. Such licence, being the composite licence to carry out hotel business activities varies according to the hotel's star rating. A composite licence of a 5-star hotel may comprise licences to operate or provide hotel/lodging house, bar, lounge, banquet/conference hall, entertainment/performance activities, restaurant/coffee house, swimming pool for adult and children, signboard advertisement, parking lot, dobbi, health club, gymnasium, sauna, outdoor and indoor facilities.

Hotels in Malaysia are also subject to other laws and regulation such as the Factories and Machinery Act 1967, the Fire Services Act 1988, the Electricity Supply Act 1990 and the Gas Supply Act 1993.

Machineries including lifts, escalators, steam boilers and tanks of the hotel premises are required to be operated in accordance with the requirements under the Factories and Machinery Act 1967. Under the Factories and Machinery Act 1967, no person is permitted to operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under the Act.

The owner, occupier or person having the overall management of a designated premise, which includes, amongst others, a hotel of 21 rooms and over (other than open design balcony approach), must be issued with a fire certificate, which is renewable annually, pursuant to the Fire Services Act 1988. It is a requirement under the Act that there exists adequate life safety, fire prevention, fire protection and fire-fighting facilities in relation to the use of any designated premises.

The Electricity Supply Act 1990 provides that a person having the charge, management or control of any premises thereof is required to obtain a licence for using, working, operating or permitting to be used, worked or operated any installation or providing supply to or for the use of any other person electricity from any installation. Further, any new electrical installation at any premises must be registered with the Energy Commission of Malaysia.
Further, the person managing the premises has to obtain a licence from the Energy Commission of Malaysia in relation to the supply of gas through gas pipelines as stipulated under the Gas Supply Act 1993. This is, among others, to safeguard the interests and safety of consumers supplied with gas through pipelines and from storage tanks or cylinders specifically used for reticulation of gas.

**Company Law**

The principal legislation governing company law in Malaysia is the CAM. The CAM provides for the registration of companies, membership and internal management, debt capital, financial reporting and audit requirements, administration of companies in financial difficulties and the registration of foreign companies operating in Malaysia. Under the CAM, companies in Malaysia are classified either as a company limited by shares, limited by guarantee or an unlimited company. The liability of member of a limited liability company is limited to the extent of the amount of capital subscribed by them whereas an unlimited liability company is one that is formed on the principle that there is no limit placed on the liability of its members.

The CAM is further supplemented by other laws such as the Capital Markets and Services Act 2007, the Malaysian Code on Take-over and Mergers 2010 and the Listing Requirements of Bursa Securities, which may apply to, among others, public companies and/or public listed companies on the Malaysian exchange, Bursa Malaysia Securities Berhad.

**System of Land Holding in Malaysia**

**The Land System**

In Malaysia, land law is substantially based on the Torrens system of South Australia which operates on the principle of “title by registration”. Pursuant to the Federal Constitution of Malaysia, land matters generally lie within the jurisdiction of the state governments. However, the Federal Constitution of Malaysia specifically provides for federal legislation in such matters for the purposes of ensuring uniformity of law and policy in various aspects of land matters which are not exercisable with regard to the States of Sabah and Sarawak.

The following are the primary pieces of legislation governing land law in Malaysia, the operation of which is supplemented by various subsidiary legislations such as the various state land enactments and ordinances which are in force in the respective states in Malaysia:

(a) the NLC;

(b) the National Land (Penang and Malacca Titles) Act 1963;

(c) Strata Titles Act 1985;

(d) Sarawak Land Code (Cap 81); and

(e) Sabah Land Ordinance (Cap 68).

**Indefeasibility of Title**

Pursuant to the NLC, a person will obtain an indefeasible title to or interest in the land after his/her proprietorship to or interest in land is being registered on the document of title. However, the indefeasibility of title can be defeated under certain circumstances as provided in Section 340(2) of the NLC, which include fraud, forgery, or where the registration of title or interest is obtained by the use of an insufficient or void instrument or where the title or interest is unlawfully acquired.
**Leases and Tenancies**

Under the NLC, tenancies may be granted for terms not exceeding three years. There is no registration requirement for tenancies under the NLC but the interest of a tenant under a tenancy exempt from registration can be protected by way of an endorsement on the document of title to the land.

The proprietor of any alienated land may grant leases of the whole or any part thereof. A lease granted under the NLC must be more than three years and maximum term for which any lease may be so granted shall be:

(a) 99 years if it relates to the whole of the land; and

(b) 30 years if it relates to a part only thereof.

The lease granted is required to be registered with the relevant land registry or land office in order to vest in the lessee the interest in respect of the said lease.

Prior approval of the State Authority is also required for a non-citizen or a foreign company to enter into any lease or tenancies with respect to alienated land or interest in alienated land. However, tenancies entered into by a non-citizen or a foreign company in respect of an alienated land or interest in alienated land which is under the purview of the Kuala Lumpur Land Office is exempted from the requirement under the NLC to obtain State Authority consent as it is the current practice of the Kuala Lumpur Land Office to exclude tenancies as one of the dealings with foreign interest which require the State Authority consent.

**Sale and Purchase of Real Property**

The sale and purchase of real property in Malaysia may be completed by way of transfer or legal assignment. Any transfer of a property with a separate document of title is affected by registration of an instrument of transfer in a format prescribed under the NLC at the relevant land registry or land office. For a property without a separate document of title having issued, transfer of beneficial ownership of the property is made by way of a legal assignment in favour of a new purchaser of all the rights, interest and title in respect of the property under the principal sale and purchase agreement (made between the original proprietor of the land and/or the developer (as the seller) and the first purchaser).
TAXATION

The following summary of certain tax consequences in Singapore, Australia, Jersey, the United Kingdom, Japan and Malaysia is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Stapled Securities and does not purport to apply to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisers concerning the application of the Singapore tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Stapled Securities arising under the laws of any other tax jurisdictions.

SINGAPORE TAXATION

Taxation of FH-REIT

FH-REIT has obtained the Tax Transparency Ruling and the Foreign Sourced Income Tax Exemption Rulings (collectively, the “Tax Rulings”) from the IRAS in respect of the Singapore taxation of certain income from the Singapore Properties and from the properties located overseas, respectively. In accordance with the Tax Rulings, the Singapore taxation consequences for FH-REIT and that of the Stapled Securityholders are described below.

Taxable Income of FH-REIT

Except as detailed in the paragraphs below, the REIT Trustee will be subject to Singapore income tax at the prevailing corporate tax rate on Taxable Income of FH-REIT.

The current Singapore corporate tax rate is 17.0%.

Specified Taxable Income of FH-REIT

FH-REIT has obtained the Tax Transparency Ruling from the IRAS in respect of the “Specified Taxable Income” (as defined herein) derived from the Singapore Properties. Such income includes rent from the Singapore Properties but not gains from the disposal of the Singapore Properties.

The application of the Tax Transparency Ruling is conditional upon the REIT Trustee and the REIT Manager fulfilling certain terms and conditions including distribution of at least 90.0% of Specified Taxable Income by the REIT Trustee to the Stapled Securityholders in the year in which the income is derived by the REIT Trustee. The REIT Trustee and the REIT Manager are required to take all reasonable steps necessary to safeguard the IRAS against tax leakages and to comply with all administrative requirements to ensure ease of tax administration.

Subject to the terms and conditions of the Tax Transparency Ruling, the REIT Trustee will not be taxed on Specified Taxable Income distributed to the Stapled Securityholders in the year in which the income was derived. Instead, the REIT Trustee and the REIT Manager would undertake to deduct income tax at source at the prevailing corporate tax rate from distributions made to certain Stapled Securityholders out of such Specified Taxable Income as discussed below. To the extent that the beneficial owner is a “Qualifying Stapled Securityholder” (as defined herein), the REIT Trustee and the REIT Manager will make the distributions without deducting any income tax at source. Also, to the extent that the beneficial owner is a “Qualifying Foreign Non-Individual Stapled Securityholder” (as defined herein), the REIT Trustee and the REIT Manager would undertake to deduct income tax at source at the reduced rate of 10.0% for distributions made up to 31 March 2015, unless otherwise extended.
A Qualifying Stapled Securityholder refers to a Stapled Securityholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a branch in Singapore of a company incorporated outside Singapore that has obtained IRAS’ approval for distributions to be made by FH-REIT to it without deduction of tax; or
- body of persons (excluding partnerships) incorporated or registered in Singapore, including:
  (i) a charity registered under the Charities Act, Chapter 37 of Singapore or established by an Act of Parliament;
  (ii) a town council;
  (iii) a statutory board;
  (iv) a co-operative society registered under the Co-operative Societies Act, Chapter 62 of Singapore; and
  (v) a trade union registered under the Trade Unions Act, Chapter 333 of Singapore.

A Qualifying Foreign Non-Individual Stapled Securityholder is a person other than an individual not resident in Singapore for Singapore income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Stapled Securities are not obtained from that operation in Singapore.

To obtain distributions free of tax deduction at source, or at the reduced rate of 10.0%, Qualifying Stapled Securityholders or Qualifying Foreign Non-Individual Stapled Securityholders must disclose their respective tax status in a prescribed form provided by the REIT Trustee and the REIT Manager (See Appendix F, “Independent Taxation Report” for further details).

Where the Stapled Securities are held in joint names, the REIT Trustee and the REIT Manager will deduct income tax from the distributions made out of FH-REIT’s Specified Taxable Income at the prevailing corporate tax rate, unless all the joint owners are individuals.

Where the Stapled Securities are held through a nominee, the REIT Trustee and the REIT Manager will deduct income tax from the distributions made out of FH-REIT’s Specified Taxable Income at the prevailing corporate tax rate unless:

- the nominee can demonstrate that the Stapled Securities are held for beneficial owners who are Qualifying Stapled Securityholders for which the REIT Trustee and the REIT Manager would not deduct any tax from the distributions. The nominee should make a declaration of the status of the beneficial owners of the Stapled Securities and provide certain particulars of the beneficial owners of the Stapled Securities to the REIT Trustee and the REIT Manager in a prescribed form provided by the REIT Trustee and the REIT Manager. Where the Stapled Securities are held through more than 1-tier of nominees, the REIT Trustee/REIT Manager must obtain confirmation from the ultimate beneficiaries that they are Qualifying Stapled

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1 Does not include a person acting in the capacity of a trustee
Securityholders. If the ultimate beneficiaries do not provide a confirmation of their status, the REIT Trustee/REIT Manager must withhold tax on the distribution at the prevailing corporate tax rate. The nominee should also maintain adequate and sufficient information and documentation to verify and be satisfied with the identity of the beneficial owners; and

- the nominee can demonstrate that the Stapled Securities are held for beneficial owners who are Qualifying Foreign Non-Individual Stapled Securityholders, for which the REIT Trustee and the REIT Manager would deduct/withhold tax at the reduced tax rate of 10.0% from the distributions made up to 31 March 2015, unless otherwise extended. The nominee should make a declaration of the status of the beneficial owners of the Stapled Securities and provide certain particulars of the beneficial owners of the Stapled Securities to the REIT Trustee and the REIT Manager in a prescribed form provided by the REIT Trustee and the REIT Manager. Where the Stapled Securities are held through more than 1-tier of nominees, the REIT Trustee/REIT Manager must obtain confirmation from the ultimate beneficiaries that they are Qualifying Foreign Non-Individual Stapled Securityholders. If the ultimate beneficiaries do not provide a confirmation of their status, the REIT Trustee/REIT Manager must withhold tax on the distribution at the prevailing corporate tax rate. The nominee should also maintain adequate and sufficient information and documentation to verify and be satisfied with the identity of the beneficial owners.

FH-REIT will distribute 100.0% of its Specified Taxable Income for the Forecast Period 2014 and the Projection Year 2015. Thereafter, FH-REIT should distribute at least 90.0% of its Specified Taxable Income on a semi-annual basis. Any amount of the Specified Taxable Income not distributed will be assessed to Singapore income tax at the prevailing corporate tax rate, and the tax assessed will be collected from the REIT Trustee on such amount. In the event where any subsequent distribution is made out of such after tax Specified Taxable Income retained by FH-REIT, the REIT Trustee and the REIT Manager will not have to make a further deduction of income tax from the distribution made.

Notwithstanding the aforesaid, the Specified Taxable Income as computed by the IRAS may be different from that determined by the REIT Manager for distribution purposes. To ease tax compliance and governance, in the event that the amount finally agreed with the IRAS is different from the amount of Specified Taxable Income determined by the REIT Manager for distribution purposes, the difference will be added to or deducted from the Specified Taxable Income of the REIT Trustee for the next distribution immediately after the difference has been agreed with the IRAS (“Rollover Income Adjustments”).

This arrangement is accepted based on the understanding that:

(i) at least 90.0% of the difference has to be distributed to the Stapled Securityholders;

(ii) the shortfall in distribution is not material;

(iii) no major issue that would cause undue delay in reaching the agreement with the IRAS is envisaged; and

(iv) the IRAS reserves the right to review such arrangement as and when needed.

The IRAS has expressly reserved the rights to review, amend and revoke the Tax Transparency Ruling either in part or in whole at any time.

(See “Risk Factors – Risks Relating to an Investment in the Stapled Securities” for further details.)
Tax Exempt Income of FH-REIT

Foreign sourced income

FH-REIT has obtained a Foreign Sourced Income Tax Exemption Ruling from the IRAS on the Singapore taxation of trust distributions received from MIT Australia. Pursuant to the ruling, the REIT Trustee will be exempt from Singapore income tax on trust distributions received from MIT Australia. Such income will be regarded as Tax Exempt Income of FH-REIT. The Foreign Sourced Income Tax Exemption Ruling is granted subject to certain conditions.

Singapore sourced dividends

Dividend income received by FH-REIT from the Singapore Subsidiaries will not be subject to Singapore income tax in the hands of the REIT Trustee. They will be regarded as Tax Exempt Income of FH-REIT.

Return of Capital to FH-REIT

Any return of capital received by FH-REIT from its Singapore Subsidiaries and/or MIT Australia is capital in nature and hence, is not taxable in the hands of the REIT Trustee.

Disposal Gains of FH-REIT

Singapore does not impose tax on capital gains. In the event that the REIT Trustee disposes of the Singapore Properties, shares in the Singapore Subsidiaries or units in MIT Australia, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. If the gains are considered to be trading gains and derived in or received or deemed received in Singapore, such gains will be assessed to tax, currently at 17.0%.

Singapore Stamp Duty

In the event of a change in the REIT Trustee, any document effecting the appointment of a new trustee and the transfer of trust assets from the incumbent trustee to the new trustee will not be subject to stamp duty.

By virtue of the Stamp Duty (Real Estate Investment Trust) (Remission) Rules 2010, stamp duty on any contract or agreement or instrument executed prior to or on 31 March 2015 relating to the transfer on sale of Singapore immovable properties, or 100.0% of the issued share capital of a Singapore incorporated company that was set up to hold and directly or indirectly holds immovable property situated outside Singapore, would be remitted. As such, stamp duty will be remitted for the transfer of the Singapore Properties and the shares of Excellence Prosperity TMK Pte. Ltd. to FH-REIT.

Singapore GST

GST registration of FH-REIT

FH-REIT could be registered for GST in Singapore on the basis that it would derive rental income from the leasing of the Singapore Properties, which constitutes a taxable supply for GST purposes.
Recovery of GST incurred by FH-REIT

Once GST-registered, FH-REIT would be allowed to claim the GST incurred on its business expenses (such as offering-related and routine operating expenses) for the making of taxable supplies except for certain disallowed expenses and subject to the normal input tax recovery rules.

In addition, in the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for Singapore listed REITs to claim the GST incurred:

- on the setting up of their various tiers of SPVs that hold non-residential properties; and
- by their SPVs on the acquisition and holding of non-residential properties.

The GST remission has a qualifying period of up to 31 March 2015 and is subject to meeting certain qualifying conditions. FH-REIT could therefore recover the GST incurred on the acquisition and holding of non-residential properties which it indirectly holds, under the enhanced concession.

Singapore Property Tax

Property tax is assessed on immovable property and is generally computed as a percentage of the annual value of the immovable property. The annual value is the gross amount at which the property can reasonably be expected to be let from year to year having regard to the fact that all outgoings and maintenance are borne by the landlord. The current property tax rate is 10.0%.

For hotel property, the annual value of hotel rooms is assessed on a fixed percentage (currently 25.0%) of gross hotel room receipts for the preceding year. The annual values of other areas assessable to tax (such as food and beverage outlets, function rooms, retail shops and carparks) are based on their estimated prevailing market rentals.

Taxation of Singapore Subsidiaries

Taxable Income of Singapore Subsidiaries

Except as detailed in the paragraphs below, the Singapore Subsidiaries will be subject to Singapore income tax at the prevailing corporate tax rate on Taxable Income of the Singapore Subsidiaries.

The current Singapore corporate tax rate is 17.0%.

Tax Exempt Income of Singapore Subsidiaries

Foreign sourced dividend income/interest income/trust distributions

Subject to the meeting of certain qualifying conditions, dividend income received by Excellence Prosperity TMK Pte. Ltd. and FHT Japan Pte. Ltd. from Kobe Excellence TMK and Excellence Prosperity Japan K.K., respectively, should not be subject to Singapore income tax pursuant to Section 13(8) of the Income Tax Act.

FH-REIT has obtained Foreign Sourced Income Tax Exemption Rulings from the IRAS on the Singapore taxation of interest income, dividend income and trust distributions received by the Singapore Subsidiaries originating from the underlying properties in Australia, the United Kingdom, Malaysia and Japan (as the case may be). Pursuant to these rulings, the Singapore Subsidiaries will be exempt from Singapore income tax on interest income and trust distributions.
received from MIT Australia, dividend and interest income from the Jersey Subsidiaries, interest income from the Malaysian SPV and interest income from Excellence Prosperity Japan K.K. The Foreign Sourced Income Tax Exemption Rulings are granted subject to certain conditions.

Return of Capital to Singapore Subsidiaries

Any return of capital received by the Singapore Subsidiaries from MIT Australia, the Jersey Subsidiaries, the Malaysian SPV, Kobe Excellence TMK and Excellence Prosperity Japan K.K. is capital in nature and hence, is not taxable in the hands of the Singapore Subsidiaries.

Disposal Gains of Singapore Subsidiaries

Singapore does not impose tax on capital gains. In the event that the Singapore Subsidiaries dispose their shares in MIT Australia, the Jersey Subsidiaries, the Malaysian SPV, Kobe Excellence TMK and Excellence Prosperity Japan K.K., gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. If the gains are considered to be trading gains and derived in or received or deemed received in Singapore, such gains will be assessed to tax, currently at 17.0%.

Taxation of FH-BT

Singapore Income Tax

FH-BT which is registered as a business trust in Singapore under the Business Trust Act will be treated like a company under the one-tier corporate tax system for Singapore income tax purposes. Consequently, FH-BT will be assessed to Singapore income tax on its Taxable Income, if any, at the prevailing corporate tax rate in accordance with the Income Tax Act.

Singapore GST

FH-BT could not be registered in Singapore for GST on the basis that it is currently dormant and does not derive any taxable supplies. However, in the event that it subsequently undertakes activities and derives taxable supplies, it would be eligible for GST registration.

Singapore Taxation of Stapled Securityholders

FH-REIT Distributions out of Taxable Income

Stapled Securityholders will not be subject to Singapore income tax on distributions made out of FH-REIT’s income that has been taxed at the REIT Trustee level. Accordingly, except as detailed in the paragraphs below, distributions made by FH-REIT out of Taxable Income (e.g. distributions made out of after tax Specified Taxable Income not distributed by FH-REIT or out of gains or profits taxed as trading gains to the Stapled Securityholders) will not be subject to any tax deduction at source. No tax credit will be given to any Stapled Securityholder on the tax payable by the REIT Trustee on such Taxable Income.

FH-REIT Distributions out of Specified Taxable Income

Individuals who hold Stapled Securities as investment assets

Individuals who hold Stapled Securities as investment assets (excluding individuals who hold such Stapled Securities through a partnership in Singapore) are exempt from Singapore income tax on the distributions made by FH-REIT, regardless of the individuals’ nationality or tax residence status.
Individuals who hold Stapled Securities as trading assets or through a partnership in Singapore are subject to Singapore income tax on the gross amount of distributions that are made out of FH-REIT’s Specified Taxable Income. Such distributions must be declared in the income tax returns of these individuals and will be taxed in the hands of these individuals at their applicable income tax rates.

Non-individuals other than Qualifying Foreign Non-Individual Stapled Securityholders

Non-individual Stapled Securityholders are subject to Singapore income tax on the gross amount of distributions that are made out of FH-REIT’s Specified Taxable Income, unless specifically exempted, irrespective of whether or not tax has been deducted from the distributions by the REIT Manager and the REIT Trustee.

Where tax has been deducted at source, the tax deducted is not a final tax. Non-individual Stapled Securityholders can offset tax deducted at source against their Singapore income tax liabilities.

Qualifying Foreign Non-Individual Stapled Securityholders

Qualifying Foreign Non-Individual Stapled Securityholders will be subject to final tax at the reduced rate of 10.0% for distributions made out of FH-REIT’s Specified Taxable Income up to 31 March 2015, unless otherwise extended.

FH-REIT Distributions out of Tax Exempt Income

Stapled Securityholders will not be subject to Singapore income tax on distributions made out of FH-REIT’s Tax Exempt Income. No tax will be deducted at source on such distributions.

FH-REIT Distributions out of Return of Capital

Stapled Securityholders will not be subject to Singapore income tax on distributions made by FH-REIT out of its capital receipts, such as return of capital from the Singapore Subsidiaries or MIT Australia. No tax will be deducted at source on such distributions.

For Stapled Securityholders who hold the Stapled Securities as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of the Stapled Securities, the amount of such distributions will be applied to reduce the cost of the Stapled Securities for the purpose of calculating the amount of taxable trading gain when the Stapled Securities are disposed of. If the amount exceeds the cost of the Stapled Securities, the excess will be subject to tax as a trading income of such Stapled Securityholders.

FH-REIT Distributions out of Disposal Gains

Stapled Securityholders will not be subject to Singapore income tax on distributions made by FH-REIT out of gains from the disposal of the Singapore Properties, shares in the Singapore Subsidiaries or units in MIT Australia. No tax will be deducted at source on such distributions.

FH-BT Distributions

Distributions made by FH-BT out of its profits, if any, to the Stapled Securityholders will be treated like one-tier dividends. Such distributions will be exempt from Singapore income tax in the hands of the Stapled Securityholders, regardless of their respective status.
Disposal of Stapled Securities

Singapore does not impose tax on capital gains. Any gains on disposal of the Stapled Securities are not liable to tax provided the Stapled Securities are not held as trading assets. Where the Stapled Securities are held as trading assets of a trade or business carried on in Singapore, any gains on disposal of the Stapled Securities are liable to Singapore income tax at the applicable tax rate.

Singapore GST

Issue and transfer of Stapled Securities

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, Stapled Securityholders would not incur any GST on the subscription of the Stapled Securities. The subsequent disposal of the Stapled Securities by a GST-registered Stapled Securityholder through the SGX-ST or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Stapled Securities to another person belonging outside Singapore would constitute zero-rated supplies for Singapore GST purposes.

Recovery of GST incurred by Stapled Securityholders

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to Stapled Securityholders belonging in Singapore in connection with their purchase and sale of the Stapled Securities would be subject to GST at the prevailing standard-rate of 7.0%. Similar services rendered to Stapled Securityholders belonging outside Singapore could be zero-rated when certain conditions are met.

For Stapled Securityholders belonging in Singapore who are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Stapled Securities is generally not recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Stapled Securityholders should seek the advice of their tax advisers on these conditions.

Singapore Stamp Duty

The sale, purchase and transfer of the Stapled Securities is not subject to stamp duty in Singapore.

AUSTRALIA TAXATION

Income Tax

Subject to the meeting of certain qualifying conditions, the Australian Trusts will be treated as flow-through entities for Australian income tax purpose. The Australian Trusts are not subject to Australian income tax. Their taxable income will effectively be allocated to their unitholders in proportion to the unitholders’ interests in the trusts’ distributable income. The distributions from MIT Australia to FH-REIT and FHT Australia Pte. Ltd. may be subject to withholding tax depending on the nature and character of the underlying income or gain. For example, the applicable withholding tax rate for net rental income and disposal gains on trust units is 15.0% and for interest income is 10.0%. Where MIT Australia does not qualify for MIT treatment, the distributions would be subject to Australian tax at 30.0% (where the unitholder is a company) or 45.0% (where the unitholder is a trust). Distributions of cash in excess of taxable income, commonly referred as
“tax deferred distributions” which reflect mainly non-cash tax deductible items e.g., depreciation deductions, are not subject to tax in the hands of the unitholders. Instead, the tax cost base of the trust units will be reduced.

Loan interest payments made by the MIT Australia to FHT Australia Pte. Ltd. if any, will be subject to interest withholding tax at 10.0%.

**Goods and Services Tax (GST)**

GST is a broad-based tax levied on the supplies of most goods, services and other items sold or consumed in Australia, including the grant of leases. The standard rate of GST is 10.0%.

**Stamp Duty**

New South Wales ("NSW") transfer duty at ad valorem rates of up to 5.5% based on the higher of consideration or unencumbered market value of the underlying leasehold interest in the Australian Properties together with any plant and equipment fixed to or transferred with the properties or ad valorem rates of up to 5.5% based on the lease premium, depending on the mode of transfer, should be applicable.

**Land Tax**

Land tax is an annual tax computed based on the taxable value of the land at stepped land tax rates with a maximum of 2.0% in NSW. The taxable value of the land is determined by the relevant local government authorities. Australian land tax rates and/or thresholds are generally subject to change each year and updated information should be obtained when considering the land tax liability each year.

**JERSEY TAXATION**

The Jersey Subsidiaries should be liable to tax in Jersey at the standard rate of 0.0%. There are certain exemptions to this rate including, amongst others, any income derived from the ownership or disposal of land in Jersey which is subject to income tax at a rate of 20.0%. For so long as the Jersey Subsidiaries holds zero tax status, no Jersey withholding tax will be required on dividend and interest payments made by the Jersey Subsidiaries to FHT UK Pte. Ltd.. Capital gains are not subject to tax in Jersey.

The Jersey Subsidiaries are registered as International Services Entities which are not required to account for GST on their supplies and are exempted from being charged GST by its suppliers.

No stamp duty or other taxes are chargeable in Jersey on the issue, transfer, disposal, conversion or redemption of shares.

**UNITED KINGDOM TAXATION**

The Jersey Subsidiaries will be subject to UK income tax on their net rental profits derived from the UK Properties at the basic income tax rate, currently at 20.0%. Dividends paid by the Jersey Subsidiaries to FHT UK Pte. Ltd. should not be subject to UK withholding tax.

**Value-Added Tax (VAT)**

VAT, currently at a rate of 20.0%, is due on any supply of goods or services made in the UK where a taxable supply is made by a taxable person in the course or furtherance of a business carried on by the said person, including the grant or variation of leases.
Stamp Duty Land Tax (SDLT)

The applicable rate of SDLT will be determined by whether or not the UK Properties are residential for SDLT purposes.

The UK Properties are likely to be viewed as non-residential properties for SDLT purposes such that the non-residential or mixed use rates of SDLT should apply, having a maximum rate of 4.0% of the VAT inclusive price paid. This is on the basis that not all of the UK Properties answer the description of ‘residential property’ and in respect of those that do either their value does not exceed £500,000 or, if it does exceed that figure, the use to which they will be applied will satisfy an exemption from the SDLT higher rate.

On this basis, on the grant of the leases to the Jersey Subsidiaries, SDLT of 4.0% should be payable on the VAT inclusive premium paid.

JAPAN TAXATION

Kobe Excellence TMK and Excellence Prosperity Japan K.K. will be subject to corporate tax on their taxable income at an effective tax rate of approximately 39.43% for fiscal years beginning between 1 April 2012 and 31 March 2014, and approximately 37.11% for fiscal years beginning on or after 1 April 2014.

Subject to the meeting of certain qualifying conditions, Kobe Excellence TMK will be allowed a deduction against its taxable income in respect of any dividend distributions it makes to Excellence Prosperity Japan K.K. and Excellence Prosperity TMK Pte. Ltd. In this regard, where Kobe Excellence TMK distributes its taxable income to the extent possible, limited Japanese corporate tax should be payable by Kobe Excellence TMK.

Dividend distributions and interest payments made by Kobe Excellence TMK and Excellence Prosperity Japan K.K. to Excellence Prosperity TMK Pte. Ltd. and FHT Japan Pte. Ltd. respectively will be subject to withholding tax at an effective tax rate of 20.42% for a period of 25 years beginning from 1 January 2013. Thereafter, the withholding tax rate will be reduced to 20.0%. Subject to the meeting of certain qualifying conditions, the withholding tax rate may be reduced to 5.0% and 10.0% for dividend and interest respectively under the Singapore-Japan DTA. Dividend distributions made by Kobe Excellence TMK to Excellence Prosperity Japan K.K. will be subject to withholding tax at the 20.42% rate, however, such withholding tax should generally be fully creditable against Excellence Prosperity Japan K.K.’s corporate liability.

Other relevant taxes for Kobe Excellence TMK and Excellence Prosperity Japan K.K.

Fixed Asset Tax and City Planning Tax

The land and building assets of Kobe Excellence TMK will be subject to fixed asset tax and city planning tax based on their ownership as at 1 January of each year. The tax base for these taxes is derived from government determined valuations for the assets. The valuation process employed is relatively formulaic and, as a result, the government determined valuations for any particular year will not necessarily be in line with the then current market price of the land or building which a third party purchaser would pay; most typically, the government values tend to be lower than the market price, although this is ultimately a question of fact in each case.

The standard tax rate is 1.4% for fixed asset tax and 0.3% for city planning tax. Other depreciable assets of Kobe Excellence TMK will also be subject to fixed asset tax at the same rate, broadly based on their tax written down value.
**Consumption Tax**

Japanese consumption tax is a sales based tax applied on supplies of certain goods and services within Japan. The current rate of consumption tax applied to taxable supplies is 8.0%, however this is scheduled to potentially increase to 10% from 1 October 2015. Kobe Excellence TMK is a registered consumption taxpayer in Japan and will accordingly be required to account to the government for consumption tax collected on its own supplies, but should also be entitled to obtain credit for consumption tax suffered on its own purchases. In view of the nature of Kobe Excellence TMK’s activity, it is anticipated that consumption tax should wholly or principally represent a timing cost only and not an absolute cost to Kobe Excellence TMK.

**MALAYSIA TAXATION**

The Malaysian SPV will be a tax resident of Malaysia if the management and control of its business or affairs is exercised in Malaysia during the basis period for a year of assessment.

The Malaysian SPV will be subject to tax on all taxable income accruing in or derived from Malaysia, including rental income and interest income (if any) after deducting relevant tax-deductible expenses, industrial building allowances and/or capital allowances. The prevailing corporate income tax rate in Malaysia is 25.0%. Pursuant to the Budget 2014, the corporate income tax rate is proposed to be reduced to 24.0% with effect from Year of Assessment 2016.

Interest payments made by the Malaysian SPV to FHT Malaysia Pte. Ltd. should be exempt from withholding tax in Malaysia to the extent that it is paid in respect of debentures issued in Ringgit Malaysia other than convertible loan stock approved by the Securities Commission of Malaysia.

Property taxes in the form of quit rent and assessment charges are payable to the land office and local council respectively. The amount of quit rent varies from state to state while assessment charges are based on the value of the property determined by the local council.
PLAN OF DISTRIBUTION

The Managers are making an offering of 185,063,000 Stapled Securities (representing 15.5% of the total number of Stapled Securities in issue after the Offering) for subscription at the Offering Price under (i) the Placement Tranche of which 8,597,000 Reserved Stapled Securities (representing 4.6% of the Offering) under the Placement Tranche will be reserved for subscription by the directors, management and employees of the Sponsor and the REIT Manager and persons who have contributed to the success of FHT and (ii) the Public Offer. 139,609,000 Stapled Securities will be offered under the Placement Tranche and 45,454,000 Stapled Securities will be offered under the Public Offer. The Stapled Securities may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners (in consultation with the Managers) in the event of an excess of applications in one and a deficit in the other. In the event that any of the Reserved Stapled Securities are not subscribed for, such Stapled Securities will be made available to satisfy excess applications, if any, in the Public Offer and/or the Placement Tranche.

The Public Offer is open to members of the public in Singapore. Under the Placement Tranche, the Managers intend to offer the Stapled Securities by way of an international placement through the Joint Bookrunners to investors, including institutional investors and other investors in Singapore and elsewhere, in reliance on Regulation S.

Subject to the terms and conditions set forth in the underwriting agreement entered into between the Joint Bookrunners, the REIT Manager, the Trustee-Manager and the Sponsor on 30 June 2014 (the “Underwriting Agreement”), the REIT Manager is expected to effect for the account of FH-REIT and the Trustee-Manager is expected to effect for the account of FH-BT the issue of, and the Joint Bookrunners are expected to severally (and not jointly) subscribe, or procure subscribers, for 418,012,000 Stapled Securities which comprise 185,063,000 Stapled Securities under the Offering and 232,949,000 Cornerstone Stapled Securities at the Offering Price, in the proportions set forth opposite their respective names below.

<table>
<thead>
<tr>
<th>Joint Bookrunners</th>
<th>Number of Stapled Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBS Bank Ltd.</td>
<td>257,913,000</td>
</tr>
<tr>
<td>Morgan Stanley Asia (Singapore) Pte.</td>
<td>35,573,000</td>
</tr>
<tr>
<td>Standard Chartered Securities (Singapore) Pte. Limited</td>
<td>71,146,000</td>
</tr>
<tr>
<td>United Overseas Bank Limited</td>
<td>53,380,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>418,012,000</strong></td>
</tr>
</tbody>
</table>

The Stapled Securities will be offered at the Offering Price. The Offering Price per Stapled Security in the Placement Tranche and the Public Offer will be identical. The Joint Bookrunners have agreed to subscribe, or procure subscribers for 418,012,000 Stapled Securities at the Offering Price, less the Underwriting, Selling and Management Commission to be borne by FHT.

The Managers and the Sponsor have agreed in the Underwriting Agreement to indemnify the Joint Bookrunners against certain liabilities, to the extent permitted by law. The indemnity under the Underwriting Agreement provides that where the indemnification is unavailable to or insufficient to hold harmless, among others, the Joint Bookrunners in respect of any losses, claims, damages or liabilities (or actions in respect thereof), then (a) the Managers and the Sponsor shall contribute to the amount paid or payable by, among others, the Joint Bookrunners as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Managers or the Sponsor, as the case may be, on the one hand and the Joint Bookrunners on the other from the offering of the Stapled Securities,
or, (b) if the allocation provided by (a) above is not permitted by applicable law, then the Managers and the Sponsor shall contribute to such amount paid or payable by, among others, the Joint Bookrunners in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Managers or the Sponsor, as the case may be, on the one hand and the Joint Bookrunners on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Managers or the Sponsor, on the one hand and the Joint Bookrunners on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Stapled Securities subscribed for or purchased under the Underwriting Agreement (before deducting expenses) received by the Managers or the Sponsor, as the case may be, bear to the total underwriting discounts and commissions received by the Joint Bookrunners, with respect to the Stapled Securities subscribed for or purchased under the Underwriting Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Managers or the Sponsor on the one hand or the Joint Bookrunners on the other and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. No Joint Bookrunner shall be required to contribute any amount in excess of the amount by which the total price at which the Stapled Securities underwritten by it and distributed to the public were offered to investors in respect of any damages which such Joint Bookrunner has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The Underwriting Agreement also provides that the obligations of the Joint Bookrunners to subscribe, or procure subscribers for, the Stapled Securities in the Offering are subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Joint Bookrunners at any time prior to the issue and delivery of the Stapled Securities upon the occurrence of certain events including, among others, certain force majeure events pursuant to the terms of the Underwriting Agreement.

Subscribers of the Stapled Securities may be required to pay brokerage (and if so required, such brokerage will be up to 1.0% of the Offering Price) and applicable stamp duties, taxes and other similar charges (if any) in accordance with the laws and practices of the country of subscription, in addition to the Offering Price.

Each of the Global Coordinator, the Joint Bookrunners and their respective associates may engage in transactions with, and perform services for, FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager and the Sponsor in the ordinary course of business and have engaged, and may in the future engage, in commercial banking or investment banking transactions and/or other commercial transactions with FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager and the Sponsor, for which they have received or made payment of, or may in the future receive or make payment of, customary fees.

In the reasonable opinion of the Directors of the Trustee-Manager, save as otherwise disclosed in this Prospectus, none of the Joint Bookrunners has a material relationship with FH-BT or the Trustee-Manager.
OVER-ALLOTMENT AND STABILISATION

The Stapled Security Lender has granted the Over-Allotment Option to the Joint Bookrunners for the purchase of up to an aggregate of 35,737,000 Stapled Securities at the Offering Price. The number of Stapled Securities subject to the Over-Allotment Option represents 19.3% of the total number of Stapled Securities in the Offering. The Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), in consultation with the other Joint Bookrunners, may exercise the Over-Allotment Option in whole or in part, on one or more occasions, at any time from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date; and (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) or its appointed agent has bought, on the SGX-ST, an aggregate of 35,737,000 Stapled Securities, representing 19.3% of the total number of Stapled Securities in the Offering, to undertake stabilising actions. In connection with the Over-Allotment Option, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) and the Stapled Security Lender have entered into a Stapled Securities lending agreement (the “Stapled Securities Lending Agreement”) dated 30 June 2014 pursuant to which the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may borrow up to an aggregate of 35,737,000 Stapled Securities from the Stapled Security Lender for the purpose of facilitating settlement of the over-allotment of Stapled Securities in connection with the Offering. The Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will re-deliver to the Stapled Security Lender such number of Stapled Securities which have not been purchased pursuant to the exercise of the Over-Allotment Option.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Bookrunners and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Stapled Securities at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations.

None of the Managers, the Sponsor, the Joint Bookrunners or the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Stapled Securities. In addition, none of the Managers, the Sponsor, the Joint Bookrunners or the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) makes any representation that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Stapled Securities purchased by the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), not later than 12 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of stabilising action and the number of Stapled Securities in respect of which the Over-Allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.
LOCK-UP ARRANGEMENTS

The Sponsor and the Sponsor Entity

Subject to the exceptions described below, the Sponsor and the Sponsor Entity have each agreed with the Joint Bookrunners that it will not during the Lock-up Period, without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), directly or indirectly:

- offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any or all of its effective interest in the relevant Lock-up Stapled Securities held by it on the Listing Date;

- enter into any transaction (including any derivative transaction) with a similar economic effect to the foregoing;

- deposit any or all of its effective interest in the relevant Lock-up Stapled Securities, FH-REIT Units or FH-BT Units constituting such Lock-up Stapled Securities in any depository receipt facility;

- enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

- publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to:

- the creation of a charge over the Lock-up Stapled Securities or otherwise grant of security over or creation of any encumbrance over the Lock-up Stapled Securities, provided that such charge, security or encumbrance can only be enforced after the end of the Lock-up Period; or

- the transfer of such Lock-up Stapled Securities to and between wholly-owned subsidiaries of the Sponsor provided that the Sponsor has procured that such subsidiaries have executed and delivered to the Joint Bookrunners an undertaking to the effect that it will undertake to comply with the foregoing restrictions in the above paragraph to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Offering is not completed by 31 July 2014, the lock-up arrangements described above will be automatically terminated.

TCC Hospitality

Subject to the exceptions described below, TCC Hospitality and each of the shareholders of TCC Hospitality has agreed with the Joint Bookrunners that it/he/she will not, without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), directly or indirectly:

- offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any or all of its/his/her effective interest in the relevant Lock-up Stapled Securities held by it/him/her on the Listing Date;

- enter into any transaction (including any derivative transaction) with a similar economic effect to the foregoing;
• deposit any or all of its/his/her effective interest in the relevant Lock-up Stapled Securities, FH-REIT Units or FH-BT Units constituting such Lock-up Stapled Securities held by it/him/her in any depository receipt facility;

• enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

• publicly announce any intention to do any of the above during the Lock-up Period.

The restrictions described in the preceding paragraph do not apply to:

• the creation of a charge over the Lock-up Stapled Securities or otherwise grant of security over or creation of any encumbrance over the Lock-up Stapled Securities, provided that such charge, security or encumbrance can only be enforced after the end of the Lock-up Period;

• the entry into, by TCC Hospitality Limited, of any securities lending arrangement with the Joint Bookrunners or any sale or transfer of any of the Lock-up Stapled Securities pursuant to the exercise of the Over-Allotment Option; or

• the transfer of such Lock-up Stapled Securities to and between wholly-owned subsidiaries of TCC Hospitality provided that TCC Hospitality has procured that such subsidiaries have executed and delivered to the Joint Bookrunners an undertaking to the effect that it will undertake to comply with the foregoing restrictions in the above paragraph to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Offering is not completed by 31 July 2014, the lock-up arrangements described above will be automatically terminated.

For the avoidance of doubt, any Stapled Securities returned to the Stapled Security Lender pursuant to the securities lending arrangement shall be subject to the lock-up arrangements described above.

The Managers

Subject to the exceptions described below, each of the Managers have agreed with the Joint Bookrunners that it will not without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), for the Lock-up Period, directly or indirectly, offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, any Stapled Securities, FH-REIT Units or FH-BT Units; enter into any transaction (including any derivative transaction) with a similar economic effect to the foregoing; deposit any Stapled Securities, FH-REIT Units or FH-BT Units in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to the issuance of (i) Stapled Securities to be offered under the Offering, (ii) the Sponsor Stapled Securities, (iii) the TCC Stapled Securities, (iv) the Cornerstone Stapled Securities, (v) the Stapled Securities to the Managers in payment of any fees payable to the Managers under the FH-REIT Trust Deed and the FH-BT Trust Deed and (vi) the Stapled Securities which may be issued from time to time to the Serviced Residence Operators in full or part payment of fees payable to the Serviced Residence Operators.

If, for any reason, the Offering is not completed by 31 July 2014, the lock-up arrangements described above will be automatically terminated.
Subject to the exceptions described below, DBS Bank Ltd. has agreed with the Joint Bookrunners that it will not during the Lock-up Period, without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), directly or indirectly:

- offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of any or all of its effective interest in the relevant Lock-up Stapled Securities held by it on the Listing Date;

- enter into any transaction (including any derivative transaction) with a similar economic effect to the foregoing;

- deposit any or all of its effective interest in the relevant Lock-up Stapled Securities, FH-REIT Units or FH-BT Units constituting such Lock-up Stapled Securities in any depository receipt facility;

- enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

- publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to:

- the creation of a charge over the Lock-up Stapled Securities or otherwise grant of security over or creation of any encumbrance over the Lock-up Stapled Securities, provided that such charge, security or encumbrance can only be enforced after the end of the Lock-up Period; or

- the transfer of such Lock-up Stapled Securities to and between wholly-owned subsidiaries of DBS Bank Ltd. provided that DBS Bank Ltd. has procured that such subsidiaries have executed and delivered to the Joint Bookrunners an undertaking to the effect that it will undertake to comply with the foregoing restrictions in the above paragraph to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Offering is not completed by 31 July 2014, the lock-up arrangements described above will be automatically terminated.

**SGX-ST LISTING**

FHT has received a letter of eligibility from the SGX-ST for the listing and quotation of the Stapled Securities on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager or the Stapled Securities. It is expected that the Stapled Securities will commence trading on the SGX-ST on a “ready” basis on or about 14 July 2014.

Prior to this Offering, there has been no trading market for the Stapled Securities. There can be no assurance that an active trading market will develop for the Stapled Securities, or that the Stapled Securities will trade in the public market subsequent to this Offering at or above the Offering Price.
ISSUE EXPENSES

The Managers estimate that expenses payable in connection with the Offering and the issuance of the Sponsor Stapled Securities and the Cornerstone Stapled Securities and the application for listing, including the Underwriting, Selling and Management Commission, professional fees and all other incidental expenses relating to the Offering and the issuance of the Sponsor Stapled Securities and the Cornerstone Stapled Securities will be approximately S$28.4 million.

A breakdown of these estimated expenses is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (S$’000)</th>
<th>As a dollar amount for each S$ of the Total Issue Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting, Selling and Management Commission</td>
<td>8,535</td>
<td>0.0047</td>
</tr>
<tr>
<td>Professional and other fees</td>
<td>17,200</td>
<td>0.0095</td>
</tr>
<tr>
<td>Miscellaneous Offering expenses</td>
<td>2,633</td>
<td>0.0015</td>
</tr>
<tr>
<td><strong>Total estimated expenses of the Offering</strong></td>
<td><strong>28,368</strong></td>
<td><strong>0.0157</strong></td>
</tr>
</tbody>
</table>

Notes:

(1) Such commission represents a maximum of 2.0% of the total amount of the Offering. The amount of total commission payable by the Managers will be pegged to the Offering Price. A commission will be payable in respect of the TCC Stapled Securities only to the extent they are subject to the exercise of the Over-allotment Option.

(2) Includes financial advisory fees, solicitors’ fees and fees for the Independent Reporting Auditor, the Independent Tax Adviser, the Independent Valuers, the Independent Market Research Consultant and other professionals’ fees.

(3) Includes cost of prospectus production, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issuance of the Sponsor Stapled Securities and Cornerstone Stapled Securities.

(4) The total expenses in relation to the Offering will be ultimately borne by the investors subscribing for the Stapled Securities pursuant to the Offering.

DISTRIBUTION AND SELLING RESTRICTIONS

None of the Managers, the Sponsor or the Joint Bookrunners have taken any action, or will take any action, in any jurisdiction other than Singapore that would permit a public offering of the Stapled Securities, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offering in any jurisdiction other than Singapore where action for that purpose is required.

Accordingly, each purchaser of the Stapled Securities may not offer or sell, directly or indirectly, any Stapled Securities and may not distribute or publish this Prospectus or any other offering material or advertisements in connection with the Stapled Securities in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.
Each purchaser of the Stapled Securities is deemed to have represented and agreed that it will comply with the selling restrictions set out below for each of the following jurisdictions:

**Australia**

This document and the offer is only made available in Australia to persons to whom a disclosure document is not required to be given under either Chapter 6D or Chapter 7.9 of the Australian Corporations Act 2001 (Cth) ("Corporations Act"). This document is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of Australian law, and is not required to, and does not, contain all the information which would be required in a disclosure document under Australian law. It is made available to you on the basis that you are a professional investor or sophisticated investor for the purposes of Chapter 6D, and a wholesale client for the purposes of Chapter 7.9, of the Corporations Act.

If you acquire the Stapled Securities in Australia then you:

(a) represent and warrant that you are a professional or sophisticated investor;

(b) represent and warrant that you are a wholesale client; and

(c) agree not to sell or offer for sale any Stapled Securities in Australia within 12 months from the date of their issue under the Offering, except in circumstances where:

(i) disclosure to investors would not be required under either Chapter 6D or Chapter 7.9 of the Corporations Act; or

(ii) such sale or offer is made pursuant to a disclosure document which complies with either Chapter 6D or Chapter 7.9 of the Corporations Act.

This document has not been and will not be lodged or registered with the Australian Securities and Investments Commission or ASX Limited or any other regulatory body or agency in Australia. The persons referred to in this document may not hold Australian Financial Services licences. No cooling off regime will apply to an acquisition of any interest in FHT.

This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this document, you should assess whether the acquisition of any interest in the FHT is appropriate in light of your own financial circumstances or seek professional advice.

**Bahrain**

This Prospectus has not been approved by the Central Bank of Bahrain ("CBB") and the regulations of the CBB do not apply. No offer will be made in Bahrain to the public to purchase Stapled Securities and this Prospectus will not be issued to, or made available to, the public generally in Bahrain. The CBB takes no responsibility for the performance of the Stapled Securities nor for the correctness of any statements or representation made by the Joint Bookrunners.
**Canada**

The Stapled Securities may only be offered or sold, directly or indirectly, in the provinces of Ontario and Quebec, or to residents thereof and not in, or to the residents of, any other province or territory of Canada. Such offers or sales will be made pursuant to an exemption from the requirement to file a prospectus with the regulatory authorities in the provinces of Ontario and Quebec and will be made only by a dealer duly registered under the applicable securities laws of the province of Ontario or Quebec, as the case may be, or in accordance with an exemption from the applicable registered dealer requirements.

**Dubai International Financial Centre**

This Prospectus relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (the “DFSA”). The DFSA has no responsibility for reviewing or verifying this Prospectus or other documents in connection with FHT. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The Stapled Securities to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Stapled Securities. If you do not understand the contents of this document you should consult an authorised financial adviser. This Prospectus is intended for distribution only to qualified investors and must not, therefore, be delivered to, or relied on by, a retail investor.

**European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), an offer to the public of any Stapled Securities which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Stapled Securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Stapled Securities shall result in a requirement for the REIT Manager and the Trustee-Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any Stapled Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Stapled Securities to be offered so as to enable an investor to decide to purchase any Stapled Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.
**Hong Kong**

This document has not been approved by the Securities and Futures Commission in Hong Kong. Accordingly:

(a) Stapled Securities may not be offered or sold in Hong Kong, by means of this document or any other Document other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”) and any rules made under the SFO or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) no person shall issue or possess for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Stapled Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Stapled Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

**Indonesia**

This Prospectus may not be distributed directly or indirectly in Indonesia or to any Indonesian entity or Indonesian citizen (person), and the Joint Bookrunners, may not offer or sell, directly or indirectly, any Stapled Securities in Indonesia or to any Indonesian entity or Indonesian citizen (person), in a manner constituting a public offering on the Stapled Securities under the Indonesian Capital Market Law and the applicable regulations of the Otoritas Jasa Keuangan (Financial Services Authority) previously known as Badan Pengawas Pasar Modal dan Lembaga Keuangan (Capital Market and Financial Institution Supervisory Agency).

This Prospectus may not be distributed in Indonesia and the Stapled Securities may not be offered to more than 100 Indonesian parties and/or sold to more than 50 Indonesian parties wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offer under the Law Number 8 of 1995 regarding Capital Markets.

**Malaysia**

No approval from the Securities Commission of Malaysia (“SC”) has been applied for or will be obtained for the offer or invitation in respect of the Offering under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the SC in connection with the Offering in Malaysia. Accordingly, this Prospectus or any amendment or supplement hereto or any other offering document in relation to FHT may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Stapled Securities and no person may offer for subscription or purchase any of the Stapled Securities directly or indirectly to anyone in Malaysia.

**For Residents of the Sultanate of Oman**

The information contained in this Prospectus neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of the Capital Market Law (issued by Decision No. 1/2009). Additionally, this Prospectus is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of this Prospectus represents that it is a financial institution and is a sophisticated investor (as described in Article 139 of the Executive
Regulations of the Capital Market Law) and that its officers/employees have such experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

**The PRC**

The Stapled Securities may not be offered or sold, and will not be offered or sold to any person in the PRC as part of the initial distribution of the Stapled Securities, except pursuant to applicable laws and regulations of the PRC. This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Managers make no representation that this document may be lawfully distributed, or that any Stapled Securities may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Managers which would permit a public offering of any Stapled Securities or distribution of this document in the PRC. Accordingly, the Stapled Securities are not being offered or sold within the PRC by means of this document or any other document. Neither this document nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

**Qatar**

This document is not intended to constitute an offer, sale or delivery of shares, units in a collective investment scheme, stapled securities or other securities under the laws of the State of Qatar including the rules and regulations of the Qatar Financial Centre Authority (“QFCA”) or the Qatar Financial Centre Regulatory Authority (“QFCRA”) or equivalent laws of the Qatar Central Bank (“QCB”). This document has not been lodged or registered with, or reviewed or approved by the QFCA, the QFCRA, the QCB or the Qatar Financial Markets Authority (“QFMA”) and is not otherwise authorised or licensed for distribution in the State of Qatar or the Qatar Financial Centre (“QFC”). The information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect of shares, Units in a collective investment scheme, stapled securities, or other securities in the State of Qatar or the QFC. The Stapled Securities will not be admitted or traded on the Qatar Exchange.

**Saudi Arabia**

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

Any investor in the Kingdom of Saudi Arabia who acquires the Stapled Securities pursuant to the offering should note that the offer of Stapled Securities is a private placement to sophisticated investors under Article 10 of the “Offer of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004, as amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the “KSA Regulations”). The Stapled Securities to be issued have not and will not be offered or sold in the Kingdom of Saudi Arabia other than in compliance with the KSA Regulations, through an
Authorised Person (as defined in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority) and following a notification to the Capital Market Authority under the KSA Regulations. Investors should be aware that the offer of the Stapled Securities is subject to the restrictions on secondary market activity of offers of privately placed securities as set out in Article 17 of the KSA Regulations.

Switzerland

The Stapled Securities may not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this document nor any other solicitation for investments in FHT may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156/652a of the Swiss Code of Obligations (“CO”). This document may not be copied, reproduced, distributed or passed on to others without the Joint Bookrunners’ prior written consent. This document is not a prospectus within the meaning of Articles 1156/652a of the CO and FHT will not be listed on the SIX Swiss Exchange. Therefore, this document may not comply with the disclosure standards of the CO and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange set forth in art. 27 et seq. of the SIX Listing Rules. In addition, it cannot be excluded that FHT could qualify as a foreign collective investment scheme pursuant to Article 119 of the Swiss Federal Act on Collective Investment Schemes, as amended (“CISA”). FHT will not be licensed for offering to non-qualified investors in and from Switzerland. The distribution of Stapled Securities in Switzerland will be exclusively made to, and directed at, regulated qualified investors (the “Regulated Qualified Investors”), as defined in Article 10(3)(a) and (b) of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended (“CISA”). Accordingly, FHT has not been and will not be registered with the Swiss Financial Market Supervisory Authority (“FINMA”) and no Swiss representative or paying agent have been or will be appointed in Switzerland. This Prospectus and/or any other offering materials relating to the Stapled Securities may be made available in Switzerland solely to Regulated Qualified Investors.

Taiwan

The offering of the Stapled Securities has not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan, the Republic of China through a public offering or in circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan, the Republic of China that requires a registration or approval of the Financial Supervisory Commission of Taiwan, the Republic of China. No person or entity in Taiwan, the Republic of China has been authorised to offer or sell the Stapled Securities in Taiwan, the Republic of China.

United Arab Emirates (excluding the Dubai International Financial Centre)

In accordance with the provisions of the UAE Securities and Commodities Authorities (“SCA”) Board Decision No. 37 of 2012, the Stapled Securities to which this Prospectus relates may only be promoted in the United Arab Emirates (the “UAE”) with the prior approval of the SCA and by way of (i) private placement by persons authorised to do so by the UAE Central Bank or the SCA, or (ii) institutional private placement by licensed representative offices subject to a minimum subscription amount per individual institutional investor of ten (10) million UAE Dirhams. Any approval of the SCA to the promotion of the Stapled Securities in the UAE does not represent a recommendation to purchase or invest in FHT. The SCA has not verified this document or other documents in connection with FHT and the SCA may not be held liable for any default by any party involved in the operation, management or promotion of FHT or in the performance of their responsibilities and duties, or the accuracy or completeness of the information in this Prospectus.
The Stapled Securities to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective investors should conduct their own due diligence on the Stapled Securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

The United Kingdom

The Fund is not a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (as amended, the “Act”). The Fund is an alternative investment fund for the purposes of The Alternative Investment Fund Managers Regulations 2013 of the United Kingdom (as amended, the “Regulations”). The promotion of the Fund and the distribution of the Prospectus in the United Kingdom are accordingly restricted by law.

The distribution of this Prospectus in the United Kingdom may only take place in the following circumstances:

(a) In relation to any potential investor who has a registered office or is domiciled in the European Economic Area, this Prospectus may only be distributed:

(1) Where the FCA has been notified, in accordance with the Regulations, of an intention to market the Fund in the United Kingdom, this Prospectus may be marketed by or on behalf of the Sub-Investment Manager to “professional clients” (within the meaning of Annex II to Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments) and also:

i. where the person distributing this Prospectus is an Authorised Person, to such other persons who, or in circumstances which, fall within any applicable exemption contained in the U.K. Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended, the “CIS Order”) (including to persons with professional experience of investment in unregulated schemes, certified sophisticated investors, and high net worth entities and other persons described in Article 22(2) (a) to (e) of the CIS Order), or to persons who fall within paragraph 4.12.4R of the U.K. Financial Conduct Authority’s Conduct of Business Sourcebook; and

ii. where the person distributing this Prospectus is not an Authorised Person, to such other persons who, or in circumstances which, fall within any applicable exemption contained in the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”) (including persons who have professional experience in matters relating to investments, certified sophisticated investors, and high net worth entities and other persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order); and

(2) in such other circumstances as may otherwise be lawfully permitted; and

(b) In relation to any potential investor other than one falling in (a) above, this Prospectus may only be distributed:

(1) where the person distributing this Prospectus is an Authorised Person, to such persons who, or in circumstances which, fall within any applicable exemption contained in the CIS Order (including to persons with professional experience of investment in unregulated schemes, certified sophisticated investors, and high net worth entities and
other persons described in Article 22(2)(a) to (e) of the CIS Order), or to persons who fall within paragraph 4.12.4R of the U.K. Financial Conduct Authority's Conduct of Business Sourcebook; and

(2) where the person distributing this Prospectus is not an Authorised Person, to such persons who, or in circumstances which, fall within any applicable exemption contained in the Financial Promotion Order (including persons who have professional experience in matters relating to investments, certified sophisticated investors, and high net worth entities and other persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order); and

(3) in such other circumstances as may otherwise be lawfully permitted.

Any other distribution of this Prospectus in the United Kingdom is unauthorised and this Prospectus must not be relied upon or acted upon except by such persons and in such circumstances as set out above. Any investment or investment activity to which this Prospectus relates is available to, and will be engaged in only with, such persons and in such circumstances.

Since the Fund is not a recognised collective investment scheme under the Act, investors in the Fund will not be entitled to any benefits under the Financial Services Compensation Scheme in the United Kingdom.

**United States**

The Stapled Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act. The Stapled Securities are being offered and sold outside of the United States in reliance on Regulation S (terms used in this paragraph that are defined in Regulation S are used herein as defined therein).

**Transfer Restrictions**

Each purchaser of the Stapled Securities offered hereby in reliance on Regulation S will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(a) it is aware that the Stapled Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;

(b) it is purchasing the Stapled Securities in an offshore transaction meeting the requirements of Regulation S; and

(c) it will not offer, sell, pledge or transfer any Stapled Securities, except in accordance with the Securities Act and any applicable laws of any state of the United States and any other jurisdiction.

Terms used in this subsection that are defined in Regulation S are used herein as defined therein.

**General**

Each applicant for Stapled Securities in the Offering will be deemed to have represented and agreed that it is relying on this Prospectus and not on any other information or representation not contained in this Prospectus and none of FHT, FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the Global Coordinator, the Joint Bookrunners or any other person responsible for this Prospectus or any part of it will have any liability for any such other information or representation.
CLEARANCE AND SETTLEMENT

INTRODUCTION

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Stapled Securities. For the purpose of trading on the SGX-ST, a board lot for the Stapled Securities will comprise 1,000 Stapled Securities.

Upon listing and quotation on the SGX-ST, the Stapled Securities will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Stapled Securities through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

It is expected that the Stapled Securities will be credited into the Securities Accounts of applicants for the Stapled Securities within four Market Days\(^1\) after the closing date for applications for the Stapled Securities.

CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Stapled Securities will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP, will be treated as Stapled Securityholders in respect of the number of Stapled Securities credited to their respective Securities Accounts.

Transactions in the Stapled Securities under the book-entry settlement system will be reflected by the seller’s Securities Account being debited with the number of Stapled Securities sold and the buyer’s Securities Account being credited with the number of Stapled Securities acquired. No transfer stamp duty is currently payable for the transfer of the Stapled Securities that are settled on a book-entry basis.

The Stapled Securities credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. The Stapled Securities credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S$10.00 transfer fee payable to CDP. All persons trading in the Stapled Securities through the SGX-ST should ensure that the relevant Stapled Securities have been credited into their Securities Account, prior to trading in such Stapled Securities, since no assurance can be given that the Stapled Securities can be credited into the Securities Account in time for settlement following a dealing. If the Stapled Securities have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

\(^1\) "Market Day” means any day on which the SGX-ST is open for trading in securities.
CLEARING FEES

A clearing fee for the trading of the Stapled Securities on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee, deposit fee and Stapled Security withdrawal fee may be subject to GST (currently 7.0%).

Dealings in the Stapled Securities will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day\(^1\) following the transaction date and payment for the Stapled Securities is generally settled on the following Market Day\(^1\). CDP holds Stapled Securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

\(^1\) “Market Day” means any day on which the SGX-ST is open for trading in securities.
EXPERTS

Ernst & Young LLP, the Independent Reporting Auditor, was responsible for preparing the Independent Reporting Auditor’s Report on the Profit Forecast and Profit Projection and the Independent Reporting Auditor’s Report on the Compilation of Unaudited Pro Forma Financial Information found in Appendix A and Appendix B of this Prospectus, respectively.

CBRE Pte. Ltd., Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Jones Lang LaSalle Hotels (NSW) Pty Limited, the Independent Valuers, were responsible for preparing the Independent Property Valuation Summary Reports in Appendix D of this Prospectus.

Jones Lang LaSalle Property Consultants Pte Ltd, the Independent Market Research Consultant, was responsible for preparing the Independent Hospitality Industry Report in Appendix E of this Prospectus.

KPMG Services Pte. Ltd., the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix F of this Prospectus.

The Independent Reporting Auditor, the Independent Valuers, the Independent Market Research Consultant and the Independent Tax Adviser have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this Prospectus, and to act in such capacity in relation to this Prospectus.

None of Allen & Gledhill LLP, Minter Ellison Lawyers, Dentons UKMEA LLP, Brodies LLP, Anderson Mori & Tomotsune, Zaid Ibrahim & Co, WongPartnership LLP, Shearman & Sterling LLP and Rodyk & Davidson LLP makes, or purports to make, any statement in this Prospectus and none of them is aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.
RESPONSIBILITY STATEMENT BY THE DIRECTORS

(1) The REIT Manager Directors and the Trustee-Manager Directors (together, the “Directors”) collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, FHT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading, and the Directors are satisfied that the Profit Forecast and Profit Projection has been stated after due and careful inquiry. Where information in the Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

MATERIAL BACKGROUND INFORMATION

(2) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Managers the outcome of which, in the opinion of the Managers, as the case may be, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Managers.

(3) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against FH-REIT and/or FH-BT the outcome of which, in the opinion of the Directors, as the case may be, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position (on a pro forma basis) of FH-REIT and/or, as the case may be, FH-BT.

(4) The name, age and address of each of the Directors are set out in “Management and Corporate Governance – FHT – The REIT Manager Board” and “Management and Corporate Governance – FHT – The Trustee-Manager Board”. A list of the present and past directorships of each director and executive officer of the Managers over the last five years preceding the Latest Practicable Date is set out in Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”.

(5) There is no family relationship among the directors and executive officers of the Managers.

(6) Save as disclosed elsewhere in this Prospectus, none of the directors, executive officers or controlling shareholders of the Managers, or the controlling Stapled Securityholder is or was involved in any of the following events:

(a) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
(b) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency, saved as disclosed in Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”;

(c) any unsatisfied judgment against him;

(d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(f) at any time during the last 10 years, judgment been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust) in any jurisdiction, or from taking part directly or indirectly in the management of any entity or business trust in any jurisdiction;

(i) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Mr Choe Peng Sum is president of Frasers Hospitality Philippines, Inc. ("FHPI"). Preliminary investigations were commenced by the prosecutor of Philippines on the complaint of estafa by misappropriation filed against, *inter alia*, Mr Choe Peng Sum, in his capacity as an officer of FHPI. FHPI is the operator of the Fraser Place Manila serviced residences. The complaint was made on behalf of two entities which had entered into management agreements with FHPI for the management by FHPI of their units at Fraser Place Manila. Both management agreements are no longer in effect as one has expired and the other has been terminated. The complainant has alleged that the officers of FHPI had committed estafa by failing to turn-over documents under these management agreements. Investigation hearings have completed and the investigating officer has submitted the matter for resolution to the City Prosecutor's Office for determination on whether there would be probable cause to file criminal proceedings in court. The findings and recommendation of the investigating officer to the City Prosecutor are confidential as a matter of the investigation process.

The Managers and Mr Choe are of the view that, based on the facts of the case, the elements of estafa are not present and this is in all likelihood a harassment suit. Accordingly, he is of the view that the claims lack merit and it is unlikely that the charges will succeed.

One of the two entities mentioned above which had entered into management agreements with FHPI, has filed a petition against Mr Choe Peng Sum, in his capacity as president and director of FHPI and Ms Valerie Foo, in her capacity as director of Forbes Tower Condominium Corporation (the management corporation of Fraser Place Manila serviced residences) for contempt of court. The petitioner has alleged that Mr Choe and Ms Foo, among other individuals, had violated the directives of the court as the management corporation of Fraser Place Manila serviced residences had assessed and levied real property taxes and building insurance when the court had allegedly previously issued an order that such payments were to be held in abeyance. However, the court had previously stated that real property taxes and building insurance are payable. Based on the facts of the case, the Managers, Mr Choe and Ms Valerie Foo are of the view that the allegations of contempt of court are unfounded and misplaced and it is unlikely that the charges will succeed.

Notwithstanding the status of the matters above, based on the information available to the Nominating Committee of the REIT Manager as at the date of this Prospectus, nothing has come to the attention of the Nominating Committee to lead to the belief that (i) Mr Choe and (ii) Ms Valerie Foo does not have the competence, character and integrity expected of a director and Chief Financial Officer, respectively.

**EXCHANGE CONTROLS**

(7) Other than as described in the section “Exchange Rate Information and Exchange Controls” of this Prospectus, as at the date of this Prospectus, there is no governmental law, decree or regulatory requirement which may affect the repatriation of capital and the remittance of profits by or to the REIT Manager and/or the Trustee-Manager.
MATERIAL CONTRACTS

(8) The dates of, parties to, and general nature of every material contract which the REIT Trustee has entered into within the two years preceding the date of this Prospectus (not being contracts entered into in the ordinary course of the business of FHT) are as follows:

(a) the FH-REIT Trust Deed;
(b) the Stapling Deed;
(c) the Sale and Purchase Agreements and FF&E Sale and Purchase Agreements;
(d) the Sponsor ROFR;
(e) the TCC ROFR;
(f) the TCC-FCL Agreement;
(g) the Payment Top-Up Deeds;
(h) the Master Lease and Tenancy Agreements;
(i) the TCCL Guarantees;
(j) the Corporate Guarantees;
(k) the Escrow Agreements;
(l) the Licence Agreement;
(m) the Investment Management Agreements;
(n) the MIT Trust Deeds;
(o) the ABS Servicing Agreement;
(p) the Non-Disturbance Agreements;
(q) Deed of Consent to Assignment of Head Lease in respect of Novotel Rockford Darling Harbour;
(r) Deed of Consent of Sublease in respect of Novotel Rockford Darling Harbour;
(s) the Retail Master Lease Agreement;
(t) the Retail Master Lease Corporate Guarantee;
(u) the Master Agreements and Individual Agreements; and
(v) the Asset Management Agreement.
The dates of, parties to, and general nature of every material contract which the Trustee-Manager has entered into within the two years preceding the date of this Prospectus (not being contracts entered into in the ordinary course of the business of FHT) are as follows:

(a) the FH-BT Trust Deed;

(b) the Stapling Deed;

(c) the Sponsor ROFR;

(d) the TCC ROFR;

(e) the TCC-FCL Agreement;

(f) the subscription agreements entered into between the Managers and the Cornerstone Investors to subscribe for the Cornerstone Stapled Securities (the “Cornerstone Subscription Agreements”);

(g) the Park International Subscription Agreement;

(h) the Investment Management Agreement;

(i) the Licence Agreement; and

(j) the Master Agreements and Individual Agreements.

DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the REIT Manager at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958 and of the Trustee-Manager at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958 for a period of six months from the date of this Prospectus:

(a) the material contracts referred to in paragraphs 8 and 9 above, save for the Deeds (which will be available for inspection for so long as FH-REIT and FH-BT are in existence);

(b) the Independent Reporting Auditor’s Report on the Profit Forecast and Profit Projection as set out in Appendix A of this Prospectus;

(c) the Independent Reporting Auditor’s Report on the Compilation of Unaudited Pro Forma Financial Information as set out in Appendix B of this Prospectus;

(d) the Independent Property Valuation Summary Reports as set out in Appendix D of this Prospectus as well as the full valuation reports for each of the Properties;

(e) the Independent Hospitality Industry Report as set out in Appendix E of this Prospectus;

(f) the Independent Taxation Report as set out in Appendix F of this Prospectus;
(g) the written consents of the Independent Reporting Auditor, the Independent Valuers, the Independent Market Research Consultant and the Independent Tax Adviser (see “Experts” for further details); and

(h) the Depository Terms and Conditions.

CONSENTS OF THE SOLE GLOBAL COORDINATOR AND ISSUE MANAGER AND THE JOINT BOOKRUNNERS AND UNDERWRITERS

(11) DBS Bank Ltd. has given and not withdrawn its written consent to being named in this Prospectus as the Sole Global Coordinator and Issue Manager to the Offering.

(12) DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., Standard Chartered Securities (Singapore) Pte. Limited and United Overseas Bank Limited have each given and have not withdrawn their written consent to being named in this Prospectus as the Joint Bookrunners and Underwriters to the Offering.

WAIVERS FROM THE SGX-ST

(13) The Managers have obtained from the SGX-ST waivers from compliance with the following listing rules under the Listing Manual:

(a) Rule 404(3), which relates to restrictions on investments subject to compliance with the Property Funds Appendix in the CIS Code and the BTA;

(b) Rule 404(5), which requires the management company to be reputable and have an established track record in managing investments subject to the management in the REIT Manager, which is the entity responsible for managing the assets held by FH-REIT, having the relevant experience;

(c) Rule 407(4), which requires the listing application to contain the financial track record of the investment manager, the investment adviser and the persons employed by them to carry out their duties as investment manager or investment adviser, stating their employment history and work experience and details of all funds managed or advised by them;

(d) Rule 409(3), which requires the annual accounts of FHT for each of the last three financial years to be submitted to the SGX-ST;

(e) Rule 705(1), which requires the announcement of financial statements for the full financial year not later than 60 days after the relevant financial period, provided that FHT makes an announcement of its financial results for the period from the Listing Date to 31 December 2014; FHT has sought the waiver because the Initial Portfolio would have been in place for less than three months (from the Listing Date up and until 30 September 2014).

(f) Rule 707(1) and (2), which set out the requirements for the holding of annual general meetings and the issuance of annual reports subject to FH-REIT preparing its first annual report commencing from the period from the Listing Date to 30 September 2015. FHT has sought the waivers in connection with the waiver sought in paragraph (e).

(g) Rule 748(1), which requires an investment fund to announce via SGXNET its net tangible assets per unit at the end of each week, subject to such disclosures being made on a quarterly basis; and

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(h) Rule 748(3), which requires an investment fund to disclose certain information in its annual report, subject to disclosure of the information set out under “Management and Corporate Governance – Annual Reports”.

WAIVERS FROM THE MAS

(14) The MAS has granted the REIT Manager a waiver from compliance with paragraph 51 of the Third Schedule to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005, to the extent that paragraph 51 of the Third Schedule prohibits the disclosure of pro forma financial information relating to FH-REIT, subject to the conditions that (a) the pro forma financial information relating to FH-REIT is prepared in compliance with the requirements of paragraphs 23 to 34 in Part IX of the Fifth Schedule to the Securities and Future (Offers of Investments) (Shares and Debentures) Regulations 2005, where applicable, and (b) the REIT Manager and its directors shall ensure that the exemption and the condition imposed by the MAS as set out in this paragraph (14) are disclosed in this Prospectus.

(15) The MAS has granted the Trustee-Manager waivers from compliance with the following:

(a) Sections 10(2)(a) and 11(1)(a) of the BTA to the extent that sections 10(2)(a) and 11(1)(a) of the BTA require the Trustee-Manager and the Trustee-Manager Directors to act in the best interests of the FH-BT Unitholders as a whole only, subject to the conditions that (i) the Trustee-Manager shall ensure that the FH-BT Units remain stapled to the FH-REIT Units, and (ii) the Trustee-Manager and the Trustee-Manager Directors shall act in the best interests of all the Stapled Securityholders as a whole;

(b) Section 15(1) of the BTA to the extent that Section 15(1) requires an audit committee to be constituted, subject to the conditions that (i) the exemption shall only be in effect for so long as FH-BT is dormant, and (ii) immediately upon the Trustee-Manager becoming aware that FH-BT will become active, the Trustee-Manager shall ensure that an audit committee in compliance with the requirements of the BTA and the BTR is constituted before FH-BT becomes active;

(c) Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that regulations 12(1)(a) and 12(1)(b) of the BTR require the Trustee-Manager Directors to be independent, subject to the following conditions:

(i) the Trustee-Manager shall ensure that the FH-BT Units remain stapled to the FH-REIT Units;

(ii) the Trustee-Manager shall ensure that, in relation to the composition of the Trustee-Manager Board:

(1) the Trustee-Manager Directors are also the REIT Manager Directors;

(2) at least a majority of the Trustee-Manager Directors shall be independent from management and business relationships with the Managers; and

(3) at least one-third of the Trustee-Manager Directors shall be independent from management and business relationships with the Managers and from every Substantial Shareholder of the Managers; and
(iii) the Stapling Deed shall contain covenants binding the Managers to exercise all due diligence and vigilance to safeguard the rights and interests of the Stapled Securityholders in the event of a conflict between the interests of the Managers and their respective shareholders, and that of the Stapled Securityholders.

For the purposes of this paragraph (15)(c), a director shall not be considered independent from a Substantial Shareholder if he is also a director of a subsidiary or an associated company of the Substantial Shareholder (where the subsidiary or associated company is not the Trustee-Manager or the REIT Manager);

(d) Section 249(1) read with Section 302 of the SFA and Section 282I(1) of the SFA subject to the condition that the Prospectus includes the following information:

(i) the name of the credit rating agency;

(ii) a statement that the credit rating agency has not consented to the inclusion of the credit rating statement, and is therefore not liable under Sections 253 and 254 (read with Section 302) of the SFA and Sections 282N and 282O of the SFA, in relation to the credit rating statement, wherever the rating may appear in the Prospectus;

(iii) a statement that the rating is current;

(iv) a statement that the rating is not a recommendation to invest in any securities;

(v) a statement that the rating is subject to revision or withdrawal at any time;

(vi) an explanation of the meaning and significance of the rating, including:

   (1) the function of a rating;

   (2) that it is a statement of opinion;

   (3) the assumptions and limitations of the rating, and the attributes of the securities that it does not address; and

   (4) if the rating is a “provisional” or “expected” rating, the status of that designation and its implications;

(vii) a statement as to where information regarding the rating methodology used by the credit rating agency and relative rank of the rating can be obtained; and

(viii) a statement as to whether payment was or will be made to the credit rating agency to obtain the rating.

MISCELLANEOUS

(16) The financial year-end of FHT, FH-REIT and FH-BT is 30 September. The annual audited consolidated financial statements of FHT will be prepared and sent to the Stapled Securityholders within the timeframe as set out in applicable laws and regulations and not less than 14 days before the date of the annual general meeting of the Stapled Securityholders.
While FHT is listed on the SGX-ST, investors may check the SGX-ST website http://www.sgx.com for the prices at which the Stapled Securities are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as The Straits Times, The Business Times and Lianhe Zaobao for the price range within which the Stapled Securities were traded on the SGX-ST on the preceding day.

Save as disclosed elsewhere in this Prospectus, there is no arrangement or understanding with a Substantial Shareholder of the Trustee-Manager, Substantial Unitholder of FH-BT, customer or supplier of the Trustee-Manager, pursuant to which any Trustee-Manager Director or any executive officer of FH-BT was selected as a director or executive officer of FH-BT.

There have been no public take-over offers by third parties in respect of the Stapled Securities or by the Trustee-Manager in respect of the shares of a corporation or the units of another business trust, prior to the Latest Practicable Date.

There is no known arrangement the operation of which may at a subsequent date, result in a change of control in the Trustee-Manager.

A full valuation of each of the real estate assets held by FH-REIT will be carried out at least once a year in accordance with the Property Funds Appendix. Generally, where FHT proposes to issue new Stapled Securities or to redeem existing Stapled Securities, or (in the event that Unstapling has occurred), FH-REIT proposes to issue new FH-REIT Units or to redeem existing FH-REIT Units, and the assets held by FH-REIT were valued more than six months ago, the REIT Manager should exercise discretion in deciding whether to conduct a desktop valuation of the real estate assets held by FH-REIT, especially when market conditions indicate that real estate values have changed materially. The REIT Manager or the REIT Trustee may at any other time arrange for the valuation of any of the real estate assets held by FH-REIT if it is of the opinion that it is in the best interest of Stapled Securityholders to do so.

The REIT Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of FH-REIT. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the REIT Manager, the Trustee-Manager nor any of their associates will be entitled to receive any part of any brokerage charged to FH-REIT or FH-BT, or any part of any fees, allowances or benefits received on purchases charged to FH-REIT or FH-BT.

TREND INFORMATION AND PROFIT FORECAST

Save as disclosed under the sections entitled “Risk Factors”, “Capitalisation and Indebtedness”, “Profit Forecast and Profit Projection”, “Strategy” and “Business and Properties” of this Prospectus, the financial condition and operations of FHT is not likely to be affected by any of the following:

(a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in FHT’s liquidity increasing or decreasing in any material way;

(b) material commitments for capital expenditure;

(c) unusual or infrequent events or transactions or any insignificant economic changes that materially affects the amount of reported income from operations; and
(d) known trends or uncertainties that have had or that FHT reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.

(24) Due to the nature of the business of FHT, an order book is not maintained.

CO-MANAGERS AND SUB-UNDERWRITERS

(25) Each of Credit Suisse (Singapore) Limited and Maybank Kim Eng Securities Pte Ltd is a co-manager and sub-underwriter to the Offering.
**GLOSSARY**

**ABS Servicing Agreement**
The servicing agreement to be entered into by the Malaysian SPV, the REIT Manager (as the servicer under the ABS structure) and the bond trustee (in its capacity as trustee for the holders of the MTNs) on the Listing Date by the Malaysian SPV in connection with the ABS structure under which The Westin Kuala Lumpur is held.

**ABS Security Trustee**
The security trustee appointed under the MTN Programme.

**ABS Transaction**
Asset-backed securitisation of The Westin Kuala Lumpur.

**ABS Trust Deed**
The trust deed constituting the Junior MTNs and the Class A Senior MTNs.

**Act on Land and Building Leases**

**Additional Fee**
The additional fee to be paid by Kobe Excellence TMK to the Kobe Asset Manager where the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition) occurs.

**Adjustments**
Adjustments which are charged or credited to the consolidated statement of total return of FH-REIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) unrealised income, including property revaluation gains, and reversals of impairment provisions, (ii) deferred tax charges/credits in respect of building capital allowance and accelerated tax depreciation, (iii) negative goodwill, (iv) differences between cash and accounting finance costs, (v) realised gains on the disposal of properties and disposal/settlement of financial instruments, (vi) the portion of the Management Fee and the property management fee (where applicable) that is paid or payable in the form of Units, (vii) costs of any public or other offering of Units or Convertible Instruments that are expensed but are funded by proceeds from the issuance of such Units or Convertible Instruments, (viii) depreciation and amortisation in respect of the Properties and their ancillary machines, equipment and other fixed assets, and (ix) other non-cash gains and losses (as deemed appropriate by the Manager).

**ADR**
Average daily rate.

**Aggregate Leverage**
The ratio of FH-REIT’s total borrowings (including deferred payments for assets whether to be settled in cash, FH-REIT Units or, as the case may be, Stapled Securities) to the value of the FH-REIT Deposited Property.

**ALP**
Asset Liquidation Plan in relation to a TMK.
ANA Crowne Plaza Holding Entities  Excellence Prosperity TMK Pte. Ltd. and Excellence Prosperity Japan K.K.

ANA Crowne Plaza Kobe Trustee  Deutsche Trust Company Limited Japan, which holds the legal title to ANA Crowne Plaza Kobe in its capacity as trustee

Application Forms  The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus

Application List  The list of applicants subscribing for the Stapled Securities which are the subject of the Public Offer


associate  Has the meaning ascribed to it in the Listing Manual

associated company  Has the meaning ascribed to it in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005

associated entity  Has the meaning ascribed to it in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005

ATMs  Automated teller machines

AUD  Australian dollar

AULTE  Australia Urban Land Trust Estate

Australia  The Commonwealth of Australia

Australian CPI  The ‘All Group’ consumer price index for the weighted average of the eight capital cities of Australia published quarterly by the Australian Bureau of Statistics

Australian Properties  Novotel Rockford Darling Harbour and Fraser Suites Sydney

Australian Treasurer  The Treasurer of the Commonwealth of Australia

Australian Trusts  MIT Australia and the MIT Sub-trusts

Australian Urban Land  All land not used for primary production purposes

Authorised Business  (i)  the acquisition, disposition and ownership of Authorised Investments of FH-BT and all activities, concerns, functions and matters reasonably incidental thereto;

(ii)  ownership of subsidiaries which are engaged in the acquisition, disposition and ownership of Authorised Investments of FH-BT and all activities, concerns, functions and matters reasonably incidental thereto; and
Authorised Investments

(i) real estate;

(ii) any improvement or extension of or addition to or reconstruction, refurbishment, retrofitting, renovation or other development of any Real Estate or any building thereon;

(iii) real estate related assets, wherever the issuers, assets or securities are incorporated, located, issued or traded;

(iv) listed or unlisted debt securities and listed shares or stock and (if permitted by the MAS) unlisted shares or stock of or issued by local or foreign non-property companies or corporations;

(v) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board;

(vi) cash and cash equivalent items;

(vii) financial derivatives only for the purposes of (a) hedging existing positions in the FH-REIT’s or, as the case may be, FH-BT’s portfolio where there is a strong correlation to the underlying investments or (b) efficient portfolio management by FH-REIT or, as the case may be, FH-BT, provided that such derivatives are not used to gear the overall portfolio of FH-REIT or, as the case may be, FH-BT or intended to be borrowings of FH-REIT or, as the case may be, FH-BT; and

(viii) any other investment not covered by paragraph (i) to (vii) of this definition but (in the case of FH-REIT) specified as a permissible investment in the Property Funds Appendix or otherwise permitted by the MAS and selected by the REIT Manager for investment by FH-REIT and approved by the REIT Trustee in writing, or (in the case of FH-BT) is not an investment which is prohibited in any applicable guidelines issued by the MAS and selected by the Trustee-Manager for investment by FH-BT incidental to or in connection with the carrying on of any Authorised Businesses

Authority or MAS

Monetary Authority of Singapore

Available Hotel Rooms

Number of available hotel rooms in a hotel less permanent house use hotel rooms

540
<table>
<thead>
<tr>
<th><strong>Available Serviced Residence Units</strong></th>
<th>Number of available serviced residence units in a serviced residence less permanent house use serviced residence units</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Daily Rate or ADR</strong></td>
<td>Total room revenue or, as the case may be, total serviced residence unit rental revenue divided by the total number of paid occupied hotel rooms or, as the case may be, paid occupied nights of serviced residence units</td>
</tr>
<tr>
<td><strong>Base Fee</strong></td>
<td>0.3% per annum of the value of the FH-REIT Deposited Property</td>
</tr>
<tr>
<td><strong>Bond Trustee</strong></td>
<td>Malaysian Trustees Berhad</td>
</tr>
<tr>
<td><strong>Brokerage Services Fee</strong></td>
<td>A brokerage services fee for brokerage services rendered by the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition)</td>
</tr>
<tr>
<td><strong>BTA</strong></td>
<td>Business Trusts Act, Chapter 31A of Singapore</td>
</tr>
<tr>
<td><strong>BTR</strong></td>
<td>Business Trusts Regulations</td>
</tr>
<tr>
<td><strong>Building Standards Act</strong></td>
<td>The Building Standards Act of Japan (Act No. 201 of 1950, as amended)</td>
</tr>
<tr>
<td><strong>Building Unit Ownership Act</strong></td>
<td>Act on Building Unit Ownership, etc. (Act No. 69 of 1962, as amended)</td>
</tr>
<tr>
<td><strong>Business Day</strong></td>
<td>Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading</td>
</tr>
<tr>
<td><strong>CAM</strong></td>
<td>The Companies Act 1965 of Malaysia</td>
</tr>
<tr>
<td><strong>CBD</strong></td>
<td>Central Business District</td>
</tr>
<tr>
<td><strong>CBRE</strong></td>
<td>CBRE Pte. Ltd.</td>
</tr>
<tr>
<td><strong>CDP</strong></td>
<td>The Central Depository (Pte) Limited</td>
</tr>
<tr>
<td><strong>CIS Code</strong></td>
<td>The Code on Collective Investment Schemes issued by the MAS</td>
</tr>
<tr>
<td><strong>City Planning Act</strong></td>
<td>The City Planning Act of Japan (Act No. 100 of 1968, as amended)</td>
</tr>
<tr>
<td><strong>Civil Code</strong></td>
<td>Civil Code of Japan (Act No. 89 of 1896, as amended)</td>
</tr>
<tr>
<td><strong>Class A Senior MTNs</strong></td>
<td>The MTNs which, in relation to payment and security, ranks in terms of priority pari passu with the Liquidity Facility but above the Junior Class MTNs</td>
</tr>
<tr>
<td><strong>Class A Senior MTNs Call Option</strong></td>
<td>A call option over all Class A Senior MTNs</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Class B Junior MTNs</td>
<td>The MTNs which, in relation to payment and security, ranks in terms of priority after the Class A Senior MTNs and the Liquidity Facility but above the Class C Junior MTNs</td>
</tr>
<tr>
<td>Class C Junior MTNs</td>
<td>The MTNs which, in relation to payment and security, ranks in terms of priority after the Class A Senior MTNs, the Liquidity Facility and the Class B Junior MTNs</td>
</tr>
<tr>
<td>CMS</td>
<td>Capital markets services licence for REIT management</td>
</tr>
<tr>
<td>Colliers</td>
<td>Colliers International Consultancy &amp; Valuation (Singapore) Pte Ltd</td>
</tr>
<tr>
<td>Companies Act</td>
<td>Companies Act, Chapter 50 of Singapore</td>
</tr>
<tr>
<td>Company Law</td>
<td>The Law No. 40 of 2007 concerning Limited Liability Companies</td>
</tr>
<tr>
<td>Company Secretary</td>
<td>The company secretary of the REIT Manager or the company secretary of the Trustee-Manager (as the case may be)</td>
</tr>
<tr>
<td>controlling shareholder</td>
<td>Has the meaning ascribed to it in the Listing Manual</td>
</tr>
<tr>
<td>controlling Stapled Securityholder</td>
<td>Has the meaning ascribed to it in the Listing Manual</td>
</tr>
<tr>
<td>Cornerstone Investors</td>
<td>DBS Bank Ltd., DBS Bank Ltd. (on behalf of certain private banking customers), Fortress Capital Asset Management (M) Sdn Bhd, Meren Pte Ltd, Mr Gordon Tang &amp; Family and Wealthy Fountain Holdings Inc</td>
</tr>
<tr>
<td>Cornerstone Stapled Securities</td>
<td>The 232,949,000 Stapled Securities subscribed for by the Cornerstone Investors pursuant to the Cornerstone Subscription Agreements</td>
</tr>
<tr>
<td>Cornerstone Subscription Agreements</td>
<td>The subscription agreements entered into between the Managers and the Cornerstone Investors to subscribe for the Cornerstone Stapled Securities</td>
</tr>
<tr>
<td>Corporate Guarantees</td>
<td>The corporate guarantee granted to FH-REIT in respect of each of the Master Lease and Tenancy Agreements</td>
</tr>
<tr>
<td>Corporations Act</td>
<td>The Australian Corporations Act 2001 (Cth)</td>
</tr>
<tr>
<td>Corporate Guarantors</td>
<td>FCL, in its capacity as guarantor of the Corporate Guarantees and TCC Land International Limited, in its capacity as the guarantor of the Corporate Guarantee in respect of the master lease for the retail component of ANA Crowne Plaza Kobe</td>
</tr>
<tr>
<td>DBKL</td>
<td>Dewan Bandaraya Kuala Lumpur</td>
</tr>
<tr>
<td>Deeds</td>
<td>The FH-REIT Trust Deed, FH-BT Trust Deed and Stapling Deed</td>
</tr>
<tr>
<td><strong>DSRA Requirement</strong></td>
<td>The debt service reserve account as agreed with RAM Rating Services Berhad which shall be determined prior to the first issuance of the MTNs</td>
</tr>
<tr>
<td>----------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Depository Services Terms and Conditions</strong></td>
<td>CDP’s depository services terms and conditions in relation to the deposit of the FH-REIT Units and FH-BT Units in CDP</td>
</tr>
<tr>
<td><strong>Development Project</strong></td>
<td>In relation to FH-REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FH-REIT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development;</td>
</tr>
<tr>
<td></td>
<td>In relation to FH-BT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FH-BT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works; and</td>
</tr>
<tr>
<td></td>
<td>In relation to MIT Australia or a MIT Sub-trust means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust (directly or through a MIT Sub-trust) including major development, re-development, refurbishment, retrofitting, addition and alteration and renovation works</td>
</tr>
<tr>
<td><strong>Directors</strong></td>
<td>The REIT Manager Directors and the Trustee-Manager Directors</td>
</tr>
<tr>
<td><strong>Distributable Income</strong></td>
<td>FHT’s distributable income in relation to a financial year</td>
</tr>
<tr>
<td><strong>DPS</strong></td>
<td>Distributions per Stapled Security</td>
</tr>
<tr>
<td><strong>DSRA Requirement</strong></td>
<td>The debt service reserve account as agreed with RAM Rating Services Berhad which shall be determined prior to the first issuance of the MTNs</td>
</tr>
<tr>
<td><strong>Due Care</strong></td>
<td>The degree of care and diligence required of a trustee-manager of a registered business trust under the BTA</td>
</tr>
<tr>
<td><strong>Environment ACT</strong></td>
<td>The Environment and Sustainable Development Directorate of the Australian Capital Territory</td>
</tr>
<tr>
<td><strong>EPA</strong></td>
<td>Environment Protection Authority</td>
</tr>
<tr>
<td><strong>EPJKK Share Purchase Agreement</strong></td>
<td>The share purchase agreement entered into by a Singapore-incorporated subsidiary of FH-REIT and Excellence Prosperity (Singapore) Pte. Ltd. for the acquisition of Excellence Prosperity Japan K.K.</td>
</tr>
<tr>
<td><strong>EPTMK Share Purchase Agreement</strong></td>
<td>The share purchase agreement entered into by FH-REIT and Excellence Prosperity (Singapore) Pte. Ltd. for the acquisition of Excellence Prosperity TMK Pte. Ltd.</td>
</tr>
</tbody>
</table>
EPU
The Economic Planning Unit of the Prime Minister’s Department in Malaysia

Escrow Agreements
The escrow agreements entered into in relation to InterContinental Singapore and Fraser Suites Singapore, respectively

Event of Default
Event of default under the MTN Programme

Extraordinary Resolution
A resolution proposed and passed as such by a super-majority consisting of more than 75.0% of the total number of votes cast for and against such resolution at a meeting of the holders of FH-REIT Units or, as the case may be, FH-BT Units duly convened and held

FATA
The Australian Foreign Acquisitions and Takeovers Act 1975

FCAM
Fortress Capital Asset Management (M) Sdn Bhd

FCL or Sponsor
Frasers Centrepoint Limited

FCL Consideration Stapled Securities
The 262,377,999 stapled securities received by the vendor of Fraser Suites Singapore in part satisfaction of the purchase consideration for Fraser Suites Singapore

FCL Group
FCL and its subsidiaries

FCL ROFR
Sponsor ROFR

FCT
Frasers Centrepoint Trust

FCOT
Frasers Commercial Trust

FH-BT
Frasers Hospitality Business Trust

FH-BT Trust Deed
The trust deed dated 20 June 2014 constituting FH-BT

FH-BT Trust Property
The Trust Property of FH-BT

FH-BT Unit
An undivided interest in FH-BT as provided for in the FH-BT Trust Deed

FH-BT Unit Issue Mandate
General mandate given by holders of FH-BT Units to allow the Managers to jointly issue Stapled Securities

FH-REIT
Frasers Hospitality Real Estate Investment Trust or as the case may be, Frasers Hospitality Real Estate Investment Trust and its subsidiaries

FH-REIT Debt Facilities
The S$615.0 million term loan facilities from DBS Bank Ltd., The Hongkong and Shanghai Banking Limited, Singapore Branch and Bank of China, the Kobe Excellence TMK Series 1 Bonds, the Class A Senior MTNs, a revolving credit facility of up to MYR4 million from Standard Chartered Bank Malaysia Berhad and the S$50.0 million short term revolving credit facility from DBS Bank Ltd
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FH-REIT Deposited Property</strong></td>
<td>The gross assets of FH-REIT, including all the Authorised Investments of FH-REIT for the time being held or deemed to be held by FH-REIT under the FH-REIT Trust Deed</td>
</tr>
<tr>
<td><strong>FH-REIT Relevant Entity</strong></td>
<td>An entity appointed by the REIT Manager, the REIT Trustee or any entity which is held by FH-REIT (whether wholly or partially) at the recommendation of the REIT Manager, to provide asset management services in respect of any asset of FH-REIT</td>
</tr>
<tr>
<td><strong>FH-REIT Relevant Fee</strong></td>
<td>The fee entitled to be received by the FH-REIT Relevant Entity out of the FH-REIT Deposited Property for its services and to be paid either directly (by the REIT Trustee) or indirectly (by the entity which is held by FH-REIT)</td>
</tr>
<tr>
<td><strong>FH-REIT Trust Deed</strong></td>
<td>The trust deed dated 12 June 2014 entered into between the REIT Manager and the REIT Trustee constituting FH-REIT as amended and restated by an amending and restating deed dated 20 June 2014, and as may be varied or supplemented from time to time</td>
</tr>
<tr>
<td><strong>FH-REIT Unit</strong></td>
<td>An undivided interest in FH-REIT as provided for in the FH-REIT Trust Deed</td>
</tr>
<tr>
<td><strong>FH-REIT Unit Issue Mandate</strong></td>
<td>General mandate given by holders of FH-REIT Units to allow the Managers to jointly issue Stapled Securities</td>
</tr>
<tr>
<td><strong>FHT</strong></td>
<td>Frasers Hospitality Trust, the hospitality stapled group comprising FH-REIT and FH-BT</td>
</tr>
<tr>
<td><strong>FF&amp;E</strong></td>
<td>Furniture, fixtures and equipment</td>
</tr>
<tr>
<td><strong>FF&amp;E Sale and Purchase Agreements</strong></td>
<td>The sale and purchase agreements in respect of certain FF&amp;E in relation to each of Fraser Suites Sydney, Fraser Suites Edinburgh, Fraser Suites Queens Gate and AWA Crowne Plaza Kobe</td>
</tr>
<tr>
<td><strong>FIRB</strong></td>
<td>Foreign Investment Review Board</td>
</tr>
<tr>
<td><strong>Fitch</strong></td>
<td>Fitch Ratings</td>
</tr>
<tr>
<td><strong>FIRB Clearance</strong></td>
<td>A prior statement of no objection to their investment in FHT from the Australian Treasurer, through FIRB</td>
</tr>
<tr>
<td><strong>Fixed Rent</strong></td>
<td>Fixed rent under the terms of the Master Lease and Tenancy Agreements</td>
</tr>
<tr>
<td><strong>Forecast Period 2014</strong></td>
<td>The financial period from 1 April 2014 to 30 September 2014</td>
</tr>
<tr>
<td><strong>Foreign Exchange and Foreign Trade Act</strong></td>
<td>The Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949, as amended)</td>
</tr>
<tr>
<td><strong>Foreign Exchange Regulations</strong></td>
<td>The cabinet ordinances and ministerial ordinances promulgated under the Foreign Exchange and Foreign Trade Act</td>
</tr>
<tr>
<td><strong>Foreign Government</strong></td>
<td>A foreign government, their agency or related entity</td>
</tr>
<tr>
<td><strong>Foreign Sourced Income Tax Exemption Rulings</strong></td>
<td>The tax rulings obtained from IRAS by FH-REIT on the Singapore taxation of certain income originating from the Properties located outside Singapore</td>
</tr>
<tr>
<td><strong>FY</strong></td>
<td>The financial year ended or, as the case may be, ending 30 September</td>
</tr>
<tr>
<td><strong>F&amp;B</strong></td>
<td>Food and beverage</td>
</tr>
<tr>
<td><strong>GFA</strong></td>
<td>Gross floor area</td>
</tr>
<tr>
<td><strong>GK</strong></td>
<td>A limited liability company (<em>Godo Kaisha</em>) incorporated in Japan</td>
</tr>
<tr>
<td><strong>Global Coordinator or Sole Global Coordinator and Issue Manager</strong></td>
<td>DBS Bank Ltd.</td>
</tr>
<tr>
<td><strong>GOP</strong></td>
<td>Gross operating profit</td>
</tr>
<tr>
<td><strong>GOR</strong></td>
<td>Gross operating revenue</td>
</tr>
<tr>
<td><strong>Gross Operating Profit</strong></td>
<td>The gross operating profit of a Property, comprising Gross Operating Revenue less operating expenses</td>
</tr>
<tr>
<td><strong>Gross Operating Revenue</strong></td>
<td>The gross operating revenue of a Property</td>
</tr>
<tr>
<td><strong>Gross Revenue</strong></td>
<td>The gross revenue of a Property comprising the rental payment under the respective Master Lease Tenancy Agreement, which consists of a Fixed Rent and a Variable Rent</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>FH-REIT and its subsidiaries</td>
</tr>
<tr>
<td><strong>GST</strong></td>
<td>Goods and services tax</td>
</tr>
<tr>
<td><strong>Housing Developers (Control and Licensing) Act</strong></td>
<td>Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore</td>
</tr>
<tr>
<td><strong>Hotel Managers</strong></td>
<td>InterContinental Hotels Group (Asia Pacific) Pte. Ltd., Rockford Indigo (Hotels) Pty Limited, TCC Hotels Group Co., Ltd, IHG ANA Hotels Group Japan LLC and Starwood Asia Pacific Hotels &amp; Resorts Pte Ltd</td>
</tr>
<tr>
<td><strong>Hotels</strong></td>
<td>The six hotels comprising InterContinental Singapore, Novotel Rockford Darling Harbour, Park International London, Best Western Cromwell London, ANA Crowne Plaza Kobe and The Westin Kuala Lumpur</td>
</tr>
<tr>
<td><strong>Hotels Act</strong></td>
<td>Hotels Act, Chapter 127 of Singapore</td>
</tr>
<tr>
<td><strong>Income Tax Act</strong></td>
<td>Income Tax Act, Chapter 134 of Singapore</td>
</tr>
<tr>
<td><strong>Independent Market Research Consultant</strong></td>
<td>Jones Lang LaSalle Property Consultants Pte Ltd</td>
</tr>
<tr>
<td><strong>Independent Reporting Auditor</strong></td>
<td>Ernst &amp; Young LLP</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Independent Tax Adviser</td>
<td>KPMG Services Pte. Ltd.</td>
</tr>
<tr>
<td>Independent Valuers</td>
<td>CBRE, Colliers and JLL</td>
</tr>
<tr>
<td>Individual Agreements</td>
<td>The Individual Serviced Residence Management Agreements, the Individual Serviced Residence Licence Agreements and the Individual Technical Services Agreements</td>
</tr>
<tr>
<td>Individual Serviced Residence Licence Agreements</td>
<td>The individual serviced residence licence agreements entered into pursuant to the Master Serviced Residence Licence Agreement in respect of the Initial Portfolio</td>
</tr>
<tr>
<td>Individual Serviced Residence Management Agreements</td>
<td>The individual serviced residence management agreements entered into pursuant to the Master Serviced Residence Management Agreement in respect of the Initial Portfolio</td>
</tr>
<tr>
<td>Individual Technical Services Agreements</td>
<td>The individual technical services agreements entered into pursuant to the Master Technical Services Agreement in respect of the Initial Portfolio</td>
</tr>
<tr>
<td>Initial Portfolio</td>
<td>The initial portfolio of FHT</td>
</tr>
<tr>
<td>Instruments</td>
<td>Offers, agreements or options</td>
</tr>
<tr>
<td>Interested Party</td>
<td>Has the meaning ascribed to it in the Property Funds Appendix</td>
</tr>
<tr>
<td>Interested Party Transaction</td>
<td>Has the meaning ascribed to it in the Property Funds Appendix</td>
</tr>
<tr>
<td>Interested Person</td>
<td>Has the meaning ascribed to it in the Listing Manual</td>
</tr>
<tr>
<td>Interested Person Transaction</td>
<td>Has the meaning ascribed to it in the Listing Manual</td>
</tr>
<tr>
<td>International Services Entity</td>
<td>Has the meaning given to such term in Article 56A of the Goods and Services Tax (Jersey) Law 2007</td>
</tr>
<tr>
<td>Investment Management Agreement</td>
<td>The investment management agreement entered into between the MIT Trustee, the MIT Manager, the REIT Manager and the Trustee-Manager in relation to MIT Australia and between the MIT Sub-trustee and the MIT Manager with respect to each MIT Sub-trust, as the case requires</td>
</tr>
<tr>
<td>Investment Units</td>
<td>Preferred contributions of TMKs and shares in respect of stock companies, collectively</td>
</tr>
<tr>
<td>IRAS</td>
<td>Inland Revenue Authority of Singapore</td>
</tr>
<tr>
<td>Japan Trust Agreement</td>
<td>The trust agreement dated 3 September 2009 (as amended and assigned) between Kobe Excellence TMK and the ANA Crowne Plaza Kobe Trustee</td>
</tr>
<tr>
<td>Jersey Subsidiaries</td>
<td>The six companies incorporated under the laws of Jersey to hold the 75-year interest in each of the UK Properties</td>
</tr>
</tbody>
</table>
**Joint Bookrunners and Underwriters or Joint Bookrunners**
- DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., Limited
- Standard Chartered Securities (Singapore) Pte. Limited
- United Overseas Bank Limited

**Junior MTNs**
- Class B Junior MTNs and Class C Junior MTNs

**KK**
- A joint stock company (*Kabushiki Kaisha*) incorporated in Japan

**KLCC**
- Kuala Lumpur City Centre

**Kobe Asset Manager**
- Secured Capital Investment Management Co., Ltd. in its capacity as the asset manager of ANA Crowne Plaza Kobe

**Labour Standards Act**
- The Labour Standards Act of Japan (Act No. 49 of 1947, as amended)

**Land Readjustment Act**
- The Land Readjustment Act of Japan (Act No. 119 of 1954, as amended)

**Latest Practicable Date**
- 9 June 2014, being the latest practicable date prior to the lodgement of this Prospectus with the MAS

**Law No. 3/1982**
- Law Number 3 of 1982 concerning Mandatory Company Registration

**Law No. 23/1997**
- Law No. of 23 of 1997 concerning Environmental Management

**LBTT Tax**
- Land and Buildings Transaction Tax

**Lenders**
- DBS Bank Ltd., The Hongkong and Shanghai Banking Limited, Singapore Branch and Bank of China

**Listing Date**
- The date of admission of the Stapled Securities to the Official List of the SGX-ST

**Listing Manual**
- The Listing Manual of the SGX-ST

**Lock-up Period**
- The period commencing from the Listing Date until the date falling 180 days after the Listing Date (both dates inclusive)

**Lock-up Stapled Securities**
- All of the Stapled Securities which will be held by the Sponsor, the Sponsor Entity, TCC Hospitality, DBS Bank Ltd. and each of the shareholders of TCC Hospitality on the Listing Date

**Malaysian SPV**
- The special purpose vehicle incorporated in Malaysia issuing the MTNs under the MTN Programme pursuant to the ABS structure

**Management Regulations**
- Such rules as agreed upon between the owners of a building in Japan as required under the Building Unit Ownership Act

**Managers**
- The REIT Manager and the Trustee-Manager

**Market Day**
- A day on which the SGX-ST is open for trading in securities
**Market price**

(i) The volume weighted average price per Stapled Security (if applicable, of the same class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which FHT is listed, in the ordinary course of trading, for the period of 10 Business Days (or such other period as prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day, or

(ii) where the Managers believe that such market price is not a fair reflection of the market price of a Stapled Security (which may include, among others, instances where there is disorderly trading activity in the Stapled Securities), such amount as determined by the Managers, as being the fair market price of a Stapled Security, provided that the basis for determining the Issue Price is duly disclosed to the holders of the Stapled Securities.

**Master Agreements**

The Master Serviced Residence Management Agreement, the Master Serviced Residence Licence Agreement and the Master Technical Services Agreement.

**Master Lease Agreements**

The master lease agreements to be entered into between FH-REIT and/or its property holding entities and the Master Lessees.

**Master Lease Tenancy Agreements**

The Master Lease Agreements and the Tenancy Agreement.

**Master Lessor**

The REIT Trustee, MIT Sub-trustee, FHT London 1 Limited, FHT London 2 Limited, FHT London 3 Limited, FHT London 4 Limited, FHT Scotland 1 Limited, FHT Scotland 2 Limited or the ANA Crowne Plaza Kobe Trustee (as the case may be).

**Master Serviced Residence Licence Agreement**

The agreement setting forth the arrangements for the grant of the right to use the “Frasers” marks in respect of serviced residences, whereby the Managers may elect to pay the Licensor’s fees in cash, Stapled Securities or a combination of both (as the Managers may in their sole discretion determine), pursuant to the agreement and the individual serviced residence licence agreements.

**Master Serviced Residence Management Agreement**

The agreement setting forth the arrangements for the appointment of the Serviced Residence Operators, whereby the Managers may elect to pay the Serviced Residence Operators’ fees in cash, Stapled Securities or a combination of both (as the Managers may in their sole discretion determine) for the services rendered pursuant to the agreement and the individual serviced residence management agreements.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master Technical Services Agreement</td>
<td>The agreement setting forth the arrangements for the appointment of the Service Providers, whereby the Service Providers will, pursuant to the agreement and the individual technical services agreements, advise the Managers on the conceptualising, planning, design, construction, decoration, furnishing and equipping of each of the Serviced Residences in connection with any development, re-development, refurbishment, retrofitting, addition and alteration and renovations works</td>
</tr>
<tr>
<td>MCST</td>
<td>Management Corporation Strata Title Plan</td>
</tr>
<tr>
<td>Master Lessees</td>
<td>The master lessees of certain of the Properties</td>
</tr>
<tr>
<td>MICE</td>
<td>Meetings, incentives, conventions and exhibitions</td>
</tr>
<tr>
<td>MIT</td>
<td>Managed investment trust</td>
</tr>
<tr>
<td>MIT Australia</td>
<td>FHT Australia Trust, a Managed Investment Trust in Australia which holds the units in the MIT Sub-trusts</td>
</tr>
<tr>
<td>MIT Manager</td>
<td>FHT Australia Management Pty Ltd, a wholly-owned subsidiary of the REIT Manager</td>
</tr>
<tr>
<td>MIT Sub-trusts</td>
<td>MIT Sub-trust 1 and MIT Sub-trust 2</td>
</tr>
<tr>
<td>MIT Sub-trustee</td>
<td>The Trust Company (PTAL) Limited as the trustee of each of the two sub-trusts</td>
</tr>
<tr>
<td>MIT Sub-trust 1</td>
<td>FHT Sydney Trust 1, a wholly owned sub-trust of MIT Australia</td>
</tr>
<tr>
<td>MIT Sub-trust 2</td>
<td>FHT Sydney Trust 2, a wholly owned sub-trust of MIT Australia</td>
</tr>
<tr>
<td>MIT Trust Deed</td>
<td>The trust deed constituting MIT Australia and the trust deed constituting each of the two underlying MIT Sub-trusts, as the case requires</td>
</tr>
<tr>
<td>MIT Trustee</td>
<td>The Trust Company (Australia) Limited in its capacity as the trustee of MIT Australia</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Moody’s Investors Service</td>
</tr>
<tr>
<td>MTNs</td>
<td>Asset-backed medium term notes</td>
</tr>
<tr>
<td>MTN Programme</td>
<td>Medium term notes programme of up to MYR 750,000,000.00 in nominal value</td>
</tr>
<tr>
<td>MRT</td>
<td>Mass Rapid Transit</td>
</tr>
<tr>
<td>National Land Use Planning Act</td>
<td>The National Land Use Planning Act of Japan (Act No. 92 of 1974, as amended)</td>
</tr>
<tr>
<td>NAV</td>
<td>Net asset value</td>
</tr>
</tbody>
</table>
Negative List of Investment which is currently governed under President Regulation No. 36 of 2010 concerning the Business Fields that is Closed and Business Fields that are Conditionally-Open for Investment

Net Property Income or NPI Consists of Gross Revenue less Property Expenses

NLC The National Land Code of Malaysia

NOI Net operating income

Nominating Committee The nominating committee of the REIT Manager

Non-Australian Corporation A corporation incorporated outside of Australia

Non-Australian Resident A natural person not ordinarily resident in Australia

Non-Disturbance Agreements The non-disturbance agreements or non-disturbance side letters (as the case may be) entered by FH-REIT and/or its subsidiaries in relation to InterContinental Singapore, ANA Crowne Plaza Kobe and The Westin Kuala Lumpur

NSW New South Wales

Offering The initial public offering of 185,063,000 Stapled Securities by the Managers for subscription at the Offering Price under the Placement Tranche and the Public Offer

Offering Price The subscription price of $0.88 per Stapled Security under the Offering

Operating equipment Items customarily referred to as “operating equipment” in the hotel industry, including but not limited to glassware, silverware, cutlery, chinaware, crockery, linen and uniforms as well as all those items generally required for the day-to-day operation of a hotel

Ordinary Resolution A resolution proposed and passed as such by a majority consisting of more than 50.0% of the total number of votes cast for and against such resolution at a meeting of the holders of FH-REIT Units or, as the case may be, FH-BT Units duly convened and held

Originator JBB Hotels Sdn. Bhd.

Over-Allotment Option An option granted by the Stapled Security Lender to the Stabilising Manager to acquire from the Stapled Security Lender up to an aggregate of 35,737,000 Stapled Securities at the Offering Price, solely to cover the over-allotment of Stapled Securities (if any)

Participating Banks OCBC Bank, DBS Bank Ltd. (including POSB) and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
Park International Subscription Agreement

The agreement between the vendor in respect of Park International London and the Managers, pursuant to which the vendor of the Hotel will pay $33,641,440 out of the cash consideration due to it to FHT for its subscription of 38,228,909 Stapled Securities

Performance Fee

5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year

Placement Tranche

The international placement of 139,609,000 Stapled Securities to investors, including institutional and other investors in Singapore pursuant to the Offering of which there will be 8,597,000 Reserved Stapled Securities

PML

Probable maximum loss

Policy

The Australian Government’s Foreign Investment Policy

Profit Forecast and Profit Projection

The forecast and projected results of FHT for Forecast Period 2014 and Projection Year 2015 respectively

Projection Year 2015

The full financial year from 1 October 2014 to 30 September 2015

Properties

The Hotels and the Serviced Residences

Property Charge

The first legal charge over The Westin Kuala Lumpur

Property Expenses

Comprises (i) property tax on each hospitality property, (ii) insurance expenses on each Property and (iii) other property expenses

Property Funds Appendix

Appendix 6 of the CIS Code issued by the Authority in relation to REITs

Property Sale and Purchase Agreements

The sale and purchase agreements entered into by FH-REIT and its property-holding entities to acquire the Properties (except for ANA Crowne Plaza and The Westin Kuala Lumpur) from the Vendors (including the vendor leases in connection with the foregoing)

Public Offer

The offering of 45,454,000 Stapled Securities at the Offering Price to the public in Singapore pursuant to the Offering

Qualifying Foreign Non-Individual Stapled Securityholder

A person other than an individual not resident in Singapore for Singapore income tax purposes and who does not have a permanent establishment in Singapore or who carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Stapled Securities are not obtained from that operation in Singapore
Qualifying Stapled Securityholder: A Stapled Securityholder who is an individual, a company incorporated and tax resident in Singapore, a branch in Singapore of a company incorporated outside Singapore that has obtained IRAS’ approval for distributions to be made by FH-REIT to it without deduction of tax or body of persons (excluding partnerships) incorporated or registered in Singapore, and does not include a person acting in the capacity of a trustee.


Recognised Stock Exchange: Any stock exchange of repute in any part of the world.

Registered Business Trusts: Business trusts registered with the MAS.

Regulation S: Regulation S under the Securities Act.

REIT: Real estate investment trust.

REIT Manager: Frasers Hospitality Asset Management Pte. Ltd., in its capacity as manager of FH-REIT.

REIT Manager Audit, Risk and Compliance Committee: The audit, risk and compliance committee of the REIT Manager.

REIT Manager Board: The board of directors of the REIT Manager.

REIT Manager Directors: The directors of the REIT Manager.

REIT Trustee: The Trust Company (Asia) Limited, in its capacity as trustee of FH-REIT.

Related Party: Refers to an Interested Person and/or, as the case may be, Interested Party.

Related Party Transactions: Refers to an Interested Person Transaction and/or, as the case may be, Interested Party Transaction.

Relevant Asset: The hospitality assets of the Sponsor and the TCC Group located anywhere in the world except Thailand.

Reserved Stapled Securities: 8,597,000 Stapled Securities reserved for subscription by the directors, management, employees and business associates of FCL and the REIT Manager and persons who have contributed to the success of FHT.

ROFR/RTP: ROFR and the right to participate.

Retail Master Lease Agreement: The master lease agreement to be entered into by FH-REIT through the ANA Crowne Plaza Kobe Trustee on the Listing Date with Y.K. Toranomon Properties in respect of the retail component of ANA Crowne Plaza Kobe.

Retail Master Lessee: Y.K. Toranomon Properties, the master lessee for the retail component of ANA Crowne Plaza Kobe.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>RevPAR</td>
<td>Revenue per available hotel room/serviced residence unit (excluding house use hotel rooms/serviced residence units)</td>
</tr>
<tr>
<td>ROFR</td>
<td>Right of First Refusal</td>
</tr>
<tr>
<td>Rollover Income Adjustments</td>
<td>In relation to the Tax Transparency Ruling, means the addition or deduction of the difference in the Specified Taxable Income to the next distribution in the event that the amount finally agreed with the IRAS is different from the amount of Specified Taxable Income determined by the REIT Trustee for distribution purposes</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and development</td>
</tr>
<tr>
<td>Sale and Purchase Agreements</td>
<td>The Property Sale and Purchase Agreements, the Westin Sale and Purchase Agreement, the EPJKKK Share Purchase Agreement and the EPTMK Share Purchase Agreement</td>
</tr>
<tr>
<td>SARS</td>
<td>Severe acute respiratory syndrome</td>
</tr>
<tr>
<td>SDLT</td>
<td>Stamp Duty Land Tax</td>
</tr>
<tr>
<td>Securities Account</td>
<td>Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP</td>
</tr>
<tr>
<td>Securities Act</td>
<td>U.S. Securities Act of 1933, as amended</td>
</tr>
<tr>
<td>Service Providers</td>
<td>Frasers Hospitality Pte. Ltd. and the related corporations of Frasers Hospitality Pte. Ltd.</td>
</tr>
<tr>
<td>Serviced Residence Operators</td>
<td>Frasers Hospitality Pte. Ltd. and the related corporations of Frasers Hospitality Pte. Ltd.</td>
</tr>
<tr>
<td>serviced residences</td>
<td>Apartments with full or partial services</td>
</tr>
<tr>
<td>Serviced Residences</td>
<td>The six serviced residences comprising Fraser Suites Singapore, Fraser Suites Sydney, Fraser Place Canary Wharf, Fraser Suites Queens Gate, Fraser Suites Glasgow and Fraser Suites Edinburgh</td>
</tr>
<tr>
<td>Serviced Residence Management Fee and Trademark Licence Fee</td>
<td>Fees payable to the Serviced Residences Operators in the form of Stapled Securities</td>
</tr>
<tr>
<td>Settlement Date</td>
<td>The date and time on which the Stapled Securities are issued as settlement under the Offering</td>
</tr>
<tr>
<td>SFA</td>
<td>Securities and Futures Act, Chapter 289 of Singapore</td>
</tr>
<tr>
<td>SGX-ST</td>
<td>Singapore Exchange Securities Trading Limited</td>
</tr>
<tr>
<td>Singapore Properties</td>
<td>InterContinental Singapore and Fraser Suites Singapore</td>
</tr>
<tr>
<td>Singapore SPV</td>
<td>FHT Malaysia Pte. Ltd.</td>
</tr>
</tbody>
</table>
Singapore Subsidiaries: Excellence Prosperity TMK Pte. Ltd. and FHT Japan Pte. Ltd. (which are part of the holding structure for ANA Crowne Plaza Kobe), FHT Malaysia Pte. Ltd. (which is part of the holding structure for The Westin Kuala Lumpur), FHT Australia Pte. Ltd. (which is part of the holding structure for the Australian Properties) and FHT UK Pte. Ltd. (which is part of the holding structure for the UK Properties).

Singapore-Japan DTA: Singapore-Japan Avoidance of Double Taxation Agreement

Sinking Fund Contributions: MCST sinking fund contribution

Soil Contamination Countermeasures Act: The Soil Contamination Countermeasures Act of Japan (Act No. 39 of 1970, as amended)

Specified Taxable Income: Taxable Income which has been granted tax transparency treatment under Section 43(2A) of the Income Tax Act in accordance with the Tax Transparency Ruling

Sponsor: Frasers Centrepoint Limited

Sponsor Entity: FCL Investments Pte. Ltd.

Sponsor Initial Stapled Security: The one Stapled Security in issue as at the date of this Prospectus

Sponsor ROFR: The ROFR granted by the Sponsor to the REIT Trustee and the Trustee-Manager

Sponsor ROFR Properties: The properties that fall or may potentially fall within the Sponsor ROFR

Sponsor Stapled Securities: The Sponsor Initial Stapled Security and the FCL Consideration Stapled Securities

SPVs: Special purpose vehicles

Sq ft: Square feet

sq m: Square metres

Stabilising Manager: Morgan Stanley Asia (Singapore) Pte.

Stapled Securities: Stapled Securities in FHT, each comprising one unit in FH-REIT and one unit in FH-BT stapled together under the terms of the Stapling Deed

Stapled Securityholders: The holders of the Stapled Securities

Stapled Security Issue Mandate: The authority given to the Managers to issue Stapled Securities

Stapled Securities Lending Agreement: The Stapled Securities lending agreement entered into between the Stabilising Manager and the Stapled Security Lender in connection with the Over-Allotment Option

Stapled Security Lender: TCC Hospitality Limited
<p>| <strong>Stapling Deed</strong> | The stapling deed dated 20 June 2014 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager |
| <strong>Strategic Partner</strong> | TCC Group |
| <strong>Subsidiary</strong> | Has the meaning ascribed thereto in the Companies Act |
| <strong>Substantial holders of FH-BT Units</strong> | Any holder of FH-BT Units with an interest in one or more FH-BT Units constituting not less than 5.0% of all FH-BT Units in issue |
| <strong>Substantial holders of FH-REIT Units</strong> | Any holder of FH-REIT Units with an interest in one or more FH-REIT Units constituting not less than 5.0% of all FH-REIT Units in issue |
| <strong>Substantial Stapled Securityholders</strong> | Any Stapled Securityholder with an interest in one or more Stapled Securities constituting not less than 5.0% of all Stapled Securities in issue |
| <strong>Substantial Shareholder</strong> | Any shareholder with an interest in not less than 5.0% of the shares in issue |
| <strong>S&amp;P</strong> | Standard &amp; Poor’s |
| <strong>Take-over Code</strong> | The Singapore Code on Take-overs and Mergers |
| <strong>Tax Rulings</strong> | The Tax Transparency Ruling and the Foreign Sourced Income Tax Exemption Rulings |
| <strong>Tax Transparency Ruling</strong> | The tax ruling from IRAS by FH-REIT on the Singapore taxation of the Specified Taxable Income |
| <strong>Tax Exempt Income</strong> | Tax exempt trust distributions, interest income and dividend income received by FH-REIT and/or the Singapore Subsidiaries in accordance with the Foreign Sourced Income Tax Exemption Rulings under the Income Tax Act |
| <strong>Taxable Income</strong> | Income ascertained to be chargeable to tax in accordance with the provisions of the Income Tax Act, after deduction of allowable expenses and applicable tax allowances |
| <strong>TBI</strong> | Trust beneficiary interest |
| <strong>TCC-FCL Agreement</strong> | The agreement entered into by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi with the REIT Trustee and the Trustee-Manager to address the interaction between the ROFR and the ROFR/RP which Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi had earlier granted to FCL |
| <strong>TCC Group</strong> | The companies and entities in the Thai Charoen Corporation Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi |
| <strong>TCC Group Entity</strong> | Any entity within the TCC Group or a private fund managed by the TCC Group |</p>
<table>
<thead>
<tr>
<th><strong>TCC Group Companies</strong></th>
<th>TCC Group and its associates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TCC Hospitality</strong></td>
<td>TCC Hospitality Limited, a company incorporated in the BVI which is wholly-owned by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi in equal proportions</td>
</tr>
<tr>
<td><strong>TCC Stapled Securities</strong></td>
<td>The 512,238,000 Stapled Securities to be issued to TCC Hospitality</td>
</tr>
<tr>
<td><strong>TCC ROFR</strong></td>
<td>The ROFR granted by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, the ultimate controlling shareholders of the TCC Group, to the REIT Trustee and the Trustee-Manager</td>
</tr>
<tr>
<td><strong>TCC ROFR Properties</strong></td>
<td>Properties which fall or may potentially fall within the TCC ROFR</td>
</tr>
<tr>
<td><strong>TCCL Guarantees</strong></td>
<td>The guarantees provided by TCC Land International Limited to FH-REIT and/or its subsidiaries and/or its property holding entities</td>
</tr>
<tr>
<td><strong>Tenancy Agreement</strong></td>
<td>The tenancy agreement to be entered into between the Malaysian SPV, as landlord and the Tenant</td>
</tr>
<tr>
<td><strong>Tenant</strong></td>
<td>The Originator</td>
</tr>
<tr>
<td><strong>TLF</strong></td>
<td>S$615 million of Term Loan Facilities</td>
</tr>
<tr>
<td><strong>TMK</strong></td>
<td><em>Tokutei Mokuteki Kaisha</em>, being a special purpose securitisation corporation established under the Asset Liquidation Act</td>
</tr>
<tr>
<td><strong>TMK Distribution Requirement</strong></td>
<td>One of the requirements for each fiscal year is that the TMK must distribute more than 90.0% of its distributable profit</td>
</tr>
<tr>
<td><strong>Trigger Event</strong></td>
<td>The trigger event under the MTN Programme</td>
</tr>
<tr>
<td><strong>Trigger Event Notice</strong></td>
<td>A written notice entitled to be served by the Bond Trustee to the call option party upon occurrence of a Trigger Event</td>
</tr>
<tr>
<td><strong>Total Gross Revenue</strong></td>
<td>The total gross revenue of FH-REIT</td>
</tr>
<tr>
<td><strong>Total Issue Proceeds</strong></td>
<td>The total proceeds from the Offering, the TCC Stapled Securities and the Cornerstone Stapled Securities</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td>The sum of the following (where applicable):</td>
</tr>
<tr>
<td></td>
<td>(i) construction cost based on the project final account prepared by the project quantity surveyor;</td>
</tr>
<tr>
<td></td>
<td>(ii) principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</td>
</tr>
</tbody>
</table>
(iii) the cost of obtaining all approvals for the project;

(iv) site staff costs;

(v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore or other applicable jurisdictions; and

(vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore or other applicable jurisdictions.

**Transfer of Land Act**
Transfer of Land Act 1958 (Vic)

**Trust Companies Act**
Trust Companies Act, Chapter 336 of Singapore

**Trust Property**
Has the meaning ascribed to it in the BTA

**Trustee-Manager**
Frasers Hospitality Trust Management Pte. Ltd., in its capacity as trustee-manager of FH-BT

**Trustee-Manager Board**
The board of directors of the Trustee-Manager

**Trustee-Manager Directors**
The directors of the Trustee-Manager

**Trustees Act**
Trustees Act, Chapter 337 of Singapore

**UK Properties**
Park International London, Best Western Cromwell London, Fraser Place Canary Wharf, Fraser Suites Queens Gate, Fraser Suites Glasgow and Fraser Suites Edinburgh

**UKL**
Environmental Management Efforts (Upaya Pengelolaan Lingkungan Hidup)

**Unaudited Pro Forma Financial Information**
The unaudited pro forma financial information of FH-REIT

**Unclaimed Monies Account**
A special account which holds any unclaimed monies payable to holders of FH-REIT Units or, as the case may be, FH-BT Units

**Underwriting Agreement**
The underwriting agreement entered into between the Joint Bookrunners, the REIT Manager, the Trustee-Manager and the Sponsor on 30 June 2014

**Underwriting, Selling and Management Commission**
An underwriting, selling and management commission (including incentive fees) of up to $8.0 million excluding GST based on the Offering Price of $0.88 per Stapled Security

**Unstapling**
The process that results in a FH-REIT Unit no longer being stapled to a FH-BT Unit

**UPL**
Environmental Monitoring Efforts
URA
Urban Redevelopment Authority

US or United States
United States of America

Variable Rent
The variable rent per annum of a Property, comprising the sum of a stated percentage of the Property's Gross Operating Revenue and a stated percentage of the Property’s Gross Operating Profit less Fixed Rent plus FF&E reserves not utilised and not carried forward to the following year, if any

VAT
Value-Added Tax

Vendors
The vendors of the Properties (direct or indirect)

Westin Sale and Purchase Agreement
The sale and purchase agreement entered into between Malaysian SPV and JBB Hotels Sdn Bhd to acquire The Westin Kuala Lumpur

SS, $, or Singapore dollars and cents
Singapore dollars and cents, the lawful currency of the Republic of Singapore

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-acted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

Information contained in the Managers’ and the Sponsor’s website does not constitute part of this Prospectus.
30 June 2014

The Board of Directors
Frasers Hospitality Asset Management Pte. Ltd.
(as Manager of Frasers Hospitality Real Estate Investment Trust)
(the “REIT Manager”)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited
(as Trustee of Frasers Hospitality Real Estate Investment Trust)
(the “Trustee”)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

Frasers Hospitality Trust Management Pte. Ltd.
(as Trustee-manager of Frasers Hospitality Business Trust)
(the “Trustee-manager”)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958
Dear Sirs,

Letter from the Independent Reporting Auditor on the Profit Forecast for the financial period from 1 April 2014 to 30 September 2014 and the Project Projection for the financial year ending 30 September 2015

This letter has been prepared for inclusion in the final prospectus dated 30 June 2014 (the “Prospectus”) to be issued in connection with the offering of 185,063,000 stapled securities in Frasers Hospitality Trust (“FHT”), comprising Frasers Hospitality Real Estate Investment Trust (“FH-REIT”) and Frasers Hospitality Business Trust (“FH-BT”) at the offering price of S$0.88 per stapled security (the “Offering”).

The directors of the REIT Manager (the “Directors”) are responsible for the preparation and presentation of the forecast and projected statements of total return of FH-REIT for the period from 1 April 2014 to 30 September 2014 (the “Profit Forecast”) and the year ending 30 September 2015 (the “Profit Projection”), as set out on page 202 of the Prospectus, which have been prepared on the basis of the assumptions as set out on pages 205 to 217 of the Prospectus.

We have examined the Profit Forecast and Profit Projection, as set out on page 202 of the Prospectus, in accordance with the Singapore Standard on Assurance Engagements 3400 The Examination of Prospective Financial Information. The Directors are solely responsible for the Profit Forecast and Profit Projection including the assumptions set out on pages 205 to 217 of the Prospectus on which they are based.

Profit Forecast

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention to cause us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion, the Profit Forecast is properly prepared on the basis of the assumptions as set out on pages 205 to 217 of the Prospectus, is consistent with the accounting policies as set out on pages C-19 to C-27 of the Prospectus, and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (but not all the required disclosures), issued by the Institute of Singapore Chartered Accountants (“ISCA”), which is the framework to be adopted by FH-REIT in the preparation of its financial statements.

Profit Projection

The Profit Projection is intended to show a possible outcome based on the stated assumptions. As the length of the period covered by the Profit Projection extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for the Profit Forecast. The Profit Projection does not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection. Further, in our opinion, the Profit Projection is properly prepared on the basis of the assumptions as set out on pages 205 to 217 of the Prospectus, is consistent with the accounting policies as set out on pages C-19 to C-27 of the Prospectus, and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (but not all the required disclosures), issued by ISCA, which is the framework to be adopted by FH-REIT in the preparation of its financial statements.
Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described in the Prospectus occur, actual results are still likely to be different from the Profit Forecast and Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For these reasons, we do not express any opinion as to the possibility of achievement of the Profit Forecast and Profit Projection.

Attention is drawn to the risk factors set out on pages 98 to 142 of the Prospectus which describe the principal risks associated with the Offering to which the Profit Forecast and Profit Projection relate and the sensitivity analysis of the Directors’ Profit Forecast and Profit Projection as set out on pages 218 to 219 of the Prospectus.

Yours faithfully,

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge: Nagaraj Sivaram
INDEPENDENT REPORTING AUDITOR’S REPORT ON
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

30 June 2014

The Board of Directors
Frasers Hospitality Asset Management Pte. Ltd.
(as Manager of Frasers Hospitality Real Estate Investment Trust)
(the “REIT Manager”)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited
(as Trustee of Frasers Hospitality Real Estate Investment Trust)
(the “Trustee”)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

Frasers Hospitality Trust Management Pte. Ltd.
(as Trustee-manager of Frasers Hospitality Business Trust)
(the “Trustee-manager”)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958
Dear Sirs,

Report on the Compilation of Unaudited Pro Forma Financial Information of Frasers Hospitality Real Estate Investment Trust (“FH-REIT”)

We have completed our assurance engagement to report on the compilation of Unaudited Pro Forma Financial Information of Frasers Hospitality Real Estate Investment Trust (“FH-REIT”) by Frasers Hospitality Asset Management Pte. Ltd. (the “REIT Manager”). The Unaudited Pro Forma Financial Information of FH-REIT comprises the unaudited pro forma balance sheets as at 30 September 2013 and 31 December 2013; the unaudited pro forma statements of total return for the years ended 30 September 2011, 30 September 2012 and 30 September 2013, and the three months ended 31 December 2012 and 31 December 2013; the unaudited pro forma cash flow statements for the year ended 30 September 2013 and three months ended 31 December 2013; and related notes (collectively, the “Unaudited Pro Forma Financial Information”) as set out on pages C-1 to C-35 of the final prospectus dated 30 June 2014 (the “Prospectus”) to be issued in connection with the offering of 185,063,000 stapled securities in Frasers Hospitality Trust (“FH-Trust”), comprising FH-REIT and Frasers Hospitality Business Trust (“FH-BT”) (the “Offering”). The Unaudited Pro Forma Financial Information of FH-REIT has been prepared for illustrative purpose only and are based on certain assumptions, after making certain adjustments. The applicable criteria (the “Criteria”) on the basis of which the REIT Manager has compiled the Unaudited Pro Forma Financial Information are described in Appendix C to the Prospectus.

With reference to the basis of preparation as stated in Appendix C to the Prospectus, the Unaudited Pro Forma Financial Information of FH-REIT has been compiled by the REIT Manager to illustrate the impact of:

(a) the total return of FH-REIT if it had acquired the Entities and Properties (collectively the “Assets”) and entered into Master Lease or Tenancy Agreements with the respective Master Lessees and Tenant (the “Agreements”) on the respective dates stated in Appendix C to the Prospectus, under the same terms set out in the Prospectus;

(b) the cash flows of FH-REIT if it had purchased the Assets and entered into the Agreements, under the same terms set out in the Prospectus on 1 October 2012; and

(c) the financial position of FH-REIT if it had purchased the Assets and entered into the Agreements, under the same terms set out in the Prospectus on 30 September 2013 and 31 December 2013, respectively.

The dates, on which the transactions described in Appendix C to the Prospectus are assumed to have been undertaken, are hereinafter collectively referred to as the “Relevant Dates”.

As part of this process, information about FH-REIT’s financial position, total returns and cash flows has been extracted by the REIT Manager from the financial statements of the Entities prior to their acquisition by FH-REIT, and the financial statements of the Vendors and Master Lessees, the companies that owned and or operated the Properties prior to their acquisition by FH-REIT, for the years ended 30 September 2011, 30 September 2012 and 30 September 2013, on which audit reports have been published; and the three months period ended 31 December 2012 and 31 December 2013, on which review reports have been published. The aforementioned financial statements are hereinafter collectively referred to as “the Relevant Financial Statements”. The names of the Entities, Vendors, Master Lessees, and Properties are listed in Appendix C to the Prospectus.
The REIT Manager’s responsibility for the Unaudited Pro Forma Financial Information

The REIT Manager is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Criteria.

Reporting Auditor’s Responsibilities

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information of FH-REIT has been compiled, in all material respects, by the REIT Manager on the basis of the Criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Institute of Singapore Chartered Accountants (“ISCA”). This standard requires that the Reporting Auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the REIT Manager has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at each of the Relevant Dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the REIT Manager in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those Criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Auditor’s judgment, having regard to the Reporting Auditor’s understanding of the nature of the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
**Opinion**

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been compiled:

   (i) from the information in the Relevant Financial Statements (which were prepared based on Singapore Financial Reporting Standards) and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the ISCA;

   (ii) in a manner consistent with the accounting policies to be adopted by FH-REIT; and

   (iii) on the basis of the Criteria stated in Appendix C of the Prospectus; and

(b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such unaudited financial information.

This report has been prepared for inclusion in the Prospectus of FH-REIT to be issued in connection with the Offering and should not be used for any other purpose.

Yours faithfully,

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge: Nagaraj Sivaram
UNAUDITED PRO FORMA FINANCIAL INFORMATION

(A) INTRODUCTION

The Unaudited Pro Forma Financial Information of FH-REIT has been prepared for inclusion in the prospectus (the “Prospectus”) to be issued in connection with the initial public offering of the Stapled Securities in Frasers Hospitality Trust on the Singapore Exchange Securities Trading Limited (the “Offering”).

Frasers Hospitality Trust is a hospitality stapled group comprising FH-REIT and FH-BT. FH-REIT is a Singapore-based REIT established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate located anywhere in the world except Thailand, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing. FH-BT is a Singapore-based business trust which will be dormant as at the Listing Date.

Under the proposed initial public offering of the Stapled Securities in Frasers Hospitality Trust, 185,063,000 Stapled Securities will be offered at an offering price of S$0.88 per Stapled Security (the “Offering Price”), payable in full on application. The Offering consists of an international placement to investors, including institutional and other investors in Singapore and an offering to the public in Singapore.

As at the Listing Date, the initial property portfolio of FH-REIT will comprise six hotels and six serviced residences. The six hotels are InterContinental Singapore, Novotel Rockford Darling Harbour, Park International London, Best Western Cromwell London, ANA Crowne Plaza Kobe and The Westin Kuala Lumpur (together, the “Hotels”). The six serviced residences are Fraser Suites Singapore, Fraser Suites Sydney, Fraser Place Canary Wharf, Fraser Suites Queens Gate, Fraser Suites Glasgow and Fraser Suites Edinburgh (together, the “Serviced Residences”, and with the Hotels, the “Properties”).

The tenures of the Properties to be acquired by FH-REIT from their respective vendors (the “Vendors”) are set out in the table below:

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Leasehold Tenure(1) (years)</th>
<th>Vendor</th>
<th>Master Lessee or Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>75</td>
<td>BCH Hotel Investment Pte Ltd</td>
<td>BCH Hotel Investment Pte Ltd</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>84</td>
<td>Viewgrand Trust B</td>
<td>Viewgrand Trust C</td>
</tr>
<tr>
<td>Park International London</td>
<td>75</td>
<td>Global-Link Investments Limited</td>
<td>P I Hotel Management Limited</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>75</td>
<td>Global-Link Investments Limited</td>
<td>P I Hotel Management Limited</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe(2)</td>
<td>Freehold</td>
<td>Excellence Prosperity (Singapore) Pte Ltd</td>
<td>Hotel component: K.K. Shinkobe Holding Retail component: Y.K. Toranomon Properties</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>Freehold</td>
<td>JBB Hotels Sdn Bhd</td>
<td>JBB Hotels Sdn Bhd</td>
</tr>
<tr>
<td>Serviced Residence</td>
<td>Leasehold Tenure(^{(1)}) (years)</td>
<td>Vendor</td>
<td>Master Lessee</td>
</tr>
<tr>
<td>--------------------------</td>
<td>----------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>75</td>
<td>River Valley Apartments Pte Ltd</td>
<td>River Valley Apartments Pte Ltd</td>
</tr>
<tr>
<td></td>
<td></td>
<td>River Valley Shopping Centre Pte Ltd</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>and River Valley Tower Pte Ltd</td>
<td></td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>75</td>
<td>Frasers Townhall Residences Pty Ltd</td>
<td>Frasers Townhall Residences Operations Pty Ltd</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>75</td>
<td>Fairdace Limited</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>75</td>
<td>Queensgate Garden (C. I.) Limited</td>
<td>39QGG Management Limited</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>75</td>
<td>Fairdace Limited</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>75</td>
<td>Frasers (St Giles Street), Edinburgh Limited</td>
<td>Frasers (St Giles Street) Management Limited</td>
</tr>
</tbody>
</table>

Notes:

(1) This commences as at the Listing Date.

(2) ANA Crowne Plaza Kobe is held through a trust beneficiary interest ("TBI"), in the form of a beneficiary interest in a Japanese trust that holds title to ANA Crowne Plaza Kobe.

The terms of the Master Lease or Tenancy Agreements for each of the Properties is set out in the table below:

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Term of Master Lease or Tenancy (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>10 + 10 + 10 + 10 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Park International London</td>
<td>10 years commencing from the Listing Date (fixed and non-renewable)</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>Three + three + three years commencing from the Listing Date (at the option of the Tenant)(^{(1)})</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>Three + three + three years commencing from the Listing Date (at the option of the Tenant)(^{(1)})</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>Three + three + three years commencing from the Listing Date (at the option of the Tenant)(^{(1)})</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Term of Master Lease (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>20 + 20 years commencing from the Listing Date (at the option of the Master Lessee)</td>
</tr>
</tbody>
</table>

Note:

(1) Within 14 business days from the commencement date of the Tenancy Agreement, JBB Hotels Sdn Bhd is obliged to apply for the approval of the relevant state authority on the conversion of the tenancy into a lease for 20 years with an option for the lessee to obtain an additional lease for a further 20 years. (See "Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to The Westin Kuala Lumpur – Tenancy Agreement".)
FH-REIT may, in relation to any Property for which the option for an additional lease is not exercised by the relevant Master Lessee or Tenant, enter into a new master lease agreement or tenancy agreement, on terms to be agreed, with either the existing Master Lessee or Tenant or a new master lessee tenant. The Master Lease Agreements contain long lease terms with a view to securing a long-term stream of quality rental income for FH-REIT.

FH-REIT may be unable to appoint a master lessee or tenant for any of the Properties in its portfolio at the expiry of the relevant master lease agreement, for example because of a failure to reach commercially favourable terms with the relevant Master Lessee or Tenant or potential new master lessees or tenants. In the event that this happens, in order to ensure the Property’s continued operation and revenue generation, FH-REIT will appoint FH-BT as a master lessee or tenant for that Property on substantially the same terms as the relevant Master Lease Agreement or Tenancy Agreement.

In relation to each Property, the relevant Master Lessee or Tenant will appoint the Hotel Managers and Serviced Residence Operators to manage the day-to-day operations and marketing of that Property.

Details on the Lease Payments under the Master Lease or Tenancy Agreements are set out in Section G Note (5).

(B) BASIS OF PREPARATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

No financial statements of Frasers Hospitality Trust have been prepared for the financial years ended 30 September 2011, 2012 and 2013, and the three months ended 31 December 2012 and 31 December 2013 as FH-REIT and FH-BT were constituted on 12 June 2014 and 20 June 2014 respectively.

Ernst & Young LLP has been appointed as auditors of FH-REIT and FH-BT since their respective dates of constitution.

No pro forma financial information of FH-BT has been presented as it will be dormant as at the Listing Date. Accordingly, no consolidated pro forma financial information for Frasers Hospitality Trust has been presented.

The Unaudited Pro Forma Financial Information of FH-REIT set out in this Appendix, expressed in Singapore dollars, has been compiled by the REIT Manager for illustrative purposes only and is based on certain assumptions, and shows the Unaudited Pro Forma Statements of Total Return of FH-REIT for each of the three years ended 30 September 2011, 30 September 2012 and 30 September 2013, and each of the three-month periods ended 31 December 2012 and 31 December 2013, the Unaudited Pro Forma Balance Sheets of FH-REIT as at 30 September 2013 and 31 December 2013, and the Unaudited Pro Forma Cash Flow Statements of FH-REIT for the year ended 30 September 2013 and the three months ended 31 December 2013.

Information about FH-REIT’s financial position, total returns and cash flows has been extracted by the REIT Manager from the financial statements of the following entities prior to their acquisition by FH-REIT, and the financial statements of the following vendors and master lessees, the companies that owned and or operated the properties prior to their acquisition by FH REIT, for the years ended 30 September 2011, 30 September 2012 and 30 September 2013, on which audit reports have been published, and the three-month periods ended 31 December 2012 and 31 December 2013, on which review reports have been published. The abovementioned financial statements are hereinafter collectively referred to as the “Relevant Financial Statements”. The Relevant Financial Statements were prepared based on Singapore Financial Reporting Standards and presented in accordance with the
relevant presentation principles of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants ("ISCA").

### Entities

<table>
<thead>
<tr>
<th>Hotel Component</th>
<th>Vendor</th>
<th>Master Lessee or Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kobe Excellence TMK (Comprising ANA Crowne Plaza Kobe) (^{(1)})</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excellence Prosperity (Japan) K.K.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excellence Prosperity TMK Pte. Ltd.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Hotel Vendor Master Lessee or Tenant

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Vendor</th>
<th>Master Lessee or Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>BCH Hotel Investment Pte Ltd</td>
<td>BCH Hotel Investment Pte Ltd</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>Viewgrand Trust B</td>
<td>Viewgrand Trust C</td>
</tr>
<tr>
<td>Park International London</td>
<td>Global-Link Investments Limited</td>
<td>P I Hotel Management Limited</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>Global-Link Investments Limited</td>
<td>P I Hotel Management Limited</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe (^{(1)})</td>
<td>Excellence Prosperity (Singapore) Pte Ltd</td>
<td>Hotel component: K.K. Shinkobe Holding Retail component: Y.K. Toranomon Properties</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>JBB Hotels Sdn Bhd</td>
<td>JBB Hotels Sdn Bhd</td>
</tr>
</tbody>
</table>

### Note:

\(^{(1)}\) ANA Crowne Plaza Kobe is held through a trust beneficiary interest ("TBI"), in the form of a beneficiary interest in a Japanese trust that holds title to ANA Crowne Plaza Kobe.

### Serviced Residence Vendor Master Lessee

<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Vendor</th>
<th>Master Lessee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>River Valley Apartments Pte Ltd, River Valley Shopping Centre Pte Ltd and River Valley Tower Pte Ltd</td>
<td>River Valley Apartments Pte Ltd</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>Frasers Townhall Residences Pty Ltd</td>
<td>Frasers Townhall Residences Operations Pty Ltd</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>Fairdace Limited</td>
<td>Fairdace Limited</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>Queensgate Garden (C. I.) Limited</td>
<td>39QGG Management Limited</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>Frasers (St Giles Street), Edinburgh Limited</td>
<td>Frasers (St Giles Street) Management Limited</td>
</tr>
</tbody>
</table>
Certain assumptions have been applied on these Relevant Financial Statements. The Relevant Financial Statements are audited or reviewed by the following auditors in accordance with either International Standards on Auditing, Singapore Standards on Auditing, Australian Auditing Standards or approved standards on auditing in Malaysia:

<table>
<thead>
<tr>
<th>Hotels</th>
<th>Name of Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>FY2012</td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>KPMG, Singapore</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>KPMG, New South Wales, Australia</td>
</tr>
<tr>
<td>Park International London</td>
<td>Matthew Edwards &amp; Co, United Kingdom</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>Matthew Edwards &amp; Co, United Kingdom</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe(^{(1)})</td>
<td>PKF-CAP LLP, Singapore</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>Ernst &amp; Young, Kuala Lumpur, Malaysia</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serviced Residences</th>
<th>Name of Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>FY2012</td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>Ernst &amp; Young, Singapore</td>
</tr>
<tr>
<td>Fraser Suites Sydney(^{(2)})</td>
<td>Ernst &amp; Young, New South Wales, Australia</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>KPMG, Nottingham, United Kingdom</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>KPMG, Nottingham, United Kingdom</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>KPMG, Nottingham, United Kingdom</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>KPMG, Nottingham, United Kingdom</td>
</tr>
</tbody>
</table>

Notes:

The auditors’ reports on the Relevant Financial Statements which are used in the preparation of the Unaudited Pro Forma Financial Information do not contain any material qualification except for the following:

1. The auditor’s reports for the financial statements in relation to ANA Crowne Plaza Kobe contain an emphasis of matter in connection to the valuation of this property for each period presented. The value of this property is recorded at the purchase price in the Unaudited Pro Forma Financial Information based on the assumptions and valuation disclosed in the Prospectus. Consequently, the emphasis of matter by the auditor does not have any impact to the Unaudited Pro Forma Financial Information.

2. The auditor’s reports for the financial statements in relation to Fraser Suites Sydney for Q1 FY2013 and Q1 FY2014 contain a qualification in connection to the carrying value of this property. The value of this property is recorded at the purchase price in the Unaudited Pro Forma Financial Information based on the assumptions and valuation disclosed in the Prospectus. Consequently, the qualification by the auditor does not have any impact to the Unaudited Pro Forma Financial Information.
The Unaudited Pro Forma Statements of Total Return for the years ended 30 September 2011, 30 September 2012 and 30 September 2013 and the three-month periods ended 31 December 2012 and 31 December 2013, have been compiled to illustrate the impact on the total return of FH-REIT if it had acquired the following entities and properties (collectively, the “Assets”) and entered into Master Lease or Tenancy Agreements with the following Master Lessees and Tenant on the respective dates stated below, under the same terms set out in the Prospectus:

<table>
<thead>
<tr>
<th>Entities</th>
<th>Assumed Acquisition Date</th>
<th>Assumed Master Lease Agreement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kobe Excellence TMK (Comprising ANA Crowne Plaza Kobe)</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Excellence Prosperity (Japan) K.K.</td>
<td>1 October 2010</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Excellence Prosperity TMK Pte Ltd</td>
<td>1 October 2010</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Properties (Hotels)</th>
<th>Assumed Acquisition Date</th>
<th>Assumed Master Lease Agreement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Park International London</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>29 July 2011</td>
<td>29 July 2011</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Properties (Serviced Residences)</th>
<th>Assumed Acquisition Date</th>
<th>Assumed Master Lease Agreement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>8 December 2011</td>
<td>8 December 2011</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
</tbody>
</table>

The Unaudited Pro Forma Cash Flow Statements show the cash flows of FH-REIT for the year ended 30 September 2013 and the three months ended 31 December 2013, assuming FH-REIT had purchased the Assets and entered into the Master Lease or Tenancy Agreements on 1 October 2012 under the same terms set out in the Prospectus.

The Unaudited Pro Forma Balance Sheets of FH-REIT as at 30 September 2013 and 31 December 2013 present the financial position of FH-REIT, assuming FH-REIT had purchased the Assets and entered into the Master Lease or Tenancy Agreements on 30 September 2013 and 31 December 2013, respectively, under the same terms set out in the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled on the basis of the accounting policies as set out in Section F and is to be read in conjunction with Notes in Section F and Section G. In addition, the Unaudited Pro Forma Financial Information has been prepared based on the assumption that the issue price is the Offering Price and that the Over-Allotment Option is fully exercised.
The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only and because of its nature, may not give a true picture of FH-REIT’s actual total returns, cash flows or financial position.

(i) Unaudited Pro Forma Statements of Total Return

The Unaudited Pro Forma Statements of Total Return for the years ended 30 September 2011, 30 September 2012 and 30 September 2013 and the three months periods ended 31 December 2012 and 31 December 2013 have been compiled to illustrate the impact on the total return of FH-REIT if it had acquired the following entities and properties (collectively the “Assets”) and entered into Master Lease or Tenancy Agreements on the respective dates stated below, under the same terms set out in the Prospectus:

<table>
<thead>
<tr>
<th>Entities</th>
<th>Assumed Acquisition Date</th>
<th>Assumed Master Lease Agreement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kobe Excellence TMK (Comprising ANA Crowne Plaza Kobe)</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Excellence Prosperity (Japan) K.K.</td>
<td>1 October 2010</td>
<td>NA</td>
</tr>
<tr>
<td>Excellence Prosperity TMK Pte Ltd</td>
<td>1 October 2010</td>
<td>NA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Properties (Hotel)</th>
<th>Assumed Acquisition Date</th>
<th>Assumed Master Lease or Tenancy Agreement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Park International London</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>29 July 2011</td>
<td>29 July 2011</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Properties (Serviced Residences)</th>
<th>Assumed Acquisition Date</th>
<th>Assumed Master Lease Agreement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>8 December 2011</td>
<td>8 December 2011</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
</tr>
</tbody>
</table>

The following assumptions were made for each of the periods presented:

- Gross revenue of FH-REIT derived from the Hotels and Serviced Residences is assumed to be computed based on the terms of the Master Lease or Tenancy Agreements as set out in Section G Note (5), which have been applied to the gross operating revenue and gross operating profit in the Relevant Financial Statements, where applicable, after making certain adjustments as set out on the next page:
## Hotels

<table>
<thead>
<tr>
<th></th>
<th>Inter-Continental Singapore</th>
<th>Novotel Rockford Darling Harbor</th>
<th>Park International London + Best Western Cromwell London</th>
<th>ANA Crowne Plaza Kobe</th>
<th>The Westin Kuala Lumpur</th>
<th>Total</th>
<th>Pro Forma Adjustments</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Operating Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2011</td>
<td>60,375</td>
<td>20,090</td>
<td>5,472</td>
<td>97,477</td>
<td>35,441</td>
<td>218,855</td>
<td>–</td>
<td>218,855</td>
</tr>
<tr>
<td>FY2012</td>
<td>69,095</td>
<td>20,605</td>
<td>13,915</td>
<td>101,259</td>
<td>38,454</td>
<td>243,328</td>
<td>–</td>
<td>243,328</td>
</tr>
<tr>
<td>FY2013</td>
<td>66,603</td>
<td>21,041</td>
<td>14,336</td>
<td>82,833</td>
<td>38,280</td>
<td>223,093</td>
<td>–</td>
<td>223,093</td>
</tr>
<tr>
<td>Q1 FY2013</td>
<td>17,486</td>
<td>5,639</td>
<td>3,533</td>
<td>27,295</td>
<td>10,162</td>
<td>64,115</td>
<td>–</td>
<td>64,115</td>
</tr>
<tr>
<td>Q1 FY2014</td>
<td>19,287</td>
<td>5,533</td>
<td>4,059</td>
<td>22,474</td>
<td>10,037</td>
<td>61,390</td>
<td>–</td>
<td>61,390</td>
</tr>
<tr>
<td><strong>Gross Operating Profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2011</td>
<td>23,225</td>
<td>6,159</td>
<td>415</td>
<td>24,192</td>
<td>13,031</td>
<td>67,022</td>
<td>2,393^(1)(2)/(3)</td>
<td>69,415</td>
</tr>
<tr>
<td>FY2012</td>
<td>26,996</td>
<td>6,169</td>
<td>2,071</td>
<td>25,580</td>
<td>14,910</td>
<td>75,726</td>
<td>6,385^(1)(2)/(3)</td>
<td>82,111</td>
</tr>
<tr>
<td>FY2013</td>
<td>25,901</td>
<td>6,959</td>
<td>2,197</td>
<td>21,063</td>
<td>14,711</td>
<td>70,831</td>
<td>6,974^(1)(2)/(3)</td>
<td>77,805</td>
</tr>
<tr>
<td>Q1 FY2013</td>
<td>6,955</td>
<td>1,753</td>
<td>484</td>
<td>7,366</td>
<td>3,776</td>
<td>20,334</td>
<td>1,480^(1)(2)/(3)</td>
<td>21,814</td>
</tr>
<tr>
<td>Q1 FY2014</td>
<td>7,009</td>
<td>2,043</td>
<td>627</td>
<td>6,171</td>
<td>4,236</td>
<td>20,086</td>
<td>1,686^(1)(2)/(3)</td>
<td>21,772</td>
</tr>
</tbody>
</table>
## Serviced Residences

<table>
<thead>
<tr>
<th>(SS'000)</th>
<th>Fraser Suites Singapore</th>
<th>Fraser Suites Sydney</th>
<th>Fraser Place Canary Wharf</th>
<th>Fraser Suites Queens Gate</th>
<th>Fraser Suites Glasgow</th>
<th>Fraser Suites Edinburgh</th>
<th>Total</th>
<th>Pro Forma Adjustments</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Operating Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2012</td>
<td>15,874</td>
<td>20,174</td>
<td>6,446</td>
<td>6,958</td>
<td>3,352</td>
<td>4,705</td>
<td>57,509</td>
<td>–</td>
<td>57,509</td>
</tr>
<tr>
<td>FY2013</td>
<td>25,176</td>
<td>20,390</td>
<td>8,132</td>
<td>1,241</td>
<td>3,417</td>
<td>4,946</td>
<td>63,302</td>
<td>–</td>
<td>63,302</td>
</tr>
<tr>
<td>Q1 FY2013</td>
<td>5,662</td>
<td>5,166</td>
<td>1,910</td>
<td>412</td>
<td>662</td>
<td>1,058</td>
<td>14,870</td>
<td>–</td>
<td>14,870</td>
</tr>
<tr>
<td>Q1 FY2014</td>
<td>5,093</td>
<td>5,375</td>
<td>1,851</td>
<td>2,424</td>
<td>1,066</td>
<td>1,204</td>
<td>17,013</td>
<td>–</td>
<td>17,013</td>
</tr>
<tr>
<td><strong>Gross Operating Profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2011</td>
<td>12,708</td>
<td>10,363</td>
<td>4,292</td>
<td>–</td>
<td>1,412</td>
<td>1,861</td>
<td>30,636</td>
<td>–</td>
<td>30,636</td>
</tr>
<tr>
<td>FY2012</td>
<td>6,835</td>
<td>10,569</td>
<td>4,269</td>
<td>4,660</td>
<td>1,207</td>
<td>1,471</td>
<td>29,011</td>
<td>–</td>
<td>29,011</td>
</tr>
<tr>
<td>FY2013</td>
<td>15,708</td>
<td>10,542</td>
<td>5,358</td>
<td>(2,266)</td>
<td>1,144</td>
<td>1,977</td>
<td>32,463</td>
<td>2,427(1)</td>
<td>34,890</td>
</tr>
<tr>
<td>Q1 FY2013</td>
<td>3,718</td>
<td>2,735</td>
<td>1,287</td>
<td>(515)</td>
<td>135</td>
<td>308</td>
<td>7,688</td>
<td>607(1)</td>
<td>8,275</td>
</tr>
<tr>
<td>Q1 FY2014</td>
<td>2,865</td>
<td>2,761</td>
<td>1,118</td>
<td>901</td>
<td>440</td>
<td>434</td>
<td>8,519</td>
<td>607(1)</td>
<td>9,126</td>
</tr>
</tbody>
</table>

**Notes:**

1. Adjustments to exclude from master lease rental paid to previous owners.
2. Adjustments to exclude marketing costs paid to previous owners.
3. Adjustments to include operating expenses paid on behalf by a related party.
The variable rent component of FH-REIT’s gross revenue derived from the Master Lessees and Tenant is computed as follows:

<table>
<thead>
<tr>
<th>FY2011 Pro Forma</th>
<th>FY2012 Pro Forma</th>
<th>FY2013 Pro Forma</th>
<th>1Q FY2013 Pro Forma</th>
<th>1Q FY2014 Pro Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>(S$’000)</td>
<td>(S$’000)</td>
<td>(S$’000)</td>
<td>(S$’000)</td>
<td>(S$’000)</td>
</tr>
<tr>
<td>% of adjusted gross operating revenue(^{(1)})</td>
<td>11,078</td>
<td>11,502</td>
<td>14,160</td>
<td>2,974</td>
</tr>
<tr>
<td>% of adjusted gross operating profit(^{(1)})</td>
<td>73,765</td>
<td>82,378</td>
<td>83,423</td>
<td>22,778</td>
</tr>
<tr>
<td>Less: Fixed Rent</td>
<td>84,843</td>
<td>93,880</td>
<td>97,583</td>
<td>25,752</td>
</tr>
<tr>
<td>Variable Rent(^{(2)})</td>
<td>47,316(^{(3)})</td>
<td>51,446(^{(4)})</td>
<td>49,606</td>
<td>12,733</td>
</tr>
<tr>
<td>Variable Rent(^{(2)})</td>
<td>37,527</td>
<td>42,434</td>
<td>47,977</td>
<td>13,019</td>
</tr>
</tbody>
</table>

FH-REIT’s gross revenue from:

Master Lessees and Tenant based on terms of Master Lease or Tenancy Agreements:

<table>
<thead>
<tr>
<th>FY2011 Pro Forma</th>
<th>FY2012 Pro Forma</th>
<th>FY2013 Pro Forma</th>
<th>1Q FY2013 Pro Forma</th>
<th>1Q FY2014 Pro Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>(S$’000)</td>
<td>(S$’000)</td>
<td>(S$’000)</td>
<td>(S$’000)</td>
<td>(S$’000)</td>
</tr>
<tr>
<td>Fixed Rent</td>
<td>47,316(^{(3)})</td>
<td>51,446(^{(4)})</td>
<td>49,606</td>
<td>12,733</td>
</tr>
<tr>
<td>Variable Rent</td>
<td>37,527</td>
<td>42,434</td>
<td>47,977</td>
<td>13,019</td>
</tr>
<tr>
<td>Overall Rent</td>
<td>84,843</td>
<td>93,880</td>
<td>97,583</td>
<td>25,752</td>
</tr>
</tbody>
</table>

Notes:

(1) The adjusted gross operating revenue and adjusted gross operating profit represent the gross operating revenue and gross operating profit of the Properties on which FH-REIT’s gross revenue from the Master Lessees and Tenant is derived based on the terms of the Master Lease or Tenancy Agreements as set out in Section G Note (5). The percentage of adjusted gross operating revenue will be first applied and then, the higher of the percentage of adjusted gross operating profit or fixed rent will be applied.

(2) Variable Rent with respect to a Fiscal Year/Period means an amount computed based on the sum of the agreed percent of the Gross Operating Revenue for that Fiscal Year/Period and the agreed percent of the Gross Operating Profit for that Fiscal Year/Period, less the Fixed Rent plus unutilised FF&E reserve not carried forward to the following Year/Period, and if the calculation of the Variable Rent yields a negative figure, the overall rent will then be the Fixed Rent amount.

(3) Includes prorated rental for Best Western Cromwell London acquired on 29 July 2011.

(4) Includes prorated rental for Fraser Suites Queens Gate acquired on 8 December 2011.
• Property tax, including land tax, and insurance expense previously incurred by the respective Vendors of the Properties are to be assumed by FH-REIT except that the property tax and insurance expenses relating to the retail component of ANA Crowne Plaza Kobe are being recovered by FH-REIT via the terms of the Retail Master Lease Agreement as set out in the Prospectus;

• Other property expenses comprises property expenses such as Serviced Residences Management fees, Management Corporation Strata Title Plan (“MCST”) Sinking Fund Contribution (“Sinking Fund Contributions”) in Singapore or its equivalent funds in overseas and other miscellaneous operating expenses;

• Serviced Residences Management fees comprising base management fee, marketing fee and incentive fee is payable to the Serviced Residences Operators for management services rendered for the Serviced Residences. It also comprises a trademark licence fee payable to the Serviced Residence Operator for use of the relevant trademarks used in connection with the operations of the Serviced Residences. The base management fee, marketing fee and trademark license fee is 1.0% per annum of the gross operating revenue of the Serviced Residences respectively. The incentive fee is 8.0% per annum of gross operating profit of the Serviced Residences;

• Serviced Residences Management fees and Trademark Licence fee which are previously incurred by the respective Vendors of the Service Residences are to be assumed by FH-REIT whereas the property management fee previously incurred by the Vendors of the Hotels, are to be assumed by the Master Lessees of the Hotels;

• It has been assumed that the REIT Manager has elected to pay 100.0% of fees payable to the Serviced Residences Operators in the form of Stapled Securities. Where the management fees are payable in Stapled Securities, the REIT and MIT Manager has assumed that such Stapled Securities are issued at the Offering Price;

• REIT Manager’s management fee is based on the formula as set out in Section G Note (1);

• MIT Manager’s and Kobe Asset Manager’s management fees are based on the formula as set out in Section G Note (2);

• Trustees’ fee is based on the formula as set out in Section G Note (3);

• Other expenses comprise operating expenses such as compliance expenses, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, stamp duty, insurance fees, commission fees, costs associated with the preparation and distribution of reports to the holders of the Stapled Securities, investor communication costs and other miscellaneous costs. Other expenses of $32 million, $2 million, $2 million, $0.6 million and $0.5 million are assumed to be incurred by FH-REIT for the years ended 30 September 2011, 30 September 2012 and 30 September 2013, and the three months periods ended 31 December 2012 and 31 December 2013 respectively;

• Investment properties are assumed to be acquired at an estimated aggregate purchase price of $1,716 million on the various assumed acquisition dates stated on page C-6 of the Prospectus, and assumed to remain unchanged in functional currency throughout the periods presented, as it is also assumed that there will be no capital expenditure incurred and no fair value changes throughout the periods presented;
The FH-REIT Debt Facilities, being S$716 million unsecured banking facilities and S$39 million secured medium term notes net of debt-related issuance costs, were in place at the time of the acquisition of the Assets;

Interest expense on borrowings is computed based on an effective interest rate of approximately 2.2% per annum (inclusive of all margins and amortisation of debt upfront costs) on term loan and 1% per annum on short term revolving credit facility. The principal of S$713 million term loan and S$50 million short term revolving credit facility are assumed to be drawn by FH-REIT as of 1 October 2010, and remained unchanged in functional currency throughout the periods presented. It is assumed that the S$50 million short term revolving credit facility will be repaid within 6 months after drawn down; and

The foreign exchange rates applied in compiling the Unaudited Pro Forma Statements of Total Return are as follows:

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>Q1 FY2013</th>
<th>Q1 FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD/SGD</td>
<td>1.29366</td>
<td>1.30208</td>
<td>1.23609</td>
<td>1.26984</td>
<td>1.15821</td>
</tr>
<tr>
<td>GBP/SGD</td>
<td>2.02429</td>
<td>1.99601</td>
<td>1.94175</td>
<td>1.96348</td>
<td>2.02429</td>
</tr>
<tr>
<td>JPY/SGD</td>
<td>0.01557</td>
<td>0.01604</td>
<td>0.01343</td>
<td>0.01503</td>
<td>0.01244</td>
</tr>
<tr>
<td>MYR/SGD</td>
<td>0.41336</td>
<td>0.40667</td>
<td>0.39984</td>
<td>0.40006</td>
<td>0.38964</td>
</tr>
</tbody>
</table>

(ii) Unaudited Pro Forma Cash Flow Statements

The Unaudited Pro Forma Cash Flow Statements for the year ended 30 September 2013 and the three months ended 31 December 2013 have been compiled assuming FH-REIT had purchased the Assets and entered into the Master Lease or Tenancy Agreements on 1 October 2012, and is based on the cash flows directly attributable to the Assets and FH-REIT’s borrowing and unit structures.

In addition, the following assumptions were made:

• Investment properties (except for ANA Crowne Plaza Kobe) are assumed to be acquired at an estimated aggregate purchase price of S$1,526 million, and assumed to remain unchanged in functional currency throughout the periods presented, as it is also assumed that there will be no capital expenditure incurred and no fair value changes throughout the periods presented;

• ANA Crowne Plaza Kobe is acquired through purchase of three entities (Kobe Excellence TMK, Excellence Prosperity Japan K.K. and Excellence Prosperity TMK Pte Ltd) at an estimated aggregate purchase price of S$137 million, and the assumed purchase price allocated to ANA Crowne Plaza Kobe is S$176 million. It is also assumed that there will be no capital expenditure incurred and no fair value changes to ANA Crowne Plaza Kobe throughout the periods presented;

• The FH-REIT Debt Facilities were in place at the time of the acquisition of the Assets;
The FH-REIT’s borrowings being S$697 million unsecured banking facilities and S$38 million secured medium term notes net of debt-related issuance costs, and the FH-REIT units were issued correspond to the timing of the purchase of the Assets on 1 October 2012;

Interest expense on borrowings is assumed to be paid on the month it incurred;

The recoverable UK value added taxes and Singapore goods and services tax paid for the acquisition of certain Investment properties in these jurisdictions of S$62 million are refunded within six months through FH-REIT and its subsidiary which are duly tax registered in the respective jurisdictions after constitution or incorporation;

Management fees payable to the REIT Manager in the form of Stapled Securities are paid on a monthly basis, in arrears in the following month;

Master Lease rental receivable is received on a monthly basis, in arrears in the following month;

Issue costs are assumed to be funded by proceeds raised from the Offering;

Proceeds raised, net of issue costs and acquisition costs, from the Offering amounted to S$995 million;

100% of taxable income available for distribution to holders of Stapled Securities is distributed for each of the periods presented. Distribution to holders of Stapled Securities are paid on a semi-annual basis in every May and every November, in arrears; and

The foreign exchange rates applied in compiling the Unaudited Pro Forma Cash flow Statements are as follows:

<table>
<thead>
<tr>
<th>Currency</th>
<th>As at 30 September 2012</th>
<th>FY2013</th>
<th>Q1 FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD/SGD</td>
<td>1.27389</td>
<td>1.23609</td>
<td>1.15821</td>
</tr>
<tr>
<td>GBP/SGD</td>
<td>1.98452</td>
<td>1.94175</td>
<td>2.02429</td>
</tr>
<tr>
<td>JPY/SGD</td>
<td>0.01575</td>
<td>0.01343</td>
<td>0.01244</td>
</tr>
<tr>
<td>MYR/SGD</td>
<td>0.40038</td>
<td>0.39984</td>
<td>0.38964</td>
</tr>
</tbody>
</table>

(iii) Unaudited Pro Forma Balance Sheets

The Unaudited Pro Forma Balance Sheets have been compiled on the basis that FH-REIT purchased the Assets at their respective purchase prices and entered into the Master Lease or Tenancy Agreements on 30 September 2013 and 31 December 2013, respectively.

The following assumptions are made:

- Investment properties are acquired at an estimated aggregate purchase price of S$1,649 million as of 30 September 2013 and S$1,645 million as of 31 December 2013;

- Cash and cash equivalent amounted to S$27 million as of 30 September 2013 and S$27 million as of 31 December 2013;
- Proceeds raised, net of issue costs and acquisition costs, from the Offering amounted to S$985 million as of 30 September 2013 and S$982 million as of 31 December 2013;

- Issue costs relating to the Offering are estimated to be S$28 million as of 30 September 2013 and as of 31 December 2013 and assumed to be funded by proceeds raised from the Offering;

- The UK value added taxes and Singapore goods and services tax for the acquisition of certain Investment properties in these jurisdictions amounted to S$63 million and S$65 million as of 30 September 2013 and 31 December 2013 respectively, and are refundable through FH-REIT and its subsidiary which are duly tax registered in the respective jurisdictions.

- Borrowings of S$714 million, net of debt upfront costs, were drawn down by FH-REIT on 30 September 2013 and borrowings of S$713 million, net of debt upfront costs, were drawn down by FH-REIT on 31 December 2013 to partially fund the acquisition of the Assets; and

- The foreign exchange rates applied in compiling the Unaudited Pro Forma Balance Sheets are as follows:

<table>
<thead>
<tr>
<th>Currency Pair</th>
<th>As at 30 September 2013</th>
<th>As at 31 December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD/SGD</td>
<td>1.17220</td>
<td>1.12613</td>
</tr>
<tr>
<td>GBP/SGD</td>
<td>2.00361</td>
<td>2.09118</td>
</tr>
<tr>
<td>JPY/SGD</td>
<td>0.01273</td>
<td>0.01200</td>
</tr>
<tr>
<td>MYR/SGD</td>
<td>0.38879</td>
<td>0.38615</td>
</tr>
</tbody>
</table>
The Unaudited Pro Forma Statements of Total Return of FH-REIT for the years ended 30 September 2011, 30 September 2012 and 30 September 2013 and the three-month periods ended 31 December 2012 and 31 December 2013 have been compiled for inclusion in this Prospectus and are presented below. The assumptions used to compile the unaudited Pro Forma Statements of Total Return are consistent with those described in Basis of Preparation of Unaudited Pro Forma Financial Information.

<table>
<thead>
<tr>
<th>Section F Note</th>
<th>FY2011 (S$'000)</th>
<th>FY2012 (S$'000)</th>
<th>FY2013 (S$'000)</th>
<th>Q1 FY2013 (S$'000)</th>
<th>Q1 FY2014 (S$'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross revenue</td>
<td>2</td>
<td>84,843</td>
<td>93,880</td>
<td>97,583</td>
<td>25,752</td>
</tr>
<tr>
<td>Property operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Property tax</td>
<td>(6,620)</td>
<td>(8,336)</td>
<td>(7,973)</td>
<td>(2,092)</td>
<td>(2,101)</td>
</tr>
<tr>
<td>– Land tax</td>
<td>(146)</td>
<td>(148)</td>
<td>(155)</td>
<td>(36)</td>
<td>(37)</td>
</tr>
<tr>
<td>– Insurance expense</td>
<td>(1,005)</td>
<td>(1,051)</td>
<td>(930)</td>
<td>(258)</td>
<td>(235)</td>
</tr>
<tr>
<td>– Other property expenses</td>
<td>(8,275)</td>
<td>(7,479)</td>
<td>(8,196)</td>
<td>(1,883)</td>
<td>(1,986)</td>
</tr>
<tr>
<td>Net property Income</td>
<td>68,797</td>
<td>76,866</td>
<td>80,329</td>
<td>21,483</td>
<td>21,675</td>
</tr>
<tr>
<td>REIT Manager’s management fees</td>
<td>(6,499)</td>
<td>(6,959)</td>
<td>(7,055)</td>
<td>(1,819)</td>
<td>(1,840)</td>
</tr>
<tr>
<td>Other management fees</td>
<td>(1,650)</td>
<td>(1,666)</td>
<td>(1,633)</td>
<td>(432)</td>
<td>(415)</td>
</tr>
<tr>
<td>Trustees’ fees</td>
<td>(481)</td>
<td>(482)</td>
<td>(453)</td>
<td>(118)</td>
<td>(110)</td>
</tr>
<tr>
<td>Other expenses$^1$</td>
<td>(31,631$^2$)</td>
<td>(2,327)</td>
<td>(2,201)</td>
<td>(567)</td>
<td>(547)</td>
</tr>
<tr>
<td>Interest income$^3$</td>
<td>50</td>
<td>7</td>
<td>8</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance costs$^5$</td>
<td>3</td>
<td>(16,241)</td>
<td>(15,964)</td>
<td>(15,544)</td>
<td>(4,088)</td>
</tr>
<tr>
<td>Total return before tax and distribution</td>
<td>12,345</td>
<td>49,475</td>
<td>53,451</td>
<td>14,459</td>
<td>14,946</td>
</tr>
<tr>
<td>Taxation</td>
<td>(2,975)</td>
<td>(1,801)</td>
<td>(2,297)</td>
<td>(703)</td>
<td>(825)</td>
</tr>
<tr>
<td>Total return after tax</td>
<td>9,370</td>
<td>47,674</td>
<td>51,154</td>
<td>13,756</td>
<td>14,121</td>
</tr>
<tr>
<td>Non-tax deductible items and other adjustments$^4$</td>
<td>43,573</td>
<td>14,593</td>
<td>15,264</td>
<td>3,811</td>
<td>4,046</td>
</tr>
<tr>
<td>Income available for distribution to holders of Stapled Securities</td>
<td>52,943</td>
<td>62,267</td>
<td>66,418</td>
<td>17,567</td>
<td>18,167</td>
</tr>
</tbody>
</table>

Notes:
1. Other expenses comprise operating expenses such as compliance expenses, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, insurance fees, commission fees, costs associated with the preparation and distribution of reports to the holders of the Stapled Securities, investor communication costs and other miscellaneous costs.
2. In FY2011, in addition to the expenses referred to in (1) above, it includes stamp duty in relation to the acquisition of United Kingdom & Australia properties and non-capitalised listing fees.
3. Interest and other income comprise mainly interest earned on cash and bank balances. There is no payment top-up recognised in the pro forma financial statements because such top-up relates to specific conditions in the future that are not applicable to the historical pro forma periods presented (i.e. up to 30 November 2015 so long as the Property is not sold).
4. Non-tax deductible items and other adjustments comprise the REIT Manager’s management fees paid/payable in Stapled Securities, MIT Manager’s management fees paid/payable in Stapled Securities, REIT Trustees’ fees, amortisation of debt-related transaction costs/insurance fee, serviced residences management fees and trademark licence fees which are paid/payable in Stapled Securities, stamp duty and non-capitalised listing fees.
5. Finance costs comprise interest expense and amortisation of debt-related transaction costs.
The Unaudited Pro Forma Cash Flow Statements for the year ended 30 September 2013 and the three months ended 31 December 2013 have been compiled for inclusion in the Prospectus and presented below. The assumptions used to compile the Unaudited Pro Forma Cash Flow Statement are consistent with those described in Basis of Preparation of Unaudited Pro Forma Financial Information.

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 (S$’000)</th>
<th>Q1 FY2014 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income before income tax</td>
<td>24,211</td>
<td>14,946</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation expense</td>
<td>1,588</td>
<td>398</td>
</tr>
<tr>
<td>REIT Manager’s management fees paid or payable in Stapled Securities</td>
<td>7,043</td>
<td>1,840</td>
</tr>
<tr>
<td>Other management fees paid or payable in Stapled Securities</td>
<td>1,301</td>
<td>336</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>14,205</td>
<td>3,420</td>
</tr>
<tr>
<td>Serviced Residences Management Fees and Trademark License Fees paid or payable in Stapled Securities</td>
<td>5,008</td>
<td>1,401</td>
</tr>
<tr>
<td>Other expenses</td>
<td>29,014</td>
<td>8</td>
</tr>
<tr>
<td>Operating income before working capital changes</td>
<td>82,370</td>
<td>22,349</td>
</tr>
<tr>
<td>Changes in receivables</td>
<td>(8,132)</td>
<td>(546)</td>
</tr>
<tr>
<td>Changes in payables</td>
<td>246</td>
<td>(4)</td>
</tr>
<tr>
<td>Cash security deposits received</td>
<td>24,095</td>
<td>−</td>
</tr>
<tr>
<td>Cash flows from operations</td>
<td>98,579</td>
<td>21,799</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(1,297)</td>
<td>(1,386)</td>
</tr>
<tr>
<td>Net cash inflows generated from operating activities</td>
<td>97,282</td>
<td>20,413</td>
</tr>
<tr>
<td>Investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investment properties</td>
<td>(1,525,858)</td>
<td>−</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>(26,453)</td>
<td>−</td>
</tr>
<tr>
<td>Net cash outflow on acquisition of subsidiaries</td>
<td>(169,661)</td>
<td>−</td>
</tr>
<tr>
<td>Cash flows used in investing activities</td>
<td>(1,721,972)</td>
<td>−</td>
</tr>
<tr>
<td>Financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issue of Stapled Securities</td>
<td>1,049,513</td>
<td>−</td>
</tr>
<tr>
<td>Issue expenses</td>
<td>(28,542)</td>
<td>−</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>742,046</td>
<td>−</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(50,000)</td>
<td>−</td>
</tr>
<tr>
<td>Payment of upfront debt and arrangement costs</td>
<td>(7,232)</td>
<td>−</td>
</tr>
<tr>
<td>Distribution to holders of Stapled Securities</td>
<td>(32,593)</td>
<td>(33,617)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(14,164)</td>
<td>(3,420)</td>
</tr>
<tr>
<td>Cash flows generated from/(used in) financing activities</td>
<td>1,659,028</td>
<td>(37,037)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>34,338</td>
<td>(16,624)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year/period</td>
<td>−</td>
<td>34,338</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year/period</td>
<td>34,338</td>
<td>17,714</td>
</tr>
</tbody>
</table>
Notes:

(1) This relates to the amortisation of upfront debt facilities.

(2) The REIT Manager has elected to receive 100% of the Base Fee and Performance Fee in the form of Stapled Securities.

(3) The MIT Trustee has elected to pay the MIT Manager 100% of the Base Fee and Performance Fee in the form of Stapled Securities.

(4) The Managers have elected that the Serviced Residences Operator receive 100% of the Serviced Residences Management Fees and Trademark License Fees in the form of Stapled Securities.

(5) Cash security deposits are collected from master lessees as part of the lease agreements (except for master lessee in Japan and tenant in Malaysia). In Japan and Malaysia, the equivalent security deposits are being provided by master lessee and tenant in the form of banker’s guarantee. The use of such cash from security deposits are disclosed under “Use of Proceeds”.

(6) The effect of acquisition of the entities by FH-REIT’s in the pro forma cash flows for the year ended 30 September 2013 is set out below:

<table>
<thead>
<tr>
<th>FY2013</th>
<th>(S$'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Investment property</td>
<td>176,406</td>
</tr>
<tr>
<td>Others</td>
<td>417</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>176,823</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>3,922</td>
</tr>
<tr>
<td>Others</td>
<td>337</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>181,082</td>
</tr>
<tr>
<td><strong>Less: Non-current liabilities</strong></td>
<td>(38,730)</td>
</tr>
<tr>
<td><strong>Less: Current liabilities</strong></td>
<td>(5,781)</td>
</tr>
<tr>
<td><strong>Fair value of subsidiaries net assets acquired</strong></td>
<td>136,571</td>
</tr>
<tr>
<td><strong>Purchase price</strong></td>
<td>136,571</td>
</tr>
<tr>
<td><strong>Less: Cash acquired</strong></td>
<td>(3,922)</td>
</tr>
<tr>
<td><strong>Add: Bank borrowings assumed</strong></td>
<td>37,012</td>
</tr>
<tr>
<td><strong>Net cash outflow</strong></td>
<td>169,661</td>
</tr>
</tbody>
</table>

**Significant Non-Cash Transactions**

During the year ended 30 September 2013 and the three months ended 31 December 2013, respectively, 15,114,000 and 3,978,000 Stapled Securities at S$0.88 per unit, were issued and accrued as payment for the followings:

(1) The REIT Manager’s management fees which is payable in the form of Stapled Securities (see Section G note (1)) amounting to approximately S$7.0 million and S$1.8 million, respectively, during the year ended 30 September 2013 and the three months ended 31 December 2013;

(2) The MIT Manager’s management fees which is payable in the form of Stapled Securities (see Section G note (2)) amounting to approximately S$1.3 million and S$0.3 million, respectively, during the year ended 30 September 2013 and the three months ended 31 December 2013; and

(3) The Serviced Residences Management Fees and Trademark License Fees which is payable in the form of Stapled Securities amounting to approximately S$5.0 million and S$1.4 million, respectively, during the year ended 30 September 2013 and the three months ended 31 December 2013.
The Unaudited Pro Forma Balance Sheets as at 30 September 2013 and 31 December 2013 have been compiled for inclusion in the Prospectus and are presented below. The assumptions used to compile the unaudited Pro Forma Balance Sheet are consistent with those described in Bases of Preparation of Unaudited Pro Forma Financial Information.

### Section F

<table>
<thead>
<tr>
<th>Note</th>
<th>As at 30 September 2013 (S$’000)</th>
<th>As at 31 December 2013 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>4</td>
<td>1,648,798</td>
</tr>
<tr>
<td>Deferred tax assets&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td></td>
<td>317</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>27,117</td>
</tr>
<tr>
<td>Tax recoverable&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td></td>
<td>62,942</td>
</tr>
<tr>
<td>Other current assets</td>
<td></td>
<td>270</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>1,739,444</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other current liabilities</td>
<td></td>
<td>1,288</td>
</tr>
<tr>
<td>Borrowings&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security deposits&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td></td>
<td>23,717</td>
</tr>
<tr>
<td>Deferred tax liabilities&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td></td>
<td>4,393</td>
</tr>
<tr>
<td>Borrowings&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>5</td>
<td>664,232</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>743,630</td>
</tr>
<tr>
<td><strong>Net assets attributable to holders of Stapled Securities</strong></td>
<td>6</td>
<td>995,814</td>
</tr>
<tr>
<td>Number of Stapled Securities in issue ('000)&lt;sup&gt;(6)&lt;/sup&gt;</td>
<td></td>
<td>1,192,628</td>
</tr>
<tr>
<td>Net asset value per Stapled Securities (S$)</td>
<td></td>
<td>0.83</td>
</tr>
</tbody>
</table>

**Notes:**

1. Assumes that costs of the investment properties remain unchanged from S$1,649 million at 30 September 2013 and S$1,645 million at 31 December 2013.
2. Deferred tax assets and deferred tax liabilities arose from the acquisition of the entities by FH-REIT in relation to ANA Crowne Plaza Kobe.
3. Tax recoverable relates to recoverable UK value added tax and Singapore goods and services tax paid for the acquisition of certain investment properties. It also includes the tax receivable amount which arose from the acquisition of the entities by FH-REIT in relation to ANA Crowne Plaza Kobe.
4. Cash security deposit are collected from master lessees as part of the lease agreements (except for master lessee in Japan and tenant in Malaysia). In Japan and Malaysia, the equivalent security deposits are being provided by master lessee and tenant in the form of banker’s guarantee. The use of such cash from security deposits are disclosed under “Use of Proceeds”.
5. Comprises principal amount of borrowings of S$714 million, after deducting unamortised debt upfront costs of S$7 million as at 30 September 2013 and comprises principal amount of borrowings of S$713 million, after deducting unamortised debt upfront costs of S$7 million as at 31 December 2013.
6. Based on the Offering Price of S$0.88 per Stapled Securities.
1. Significant Accounting Policies of FH-REIT

The significant accounting policies of FH-REIT, which have been consistently applied in preparing the Unaudited Pro Forma Financial Information set out in this Appendix, are as follows:

**Basis of Preparation of the Unaudited Pro Forma Financial Information**

The Unaudited Pro Forma Financial Information of the Trust are compiled in accordance with the recommendations of Statement of Recommended Accounting Practice 7, “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants (“ISCA”), the applicable requirements of the Code on Collective Investment Scheme (the “CIS Code”) issued by Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

The Unaudited Pro Forma Financial Information have been compiled on the historical cost basis except as disclosed in the accounting policies below.

The Unaudited Pro Forma Financial Information are presented in Singapore Dollars (“$” or “S$”) which is the functional currency of the Trust. All Unaudited Pro Forma Financial Information has been rounded to the nearest thousand, unless otherwise stated.

**Significant Accounting Judgments and Estimates**

The compilation of financial information in conformity with RAP 7 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are revised on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) **Key Sources of Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed.

(i) **Income Taxes**

The Pro Forma Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Pro Forma Group recognises the liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of provision for taxation, deferred tax assets and liabilities are as disclosed in the Pro Forma Group’s balance sheet.
(ii) Valuation of Completed Investment Properties

The Pro Forma Group’s completed investment properties are stated at their estimated market values, which are determined annually based on independent professional valuations. The fair value of completed investment properties is determined using a combination of the Direct Comparison Method, Income Approach and Discounted Cash Flow Analysis. These estimated market values may differ from the prices at which the Pro Forma Group’s completed investment properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the directors’ control, such as overall market conditions. As a result, actual results of operations and realisation of these completed investment properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amount of completed investment properties is as disclosed in the Pro Forma Group’s balance sheet.

(b) Critical Judgements made in Applying Accounting Policies

In the process of applying the Pro Forma Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have significant effects on the amounts recognised in the consolidated financial statements.

(i) Operating Lease Commitments – Group as Lessor

The Pro Forma Group has entered into commercial property leases on its investment property portfolio. The Pro Forma Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Basis of Consolidation and Investment in Subsidiaries

A subsidiary (including special purpose entity) is an entity over which the Pro Forma Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Trust’s balance sheet, investment in subsidiary is accounted for at cost less any impairment losses.

The consolidated financial statements incorporate the financial statements of the Trust and its subsidiaries as of the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date and using consistent accounting policies as the Trust.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Pro Forma Group obtains control, and continues to be consolidated until the date that such control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.
When the Pro Forma Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, if deemed to be an asset or liability within the scope of FRS 39, will be recognised either in the Statement of Total Return or as change to a separate component of equity. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the Statement of Total Return.

The Pro Forma Group elects for each individual business combination whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group’s previously held equity interest in the acquiree (if any), over the net fair value of the acquiree’s identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the Statement of Total Return on the acquisition date.

**Investment Properties**

Investment properties are held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the Statement of Total Return.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Fair value is determined at each balance sheet date in accordance with the Trust Deed. In addition, the investment properties are valued by independent professional valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Pro Forma Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between the net disposal proceeds and the carrying amount of the property.
**Financial Instruments**

**(a) Non-Derivative Financial Assets**

The Pro Forma Group initially recognises loans and receivables on the date they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Pro Forma Group becomes a party to the contractual provisions of the instrument.

The Pro Forma Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Pro Forma Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Pro Forma Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

**(b) Non-Derivative Financial Liabilities**

All financial liabilities are recognised initially on the trade date, which is the date that the Pro Forma Group becomes a party to the contractual provisions of the instrument.

The Pro Forma Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Pro Forma Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Pro Forma Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash at bank and on hand.
**Impairment**

(a) **Non-Financial Assets**

The carrying amounts of the Pro Forma Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash generating unit is the greater of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(b) **Non-derivative Financial Assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be measured reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Pro Forma Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

(c) **Loans and Receivables**

The Pro Forma Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Pro Forma Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows, discounted at the asset’s original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of total return.

**Security Deposits**

Security deposits relate to rental deposits received from tenants of the Pro Forma Group’s investment properties. Security deposits are accounted for as financial liability and the accounting policies are set out in Note (Financial Instrument (b) Non-derivative financial liabilities).

**Taxation**

(i) Current Income Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

(ii) Deferred Tax

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which those assets and liabilities are expected to be realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

(iii) Tax Transparency

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the income tax treatment of FH-REIT. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the specified Taxable Income of FH-REIT, FH-REIT will not be assessed for tax on the portion of its specified Taxable Income that is distributed to Stapled Securityholders. Any portion of FH-REIT’s specified Taxable Income that is not distributed to Stapled Securityholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the specified Taxable Income when the actual specified Taxable Income of FH-REIT is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount of specified Taxable Income distributed for the next distribution immediately following the agreement with the IRAS.

The distributions made by FH-REIT out of its specified Taxable Income are subject to tax in the hands of Stapled Securityholders, unless they are exempt from tax on the FH-REIT’s distributions (the “tax transparency ruling”). FH-REIT is required to withhold tax at the prevailing corporate tax rate on the distributions made by FH-REIT except:

(a) where the beneficial owners are Qualifying Stapled Securityholders, FH-REIT will make the distributions to such Stapled Securityholders without withholding any income tax; and
(b) where the beneficial owners are Qualifying Foreign Non-Individual Stapled Securityholders where the Stapled Securities are held by nominee Stapled Securityholders who can demonstrate that the Stapled Securities are held for beneficial owners who are Qualifying Foreign Non-Individual Stapled Securityholders, FH-REIT will withhold tax at a reduced rate of 10% from the distributions.

A Qualifying Stapled Securityholder(1) who is:

(a) An individual;

(b) A tax resident Singapore-incorporated company;

(c) A non-corporate Singapore constituted or registered entity (e.g. registered charities, town councils, statutory boards, registered co-operative societies and registered trade unions);

(d) A Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a specific waiver from tax deducted at source in respect of distributions from FH-REIT; or

(e) A nominee who can demonstrate that the Stapled Securities are held for beneficial owners individuals who fall within the classes of Stapled Securityholders listed in a. to d. above.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on FH-REIT. Where the gains are capital gains, FH-REIT will not be assessed to tax and may distribute the capital gains to Stapled Securityholders without having to deduct tax at source. Any distributions made by FH-REIT Stapled Securityholders out of tax-exempt income and income taxed in the hands of the REIT trustee would be exempt from Singapore income tax in the hands of all stapled Securityholders, regardless of their corporate or residence status.

Note:
(1) Does not include a person acting in the capacity of a trustee.

(iv) Tax exempt income

For the Properties located outside Singapore, FH-REIT has obtained tax rulings (“Foreign Sourced Income Tax Exemption Rulings”) from IRAS on the Singapore taxation of certain income originating from the properties located in Australia, the United Kingdom, Japan and Malaysia.

Subject to the terms and conditions of the Foreign Sourced Income Tax Exemption Rulings, certain income received by FH-REIT and the Singapore Subsidiaries originating from the properties located in Australia, the United Kingdom, Japan and Malaysia will be tax exempt in Singapore. Distribution of such income to Stapled Securityholders will not be subject to any further tax in Singapore.

Finance Costs

Finance costs consist of interest expense on borrowings, commitment fee, legal fees and upfront debt establishment fees incurred in relation to debt facilities.
Interest expenses on borrowings are recognised in the statement of total return using the effective interest method. Expenses incurred in connection with the arrangement of debt facilities are recognised in the statement of total return on an effective interest basis over the period for which the debt facilities are granted.

**Net Assets Attributable to Holders of FH-REIT**

Net assets attributable to holders of FH-REIT Units represent the holders’ residual interest in Pro Forma Group’s net assets upon termination and are classified as equity.

Expenses incurred in connection with the initial public offering of FH-REIT Units and listing on the SGX-ST are deducted directly against net assets attributable to holders of FH-REIT Units.

**Revenue Recognition**

(a) **Rental Income**

Rental income receivable under operating leases is recognised in the Statement of Total Return on a straight-line basis over the term of the lease.

(b) **Interest Income**

Interest income is recognised in the Statement of Total Return using the effective interest method.

**Foreign Currencies**

*Foreign Currency Transactions and Translations*

Transactions in foreign currencies are translated to the respective functional currencies of Pro Forma Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the dates of the transaction. Foreign currency differences arising from retranslation are recognised in the Statement of Total Return.

**Related Parties**

A related party is defined as follows:

(i) A person or a close member of that person’s family is related to the Trust if that person:

   (a) Has control or joint control over the Trust;

   (b) Has significant influence over the Trust; or

   (c) Is a member of the key management personnel of the Trust or REIT Manager or of a parent of the Trust.
An entity is related to the Trust if any of the following conditions applies:

(i) The entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Trust. If the Trust is itself such a plan, the sponsoring employers are also related to the Trust;

(vi) The entity is controlled or jointly controlled by a person identified in (i);

(vii) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**Segment Reporting**

The Group's operating business segments are namely hotels and serviced residences. Serviced residences comprise service apartments. The Group operates in five geographical areas, namely, Singapore, Australia, United Kingdom, Japan and Malaysia. Geographical segment revenue are based on geographical location of the Group’s revenue generating properties. Geographical segment assets are based on geographical location of the Group’s assets. Segment accounting policies are the same as the policies described above. Inter-segment transactions are based on terms agreed between the related companies. Revenue and non-current assets information based on the geographical location of revenue generating properties and assets respectively are as follows:

<table>
<thead>
<tr>
<th>Gross Revenue</th>
<th>Non-current assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2011</td>
</tr>
<tr>
<td>Singapore</td>
<td>S$'000</td>
</tr>
<tr>
<td></td>
<td>29,786</td>
</tr>
<tr>
<td>Australia</td>
<td>16,787</td>
</tr>
<tr>
<td>Japan</td>
<td>17,994</td>
</tr>
<tr>
<td>Malaysia</td>
<td>10,229</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10,047</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross Revenue</th>
<th>Non-current assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>84,843</td>
<td>93,880</td>
</tr>
</tbody>
</table>
2. **Gross Revenue**

Gross revenue represents rental income received/receivable on FH-REIT’s investment properties.

3. **Finance Costs**

<table>
<thead>
<tr>
<th></th>
<th>FY2011 (S$’000)</th>
<th>FY2012 (S$’000)</th>
<th>FY2013 (S$’000)</th>
<th>Q1 FY2013 (S$’000)</th>
<th>Q1 FY2014 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid and payable to banks</td>
<td>14,653</td>
<td>14,376</td>
<td>13,956</td>
<td>3,691</td>
<td>3,420</td>
</tr>
<tr>
<td>Amortisation of debt upfront costs</td>
<td>1,588</td>
<td>1,588</td>
<td>1,588</td>
<td>397</td>
<td>397</td>
</tr>
<tr>
<td>Total</td>
<td>16,241</td>
<td>15,964</td>
<td>15,544</td>
<td>4,088</td>
<td>3,817</td>
</tr>
</tbody>
</table>

4. **Investment Properties**

<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2013 (S$’000)</th>
<th>As at 31 December 2013 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td>1,648,798</td>
<td>1,645,015</td>
</tr>
</tbody>
</table>

The investment properties are carried at cost upon purchase. The purchase price is determined based on the valuation of the independent valuers. Independent valuations of the investment properties were undertaken by Jones Lang La Salle, Colliers International and CBRE as of 31 December 2013. These firms are independent valuers having appropriate professional qualifications and recent experience in the location and categories of the properties being valued.

5. **Borrowings**

<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2013 (S$’000)</th>
<th>As at 31 December 2013 (S$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank borrowings</td>
<td>721,357</td>
<td>719,912</td>
</tr>
<tr>
<td>Less: Debt upfront costs capitalised</td>
<td>(7,125)</td>
<td>(7,105)</td>
</tr>
<tr>
<td>Borrowings (net)</td>
<td>714,232</td>
<td>712,807</td>
</tr>
</tbody>
</table>

As at 30 September 2013, the Pro Forma Group has drawn down approximately S$604 million of the TLF, S$50 million of the RCF, approximately JPY 2.35 billion (equivalent to approximately S$30 million) of Kobe Excellence TMK bond and MYR95 million (equivalent to approximately S$37 million) of Senior MTNs. As at 31 December 2013, the Pro Forma Group has drawn down approximately S$605 million of the TLF, S$50 million of the RCF, approximately JPY 2.35 billion (equivalent to approximately S$28 million) of Kobe Excellence TMK bond and MYR95 million (equivalent to approximately S$37 million) of Senior MTNs.
6. Net Assets Attributable to holders of Stapled Securities

<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2013 ('000)</th>
<th>As at 31 December 2013 ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stapled Securities in issue (units)</td>
<td>1,192,628</td>
<td>1,192,628</td>
</tr>
<tr>
<td>(S$'000)</td>
<td>(S$'000)</td>
<td></td>
</tr>
<tr>
<td>Stapled Securities in issue (amount)</td>
<td>1,049,513</td>
<td>1,049,513</td>
</tr>
<tr>
<td>Issue and acquisition costs(^{(1)})</td>
<td>(53,699)</td>
<td>(53,887)</td>
</tr>
<tr>
<td>Net assets attributable to holders of Stapled Securities</td>
<td>995,814</td>
<td>995,626</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Issue and acquisition costs comprise the following:

<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2013 (S$'000)</th>
<th>As at 31 December 2013 (S$'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting and selling commission</td>
<td>8,445</td>
<td>8,423</td>
</tr>
<tr>
<td>Professional and other fees</td>
<td>17,189</td>
<td>17,186</td>
</tr>
<tr>
<td>Miscellaneous issue expenses</td>
<td>2,419</td>
<td>2,419</td>
</tr>
<tr>
<td>Stamp duties</td>
<td>25,646</td>
<td>25,859</td>
</tr>
<tr>
<td>Total</td>
<td>53,699</td>
<td>53,887</td>
</tr>
</tbody>
</table>

Each unit in FH-REIT represents an undivided interest in FH-REIT. The rights and interests of holders of Stapled Securities are contained in the Trust Deed and include the rights to:

(i) receive income and other distributions attributable to the units held;

(ii) participate in the termination of FH-REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of FH-REIT less any liabilities, in accordance with their proportionate interests in FH-REIT. However, a holder of the Stapled Securities does not have the right to require any assets (or part thereof) of FH-REIT be returned to him;

The restrictions of a holder of the Stapled Securities include the following:

(i) a holder of the right is limited to the right to require due administration of FH-REIT in accordance with the provisions of the Trust Deed; and

(ii) a holder of the Stapled Securities has no right to request to redeem his units while his units are listed on SGX-ST.

The liability of a holder of the Stapled Securities is limited to the amount paid or payable for any unit in FH-REIT. The provisions of the FH-REIT Trust Deed provide that no holders of the Stapled Securities will be personally liable to indemnify the REIT Trustee or any creditor of FH-REIT in the event that the liabilities of FH-REIT exceed its assets.

Under the FH-REIT Trust Deed, every Stapled Securities carries the same voting rights.
Financial Risk Management Objectives and Policies

Exposure to credit, currency, interest rate and liquidity risks arises in the normal course of FH-REIT’s business. There are written policies and guidelines, which set out its overall business strategies and its general risk management philosophy.

Credit Risk

Pro Forma Group objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit evaluations are performed by the REIT Manager before lease agreements are entered into with lessees. Cash and cash equivalents are placed with financial institutions which are regulated.

At the Pro Forma balance sheet date, the investment properties of FH-REIT are leased to Master Lessees with good credit standing. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

Interest Rate Risk

The Pro Forma Group’s exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities.

Foreign Currency Risk

The Pro Forma Group’s investment strategy is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate in Singapore and overseas, used primarily for hospitality purposes.

The Pro Forma Group has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of the entities within the Pro Forma Group. The entities within the Pro Forma Group customarily conducted their business in their respective functional currencies.

The Trust foreign currency risk mainly relates to income from its overseas assets and borrowings. The Manager monitors the Trust foreign currency exposure on an on-going basis and limits its exposure to adverse movements in foreign currency exchange rates by using derivative financial instruments or other suitable financial products.

It is the Manager’s policy to fix the Trust’s anticipated foreign currency exposure in respect of distribution income, net of anticipated payments required in the same currency, from its overseas assets at least six month forward by using foreign currency forward exchange contracts and certain currency derivatives.

Investments in overseas assets are hedged naturally to the extent that borrowings are taken up in their respective foreign currency. The net positions of the forex exchange risk of these investments in overseas assets are not hedged as such investments are long term in nature.

Liquidity Risk

Liquidity risk is the risk that the Pro Forma Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Pro Forma Group’s operations.
for a reasonable period, including the servicing of financial obligations, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

**Fair Values**

The carrying amounts of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

8. **Commitments**

FH-REIT entered into leases on its investment properties. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

<table>
<thead>
<tr>
<th>Reception</th>
<th>As at 30 September 2013</th>
<th>As at 31 December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(S$’000)</td>
<td>(S$’000)</td>
<td></td>
</tr>
<tr>
<td>Receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– After 1 financial year</td>
<td>48,965</td>
<td>48,705</td>
</tr>
<tr>
<td>– After 1 financial year but within 5 financial years</td>
<td>184,352</td>
<td>183,389</td>
</tr>
<tr>
<td>– After 5 financial years</td>
<td>533,739</td>
<td>533,138</td>
</tr>
<tr>
<td></td>
<td>767,056</td>
<td>765,232</td>
</tr>
</tbody>
</table>

The above operating lease rental receivables comprise amounts receivable under the Master Leases and Tenancy.

Rental receivable under the Master Leases and Tenancy are based on the terms of the Master Lease and Tenancy Agreements as set out in Section G Note (5). The amounts receivable for such leases are based on the fixed rent as set out in the Master Leases and Tenancy.

(G) **REIT MANAGER’S MANAGEMENT FEES, REIT TRUSTEES’ FEES AND LEASE PAYMENTS UNDER MASTER LEASE AGREEMENTS**

1. **REIT Manager’s Management Fees**

The REIT Manager is entitled under the FH-REIT Trust Deed to the following management fees:

(i) Base Fee of 0.3% per annum of the value of the FH-REIT’s Deposited Property (being the gross assets of FH-REIT, as stipulated in the FH-REIT Trust Deed); and

(ii) Performance Fee of 5.5% per annum of the Distributable Income (as defined in the FH-REIT Trust Deed) of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and BT Performance Fee).

There should be no double-counting of fees. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate
contributions of FH-REIT and FH-BT in the Performance Fee\(^1\). For the avoidance of doubt, the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee).

The management fees payable to the REIT Manager will be reduced by the other asset management fees paid by FH-REIT and its subsidiaries.

It is assumed that 100.0% of the management fees payable to the REIT Manager will be paid in the form of Stapled Securities or (in the event that Unstapling of the FH-REIT Units and FH-BT Units has taken place) FH-REIT Units issued at the market price (as defined in the FH-REIT Trust Deed) prevailing at the date of.

Any increase in the maximum permitted rate or any change in the structure of the REIT Manager’s management fees must be approved by an Extraordinary Resolution at a meeting of holders of the FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

The aforementioned basis has been used to compute the REIT Manager’s management fees for the purposes of the unaudited pro forma financial information of FH-REIT.

2. Other Management Fees

MIT Manager’s Management Fee

The MIT Manager is entitled to a management fee comprising a base fee of 0.3% per annum of the total value of the property of MIT Australia and a performance fee of 5.5% of the aggregate earnings before interest, taxes, depreciation and amortisation of MIT Australia in the relevant financial year, as stipulated in the Investment Management Agreement for MIT Australia.

It is assumed that 100.0% of the MIT Manager’s management fees were paid in Stapled Securities. Where the management fees are payable in Stapled Securities, the MIT Manager has assumed that such Stapled Securities are issued at the Offering Price. The aforementioned basis has been used to compute the MIT Manager’s management fees for the purposes of the unaudited pro forma financial information of FH-REIT.

Kobe Asset Manager’s Management Fee

The Kobe Asset Manager is entitled to:

(i) an annual management fee of JPY14.0 million (exclusive of consumption tax);

(ii) where the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition) occurs, Kobe Excellence TMK shall pay to the Kobe Asset Manager an additional fee (“Additional Fee”), which shall be determined at the time of the disposition based on consultation between the parties on good faith, for the additional services rendered by the Kobe Asset Manager for the disposition, provided that no disposition fee is payable to the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe as part of the Listing; and

\(^1\) In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.
(iii) a brokerage services fee for brokerage services rendered by the Kobe Asset Manager for the disposition of ANA Crowne Plaza Kobe (or any part thereof, directly or indirectly, including the disposition of the equity shares in Kobe Excellence TMK or any restructuring involved in the disposition), the amount of which shall be determined at the time of the disposition based on consultation between the parties on good faith, payable separately from the Additional Fee, upon the completion of the disposition through the brokerage services provided by the Kobe Asset Manager.

The management fees are payable in the form of cash.

The aforementioned basis has been used to compute the Kobe Asset Manager’s management fees for the purposes of the unaudited pro forma financial information of FH-REIT.

**ABS Servicer Fee**

Servicer fee (exclusive of applicable service tax or goods and services tax), payable in arrears on a semi-annual basis (save and except for the first and the last servicing period) which is equivalent to an amount of MYR360,000.

### 3. Trustees’ Fees

**REIT Trustee’s Fee**

Pursuant to the FH-REIT Trust Deed, the REIT Trustee’s fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the FH-REIT Deposited Property, subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST.

**MIT’s and MIT Sub-Trustee’s Fees**

The MIT Trustee’s fee and MIT Sub-trustee’s fees are AUD55,000 per annum and AUD15,000 per annum per sub-trust respectively, excluding out-of-pocket expenses and GST. As there are two MIT Sub-trusts, the aggregate fee payable to the MIT Sub-trustee is AUD30,000 per annum.

**TMK Trustee Fee**

The TMK Trustee’s fee is JPY5.4 million per annum.

**Malaysian Trustee’s Fee**

The Malaysian Trustee’s fee is MYR60,000 per annum.

Any increase in the maximum permitted amount or any change in the structure of the Trustee’s fee must be approved by an Extraordinary Resolution at a meeting of holders of the FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

The aforementioned basis has been used to compute the Trustees’ fees for the purpose of the Unaudited Pro Forma Financial Information.
4. **Trustee-Manager’s Fees**

The Trustee-Manager is entitled to:

(a) a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-BT Trust Property and a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and BT Performance Fee), payable in the event that FH-BT becomes active; and

(b) a trustee fee of a maximum of 0.1% per annum of the value of the FH-BT Trust Property, subject to a minimum fee of S$10,000 per month provided that the value of the FH-BT Trust Property is at least S$50.0 million, payable in the event that FH-BT becomes active.

In relation to the Performance fee, there should be no double-counting of fees. In the event that both the Trustee-Manager and the REIT Manager are entitled to the Performance Fee, such fees payable to both the Trustee-Manager and the REIT Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee\(^1\). For the avoidance of doubt, the maximum Performance Fee payable to both the Trustee-Manager and the REIT Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee).

For the purposes of the Unaudited Pro Forma Financial Information, it is assumed that FH-BT is dormant.

5. **Lease Payments under the Master Lease or Tenancy Agreements**

Under the terms of the Master Lease or Tenancy Agreements, FH-REIT will be entitled to an annual rental payment for the duration of the term of each Master Lease or Tenancy Agreement (as the case may be) comprising a Fixed Rent and a Variable Rent.

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Currency</th>
<th>Fixed Rent (’000)</th>
<th>Variable Rent (Sum of Percentage of Gross Operating Revenue and Percentage of Gross Operating Profit less Fixed Rent(^{(1)}))</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of Gross Operating Revenue (%)</td>
<td>Percentage of Gross Operating Profit (%)</td>
<td></td>
</tr>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>8,000</td>
<td>0.0</td>
</tr>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>AUD</td>
<td>2,500</td>
<td>0.0</td>
</tr>
<tr>
<td>Park International London</td>
<td>GBP</td>
<td>1,300</td>
<td>0.0</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>600</td>
<td>0.0</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>600,000</td>
<td>0.0</td>
</tr>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>MYR</td>
<td>14,800</td>
<td>0.0</td>
</tr>
</tbody>
</table>

**Note:**

\(^{(1)}\) May include unutilised FF&E reserve not carried forward to the following year.

\(^1\) In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.
<table>
<thead>
<tr>
<th>Serviced Residence</th>
<th>Currency</th>
<th>Fixed Rent ('000)</th>
<th>Percentage of Gross Operating Revenue (%)</th>
<th>Percentage of Gross Operating Profit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>SGD</td>
<td>7,700</td>
<td>20.0</td>
<td>59.0</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>AUD</td>
<td>4,200</td>
<td>20.0</td>
<td>54.5</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>GBP</td>
<td>1,400</td>
<td>20.0</td>
<td>65.0</td>
</tr>
<tr>
<td>Fraser Suites Queens Gate</td>
<td>GBP</td>
<td>1,800</td>
<td>20.0</td>
<td>67.0</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>GBP</td>
<td>400</td>
<td>20.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>500</td>
<td>20.0</td>
<td>45.0</td>
</tr>
</tbody>
</table>

**Note:**

(1) May include unutilised FF&E reserve not carried forward to the following year.

Should the calculation of the Variable Rent yield a negative figure, the overall rent will then be the Fixed Rent amount. It is assumed that there is no unutilised FF&E reserves, hence, there is no such element in variable rent.
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INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

The Board of Directors
Frasers Hospitality Asset Management Pte. Ltd.
(as manager of Frasers Hospitality Real Estate Investment Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited
(as trustee of Frasers Hospitality Real Estate Investment Trust)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

The Board of Directors
Frasers Hospitality Trust Management Pte. Ltd.
(as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

18 June 2014

Dear Sir/Madam

Valuation of 10 Hospitality Assets in Asia and the United Kingdom

Instructions

We refer to instructions issued by Frasers Centrepoint Limited requesting formal valuation advice in respect of the 10 hospitality assets in Asia and the United Kingdom (the “Properties”) to be acquired and managed by a proposed REIT. We have specifically been instructed to provide our opinion of Market Value of the Properties as at 31 December 2013 for Initial Public Offering purposes.

We have prepared a comprehensive formal valuation report for each of the Properties (the “Reports”) in accordance with the requirements of our instructions and the following definition of “Market Value”, namely:
“Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.”

For the specific purposes of the Prospectus to be issued by the Manager in connection with the offering of units in the REIT (the “Prospectus”), we provide a summary of the Reports outlining the key factors that have been considered in arriving at our opinion of Market Value. The conclusion on Market Value reflects all information known by the valuers of CBRE who worked on the valuation in respect to the Properties, market conditions and available data.

We have been advised that an agreement for an Income Support is put in place for the InterContinental Singapore and Fraser Suites Singapore. An aggregate property income top-up of $8.05 million and $1.65 million for the first two financial years from the listing date is payable at the end of each financial half period for the two properties respectively. We have in our valuation assessment taken this income support into consideration.

Reliance on this Letter

For the purpose of the Prospectus, we have prepared this letter which summarises our Reports and outlines the key factors which have been considered in arriving at our opinion of Market value. This letter alone does not contain the necessary data and support information included in our Reports. For further information to that contained herein, reference should be made to the Reports, copies of which are held by the Manager and which we understand will be available for inspection for a period of six months from the date of the Prospectus.

CBRE has provided the Manager with comprehensive formal valuation reports of the Hotels. The valuation and market information are not guarantees or predictions and must be read in connection with the following:

- Each report is approximately 70 pages in length and the conclusion as to the estimated value is based upon the factual information within the Reports. Whilst CBRE has endeavoured to ensure the accuracy of the factual information, it has not independently verified all information provided by the Manager or other sources. CBRE believes that every investor, before making an investment in the REIT should review the Reports to understand the complexity of the methodology and the many variables involved.

- The methodologies used by CBRE in valuing the Hotels – Capitalisation of Income Approach, Discounted Cash Flow Analysis and Direct Comparison Method – are based upon estimates of future results and are not predictions. These valuation methodologies are summarised in the Valuation Rationale section of this letter. Each of the income methodology begins with a set of assumptions as to income and expenses of the Hotels and future economic conditions in the local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions. The basic assumptions utilised for the Hotels are summarised in the Valuation Rationale section of this letter.
• InterContinental Singapore, Westin Kuala Lumpur and ANA Crowne Plaza Kobe are valued on the basis of the existing tenure. Each of these properties is to be subject a master lease and will be occupied in accordance with a subsidiary management agreement. The master lease may be terminated on sale so that each property will be subject only to the relevant management agreement.

• Frasers Suites Singapore, Fraser Place Canary Wharf London, Fraser Place Queens Gate London, Fraser Place Queens Gate London, Fraser Suites Glasgow, Fraser Suites Edinburgh, Park International London and Best Western Cromwell London are valued on the basis of 75 years leases. Again of these properties is to be subject a master lease but not any management agreement. The master lease may be terminated on sale so that each property will be available with vacant possession.

<table>
<thead>
<tr>
<th>Hotels</th>
<th>Currency</th>
<th>No. of Rooms</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>403</td>
<td>76 year lease</td>
</tr>
<tr>
<td>Westin Kuala Lumpur</td>
<td>MYR</td>
<td>443</td>
<td>Freehold</td>
</tr>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>593</td>
<td>Freehold</td>
</tr>
<tr>
<td>Fraser Suites Singapore</td>
<td>SGD</td>
<td>255</td>
<td>75 year lease</td>
</tr>
<tr>
<td>Fraser Place Canary Wharf London</td>
<td>GBP</td>
<td>108</td>
<td>75 year lease</td>
</tr>
<tr>
<td>Fraser Place Queens Gate London</td>
<td>GBP</td>
<td>105</td>
<td>75 year lease</td>
</tr>
<tr>
<td>Fraser Suites Glasgow</td>
<td>GBP</td>
<td>98</td>
<td>75 year lease</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>75</td>
<td>75 year lease</td>
</tr>
<tr>
<td>Park International London</td>
<td>GBP</td>
<td>171</td>
<td>75 year lease</td>
</tr>
<tr>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>85</td>
<td>75 year lease</td>
</tr>
</tbody>
</table>

• The Reports have been undertaken based on information available as at the respective dates of each Report. CBRE accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated a broad range of market evidence and the trading performance of comparable properties. We have also reviewed historic trading levels and the future trading potential of the property. Our assessment has been made utilising Capitalisation Analysis, Discounted Cash flow Analysis and Direct Comparison.

Capitalisation Analysis

As our primary valuation approach, we have utilised methods of income capitalisation practiced in hotel valuation which is the capitalisation of Initial Year 1 income approach and/or the Stabilised Year Approach. The Initial Year Income approach adopts the forecast Year 1 income (Financial Year 2013/14 or Financial Year 2014) and capitalises that income at a rate reflected in sales evidence in which foreseeable circumstances are known. The Stabilised Year Approach is used where the income stream is expected to vary greater than the rate of underlying inflation due to foreseeable changing market conditions, a recovering or declining business flowing an internal or external event, or to reflect the effect of capital expenditure. This analysis takes into account the forecast income over to the time...
taken for the income to have stabilised from the effect of the foreseeable circumstance. Capital expenditure required to achieve the expected income is deducted from the core value.

**Discounted Cash Flow Analysis**

As a secondary method of valuation, we have carried out a discounted cash flow analysis over a five year investment horizon which assumes that the Hotel is sold at the end of that period. This form of analysis allows an investor or owner to make an assessment of the longer term return that is likely to be derived from a property with a combination of both income and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, income growth, sale price of the property at the end of the investment horizon, potential capital expenditure, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

**Income Support for InterContinental Singapore**

We have been advised that an agreement for an Income Support is put in place for this property. An aggregate property income top-up of $8.05 million for the first two financial years from the listing date is payable at the end of each financial half period.

We have been advised that there is to be an income top up of $8.05m, half yearly draw-down as follows:

I. For Apr – Sep 2014 (1st half year period)
   • If GOP falls below [$14m], FHT can draw-down [$2.15m]

II. For Oct 2014 to Mar 2015 (2nd half year period)
   • If GOP falls below [$16m], FHT can draw-down [$3.15m]

III. For Apr – Sep 2015 (3rd half year period)
   • If GOP falls below [$14m] for the 3rd half year period OR [$30m] for the full year ending Sep 2015, FHT can draw down the balance of the $8.05m that is undrawn.

**Income Support for Fraser Suites Singapore**

We have been advised that an agreement for an Income Support is put in place for this property. An aggregate property income top-up of $1.65 million for the first two financial years from the listing date is payable at the end of each financial half period. We have in our valuation assessment taken this income support into consideration.

We have been advised that there is to be an income top up of $1.65m, half yearly draw-down as follows:

I. For Apr – Sep 2014 (1st half year period)
   • If GOP falls below [$9m], FHT can draw-down [$0.65m]
II. For Oct 2014 to Mar 2015 (2nd half year period)

• If GOP falls below [$9m], FHT can draw-down [$0.5m]

III. For Apr – Sep 2015 (3rd half year period)

• If GOP falls below [$9m] for the 3rd half year period OR [$18m] for the full year ending Sep 2015, FHT can draw down the balance of the $1.65m that is undrawn.

Master Lease Agreement

A master lease agreement will be entered into for each of the Properties. We have been requested to advice on the rental level. It is our opinion that based on the proposed lease structure, the resultant rental amounts are at market levels and the terms of the lease agreement are typical of market norms.

<table>
<thead>
<tr>
<th>Properties</th>
<th>Currency</th>
<th>Base Rent</th>
<th>Variable Rent</th>
<th>FF&amp;E Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>% of Gross Operating Revenue</td>
<td>% of Gross Operating Profit</td>
<td>% of Gross Revenue</td>
</tr>
<tr>
<td>Hotels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>InterContinental Singapore</td>
<td>SGD</td>
<td>8,000,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>2</td>
<td>Park International London</td>
<td>GBP</td>
<td>1,300,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>3</td>
<td>Best Western Cromwell London</td>
<td>GBP</td>
<td>600,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>4</td>
<td>ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>600,000,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>5</td>
<td>Westin Kuala Lumpur</td>
<td>MYR</td>
<td>14,800,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>SERVICED RESIDENCES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Fraser Suites Singapore</td>
<td>SGD</td>
<td>7,700,000</td>
<td>20.00%</td>
</tr>
<tr>
<td>7</td>
<td>Fraser Place Canary Wharf London</td>
<td>GBP</td>
<td>1,400,000</td>
<td>20.00%</td>
</tr>
<tr>
<td>8</td>
<td>Fraser Place Queens Gate London</td>
<td>GBP</td>
<td>1,800,000</td>
<td>20.00%</td>
</tr>
<tr>
<td>9</td>
<td>Fraser Suites Glasgow</td>
<td>GBP</td>
<td>400,000</td>
<td>20.00%</td>
</tr>
<tr>
<td>10</td>
<td>Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>500,000</td>
<td>20.00%</td>
</tr>
</tbody>
</table>

*Variable Rent refers to the Sum of % of Gross Operating Revenue and % of Gross Operating Profit less Base Rent

Summary of Valuations

<table>
<thead>
<tr>
<th>Hotels</th>
<th>Currency</th>
<th>No. of Rooms</th>
<th>Tenure</th>
<th>Value</th>
<th>Value Per Room</th>
<th>Value With Incrane Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 InterContinental Singapore</td>
<td>SGD</td>
<td>403</td>
<td>76 year lease</td>
<td>490,000,000</td>
<td>1,215,881</td>
<td>497,500,000</td>
</tr>
<tr>
<td>2 Westin Kuala Lumpur</td>
<td>MYR</td>
<td>443</td>
<td>Freehold</td>
<td>445,000,000</td>
<td>1,004,515</td>
<td>n.a</td>
</tr>
<tr>
<td>3 ANA Crowne Plaza Kobe</td>
<td>JPY</td>
<td>593</td>
<td>Freehold</td>
<td>10,900,000,000</td>
<td>18,381,113</td>
<td>n.a</td>
</tr>
<tr>
<td>4 Fraser Suites Singapore</td>
<td>SGD</td>
<td>255</td>
<td>75 year lease</td>
<td>305,000,000</td>
<td>1,196,078</td>
<td>305,500,000</td>
</tr>
<tr>
<td>5 Fraser Place Canary Wharf London</td>
<td>GBP</td>
<td>108</td>
<td>75 year lease</td>
<td>31,500,000</td>
<td>391,667</td>
<td>n.a</td>
</tr>
<tr>
<td>6 Fraser Place Queens Gate London</td>
<td>GBP</td>
<td>105</td>
<td>75 year lease</td>
<td>46,290,000</td>
<td>440,857</td>
<td>n.a</td>
</tr>
<tr>
<td>7 Fraser Suites Glasgow</td>
<td>GBP</td>
<td>98</td>
<td>75 year lease</td>
<td>6,900,000</td>
<td>70,408</td>
<td>n.a</td>
</tr>
<tr>
<td>8 Fraser Suites Edinburgh</td>
<td>GBP</td>
<td>75</td>
<td>75 year lease</td>
<td>11,500,000</td>
<td>153,333</td>
<td>n.a</td>
</tr>
<tr>
<td>9 Park International London</td>
<td>GBP</td>
<td>171</td>
<td>75 year lease</td>
<td>37,700,000</td>
<td>220,468</td>
<td>n.a</td>
</tr>
<tr>
<td>10 Best Western Cromwell London</td>
<td>GBP</td>
<td>85</td>
<td>75 year lease</td>
<td>15,700,000</td>
<td>184,706</td>
<td>n.a</td>
</tr>
</tbody>
</table>
Disclaimer

CBRE have prepared this Valuation Summary Letter for the inclusion in the Prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect to the information provided within the aforementioned Report and this Valuation Summary Letter. CBRE do not make warranty or representation as to the accuracy of the information in any other part of the prospectus other than as expressly made or given by CBRE in this letter.

CBRE has relied upon data supplied by the Manager which we assume to be true and accurate. CBRE takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The report analyses, opinions and conclusions are limited only to the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. CBRE has no present or prospective interest in the Hotels and have no personal interest or bias with respect to the party/s involved. The valuers compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the causes of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Yours sincerely

CBRE Pte. Ltd.

Robert McIntosh, BSc, FRICS, FAPI
Executive Director– CBRE Hotels, Asia-Pacific
Valuation Summary – Hotel InterContinental Singapore

Property: Hotel InterContinental Singapore
80 Middle Road
Singapore 188966 Singapore

Prepared for: Frasers Centrepoint Limited.

Interest Valued: 76 years leasehold, subject to the proposed master lease agreement.

Registered Owner: BCH Hotel Investments Pte Ltd (As registered on Strata Subsidiary Land Title Vol 487 Fol 180)

Land Area: 25,986 square metres (For whole of land lot and including adjacent retail mall and office tower).


Location: Hotel InterContinental is located along Victoria Street and sits atop Bugis Mrt Station. Approximately 2 km from the city centre at Raffles Place and about 28 minutes away from Changi International Airport. The hotel is located in the Bugis district and near to the Arab Street, Chinatown, Orchard Road and the Marina Bay area. Bugis MRT Station, which provides convenient access to various attractions around Singapore, is slated to become an interchange station as part of the Downtown MRT line in late 2013.

Brief Description: The Hotel InterContinental, Singapore is a upscale hotel which opened in 1995. The 16-storey hotel is part of the integrated mixed-use development, Bugis Junction, which comprises a retail mall, an office tower, Bugis Junction Towers and the hotel. It comprises 403 units, including 17 suites and a presidential suite. Other facilities in the hotel include restaurants, a health and fitness centre, swimming pool and a business centre.

Occupancy Profile: The property is currently managed and operated under the InterContinental brand.

Income Support: We have been advised that an agreement for an Income Support is put in place for this property. An aggregate property income top-up of $8.05 million for the first two financial years from the listing date is payable at the end of each financial half period. We have in our valuation assessment taken this income support into consideration.

Valuation Approach: Capitalisation of Initial (Forecast Year 1) EBITDA, Stabilised (Forecast 5 Year) EBITDA, 5 Year Discounted Cash flow, 10 Year Discounted Cash flow and Direct Comparison.

Date of Inspection: 21-October-2013 and 29-May-2014
Date of Valuation: 31-December-2013

Valuation: S$490,000,000 (Four Hundred Ninety Million Dollars)

Value Per Room: S$1,215,881

Page 7
<table>
<thead>
<tr>
<th>Value with Income Support:</th>
<th>$497,500,000 (Four Hundred Ninety Seven Million Five Hundred Thousand Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adopted Value Analysis:</strong></td>
<td></td>
</tr>
<tr>
<td>Initial Yield (Forecast Year 1 EBITDA):</td>
<td>4.03%</td>
</tr>
<tr>
<td>Stabilised Year (Forecast Year 5 EBITDA):</td>
<td>3.92%</td>
</tr>
<tr>
<td>Five Year DCF IRR</td>
<td>5.10%</td>
</tr>
<tr>
<td>Terminal Yield</td>
<td>4.25%</td>
</tr>
<tr>
<td>Ten Year DCF IRR</td>
<td>6.55%</td>
</tr>
<tr>
<td>Terminal Yield</td>
<td>4.75%</td>
</tr>
</tbody>
</table>
Valuation Summary – Westin Kuala Lumpur

Property: The Westin Kuala Lumpur
199, Jalan Bukit Bintang
55100 Kuala Lumpur, Malaysia

Prepared for: Frasers Centrepoint Limited.

Interest Valued: Freehold, subject to the proposed master lease agreement.

Registered Owner: JBB HOTELS SDN. BHD.

Land Area: 4,051 square metres.


Location: Within the city centre of Kuala Lumpur at approximately 1 kilometre radial
distance south-east from the Suria KLCC and Petronas Twin Towers forming
parts of the iconic Kuala Lumpur City Centre (KLCC) project.

Brief Description: The Westin Kuala Lumpur comprises a 443-room, 5-star hotel which opened in
2003. Facilities include 6 restaurants (i.e. Five SenSes Chinese Restaurant,
Prego Italian Restaurant, Qba Latin Bar and Grill, The Living Room, Splash and
Daily Treats), ballrooms & function rooms, recreation facilities (spa, gymnasium,
executive club, kid’s club, fitness centre & swimming pool) and basement car
parks of approximately 302 bays.

Occupancy Profile: The property is currently owner occupied and operated under the Westin brand.

Valuation Approach: Capitalisation of Initial (Forecast Year 1) EBITDA, Stabilised (Forecast 5 Year)
EBITDA, 5 Year Discounted Cash flow, 10 Year Discounted Cash flow and
Direct Comparison.

Date of Inspection: 24-October-2013
Date of Valuation: 31-December-2013

Valuation: RM445,000,000 (Ringgit Malaysia: Four Hundred And Forty Five Million)

Value Per Room: RM1,004,515

Adopted Value Analysis:

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Yield (Forecast Year 1 EBITDA)</td>
<td>6.64%</td>
</tr>
<tr>
<td>Stabilised Year (Forecast Year 5 EBITDA)</td>
<td>6.44%</td>
</tr>
<tr>
<td>Five Year DCF IRR</td>
<td>9.03%</td>
</tr>
<tr>
<td>Terminal Yield</td>
<td>6.50%</td>
</tr>
<tr>
<td>Ten Year DCF IRR</td>
<td>9.03%</td>
</tr>
<tr>
<td>Terminal Yield</td>
<td>6.50%</td>
</tr>
</tbody>
</table>
Evaluation Summary – ANA Crowne Plaza Kobe

Property: ANA Crowne Plaza Hotel
1 Kitanomachi, Chuo ward,
Kobe city, Hyogo prefecture, Japan

Prepared for: Frasers Centrepoint Limited.

Interest Valued: Freehold, subject to the proposed master lease agreement and a long lease for retail portion at no rental.

Registered Owner: The Bank of New York Mellon Trust (Japan), Ltd.

Land Area: 18,189.87 square metres. (based on engineering report)

Town Planning: Commercial district, Category 2 Residential District

Location: Approximately 500 kilometres north from the Tokyo Central Business District and 70 kilometres from the New Kansai International Airport and 8 kilometres from the Kobe Airport.

Brief Description: The ANA Crowne Plaza Hotel Kobe comprises a 593 room, high rise hotel which opened in 1988. Facilities include 7 restaurants, 1 bar, 1 lounge, 23 conference and meeting facilities, recreation facilities, undercover car parking for 650 vehicles, and 70 retail outlets.

Occupancy Profile: The property is currently managed and operated under the InterContinental brand.

Valuation Approach: 10 Year Discounted Cash flow, Direct Comparison and Cost Approach.

Date of Inspection: 7-October-2013 and 30-May-2014

Date of Valuation: 31-December-2013

Valuation: 10,900,000,000 Yen (Ten Billion Nine Hundred Million Yen)

Value Per Room: 18,381,113 Yen

Adopted Value Analysis:

- Initial Yield (Forecast Year 1 NCF): 6.00%
- Stabilised Year (Forecast Year 7 NCF): 6.80%
- Ten Year DCF IRR: 6.60%
- Terminal Yield: 6.90%
Valuation Summary – Fraser Suites River Valley Singapore

Property:  Fraser Suites River Valley Singapore
491A River Valley Road
Singapore 248372  Singapore

Prepared for: Frasers Centrepoint Limited.

Interest Valued: Proposed 75 years leasehold, subject to proposed master lease.

Registered Owner: Frasers Centrepoint Limited.

Land Area: 25,897 square metres (For whole of land lot and including adjacent retail mall and office tower).


Location: Situated in the prime residential district of River Valley, the Subject Property is located within the same development as Valley Point Shopping Mall. Approximately 3.5 km from the city centre at Raffles Place and about 36 minutes away from Changi International Airport. The Orchard Road serviced apartment and shopping belt is within close proximity, at approximately 1.8 km away.

Brief Description: The Fraser Suites River Valley, Singapore is a midscale serviced apartment which opened in 1998. It comprises 255 units ranging from one-bedroom apartment units to four-bedroom apartment units. Other facilities in the serviced apartment include a restaurant, children play area, swimming pools, a gymnasium and basement car parking for 160 vehicles (car park is shared with the retail mall).

Occupancy Profile: The property is currently owner occupied and operated under the Frasers Suites brand. We have been instructed to assume that vacant possession will be available at no cost if the property is to be sold. We have accordingly assumed that vacant possession is available for the purposes of this valuation.

Valuation Approach: Capitalisation of Initial (Forecast Year 1) EBITDA, Stabilised (Forecast 5 Year) EBITDA, 5 Year Discounted Cash flow, 10 Year Discounted Cash flow and Direct Comparison.

Income Support: We have been advised that an agreement for an Income Support is put in place for this property. An aggregate property income top-up of $1.65 million for the first two financial years from the listing date is payable at the end of each financial half period. We have in our valuation assessment taken this income support into consideration.

Date of Inspection: 08-October-2013 and 20-May-2014
Date of Valuation: 31-December-2013

Valuation: S$305,000,000 (Three Hundred Five Million Dollars)
Value Per Room: S$1,196,078
Valuation with Income Support: S$ 306,500,000 (Three Hundred Six Million Five Hundred Thousand Dollars)

**Adopted Value Analysis:**
- Initial Yield (Forecast Year 1 EBITDA): 3.86%
- Stabilised Year (Forecast Year 5 EBITDA): 3.83%
- Five Year DCF IRR: 5.58%
- Terminal Yield: 4.00%
- Ten Year DCF IRR: 6.69%
- Terminal Yield: 4.50%
Valuation Summary – Fraser Place Canary Wharf London

Property: Fraser Place Canary Wharf London
Canary Wharf
80 Boardwalk Place
London 414 5SF

Prepared for: Frasers Centrepoint Limited.

Interest Valued: Proposed 75 years leasehold, subject to proposed master lease.

Registered Owner: Frasers Centrepoint Limited.

Land Area: 1,894 square metres.

Town Planning: The site lies within the borough of Tower Hamlets, not within a conservation area and is not zoned.

Location: Approximately 5 miles (8.04 kilometres) East from the centre of the City of London and 3 miles (4.8 kilometres) east from London City Airport and 19 miles (30.5 kilometres) from Heathrow International Airport. Canary Wharf underground lies 250m to the West.

Brief Description: Fraser Place Canary Wharf comprises 108 studio and 1 to 2 bedroom serviced apartments. Facilities include 1 café, a gym, conference and meeting facilities and carparking.

Occupancy Profile: The Property is currently managed by Frasers Hospitality UK Ltd and operates under the Fraser Suites brand, subject to a 7 year management agreement, which commenced in January 2010. Management fees comprise a base fee of 2% of gross revenue and an incentive fee of 7% of Gross Operating Profit (GOP).

Valuation Approach: 10 Year Discounted Cash flow and Direct Comparison.

Date of Inspection: 14-October-2013 and 27-May-2014
Date of Valuation: 31-December-2013

Valuation: £31,500,000 (Thirty One Million Five Hundred Thousand Pounds)

Value Per Room: £291,667

 Adopted Value Analysis:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Yield (Forecast Year 1 EBITDA)</td>
<td>6.04%</td>
</tr>
<tr>
<td>Ten Year DCF-IRR</td>
<td>10.00%</td>
</tr>
<tr>
<td>Terminal Yield</td>
<td>7.50%</td>
</tr>
</tbody>
</table>
Valuation Summary – Fraser Place Queens Gate London

Property: Fraser Suites Queens Gate London
398 Queens Gate
London SW7 5RR

Prepared for: Frasers Centrepoint Limited.

Interest Valued: Proposed 75 years leasehold, subject to proposed master lease.

Registered Owner: Frasers Centrepoint Limited.

Land Area: 1,494 square metres.

Town Planning: "Queensgate Conservation Area", under the Royal Borough of Kensington & Chelsea, ‘Local Development Framework’ Core Strategy. The property is Grade II listed and under the current Core Strategy hotel use for this property is safeguarded in relation to Policy CF8.

Location: Approximately 200 metres from Gloucester Road underground station in the Royal Borough of Kensington and Chelsea. Situated around 5 kilometres south west from London’s West End and 8 kilometres west of the City of London. London Heathrow Airport lies 23 kilometres to the west.

Brief Description: The Fraser Suites Queens Gate comprises a 105-apartment, upscale serviced apartment operation within a Victoria terraced property. The property has recently been completely refurbished. Facilities include a breakfast room, bar, meeting room and gym.

Occupancy Profile: The property is currently managed by Frasers Hospitality UK Ltd and operates under the Fraser Suites brand, subject to a 7 year management agreement, which commenced in January 2010. Management fees comprise a base fee of 2% of gross revenue and an incentive fee of 7% of Gross Operating Profit (GOP).

Valuation Approach: 10 Year Discounted Cash flow and Direct Comparison.

Date of Inspection: 15-October-2013 and 27-May-2014
Date of Valuation: 31-December-2013

Valuation: £46,290,000 (Forty Six Million Two Hundred and Ninety Thousand Pounds)

Value Per Room: £440,857

Adopted Value Analysis: Initial Yield (Forecast Year 1 EBITDA): 5.89%
Ten Year DCF IRR 8.50%
Terminal Yield 6.00%
Valuation Summary – Fraser Suites Glasgow

Property: Fraser Suites Glasgow
1-19 Albion Street
Glasgow
Lanarkshire G1 1LH

Prepared for: Frasers Centrepoint Limited.

Interest Valued: Proposed 75 years leasehold, subject to proposed master lease.

Registered Owner: Frasers Centrepoint Limited.

Land Area: 1,369 square metres.

Town Planning: The premises lie within the Glasgow West Conservation Area.

Location: Located in Glasgow’s merchant city centre within a short distance from George Square and Glasgow Cathedral. The subject property is just 7.3 miles (11.8 kilometres) from Glasgow International Airport and 44.6 miles (55.8 kilometres) from Edinburgh Airport.

Brief Description: Fraser Suites comprises 99 studios and one and two bedroom apartments. The 4-star property opened in 2004. Facilities include a restaurant, meeting facilities, fitness suite and carparking.

Occupancy Profile: The Property is currently managed by Frasers Hospitality UK Ltd and operates under the Fraser Suites brand, subject to a 7 year management agreement, which commenced in January 2010. Management fees comprise a base fee of 2% of gross revenue and an incentive fee of 7% of Gross Operating Profit (GOP).

Valuation Approach: 10 Year Discounted Cash flow and Direct Comparison.

Date of Inspection: 16-October-2013
Date of Valuation: 30-September-2013

Valuation: £6,900,000 (Six Million Nine Hundred Thousand Pounds)

Value Per Room: £70,408

Adopted Value Analysis:
Initial Yield (Forecast Year 1 EBITDA): 9.32%
Ten Year DCF IRR 10.50%
Terminal Yield 8.00%
Valuation Summary – Fraser Suites Edinburgh

Property: Fraser Suites Edinburgh
12-26 St Giles’ Street
Edinburgh EH1 1PT

Prepared for: Frasers Centrepoint Limited.

Interest Valued: Proposed 75 years leasehold, subject to proposed master lease.

Registered Owner: Fairdance Ltd

Land Area: 7,682 square metres.

Town Planning: UNESCO world heritage site and in conservation area.

Location: Located in Edinburgh city centre and 6.7 miles (10.8 km) from Edinburgh Airport and 48.4 miles (77.9km) from Glasgow Airport.

Brief Description: The Fraser Suites comprises 75 one-bedroom serviced apartments, over 5 floors. This four-star property opened in May 2009 although there had been a pre-existing “hotel” on site. Facilities include a restaurant, a gym and self-catering facilities.

Occupancy Profile: The Property is currently managed by Frasers Hospitality UK Ltd and operates under the Fraser Suites brand, subject to a 7 year management agreement, which commenced in January 2010. Management fees comprise a base fee of 2% of gross revenue and an incentive fee of 7% of Gross Operating Profit (GOP).

Valuation Approach: 10 Year Discounted Cash flow and Direct Comparison.

Date of Inspection: 04-October-2013 and 28-May-2014

Date of Valuation: 31-December-2013

Valuation: £11,500,000 (Eleven Million Five Hundred Thousand Pounds)

Value Per Room: £153,333

Adopted Value Analysis: Fraser Suites Edinburgh
Initial Yield (Forecast Year 1 EBITDA): 7.12%
Ten Year DCF IRR: 10.00%
Terminal Yield: 7.50%
Valuation Summary – Park International London

Property: Park International London
117-129 Cromwell Road
London SW7 4DT

Prepared for: Frasers Centrepoint Limited.

Interest Valued: Proposed 75 years leasehold, subject to proposed master lease.

Registered Owner: PI Hotel Management Limited.

Land Area: 1,440 square metres.

Town Planning: “Courtfield Conservation Area”, under the Royal Borough of Kensington & Chelsea ‘Local Development Framework’ Core Strategy. The property is not Listed, however, under the current Core Strategy hotel use is safeguarded in relation to Policy CFB.

Location: Approximately 200 metres from Gloucester Road underground station in the Royal Borough of Kensington and Chelsea. Situated around 5 kilometres south west from London’s West End and 8 kilometres west of the City of London. London Heathrow Airport lies 23 kilometres to the west.

Brief Description: The Hotel comprises a 171-bedroom, midmarket hotel operation within a Victorian terraced property. The hotel comprises seven former residential properties. The property was completely refurbished over 18 months starting in the summer of 2010 and finishing in February 2012. Facilities include a breakfast room, restaurant, bar, meeting room and gym.

Occupancy Profile: The property is currently owner occupied and operated. The hotel is currently managed by TCC Hotels Group Co Ltd subject to a one year management agreement, which commenced on 1 March 2013 and expires 28 February 2014. With regards to the management agreement, the Manager can cancel the management agreement at any time on serving one month’s notice. Hence for the purposes of our valuation we have assumed vacant possession.

Valuation Approach: 10 Year Discounted Cash flow and Direct Comparison.

Date of Inspection: 15-October-2013 and 27-May-2014

Date of Valuation: 31-December-2013

Valuation: £37,700,000 (Thirty Seven Million Hundred Thousand Pounds)

Value Per Room: £220,468

Adopted Value Analysis: Initial Yield (Forecast Year 1 EBITDA): 5.37%
Ten Year DCF IRR 9.00%
Terminal Yield 6.50%
Valuation Summary – Best Western Cromwell London

Property: Best Western Cromwell London
108-112 Cromwell Road
London SW7 4ES

Prepared for: Frasers Centrepoint Limited.

Interest Valued: Proposed 75 years leasehold, subject to proposed master lease.

Registered Owner: PI Hotel Management Limited

Land Area: 600 square metres.

Town Planning: “Cornwall Conservation Area”, under the Royal Borough of Kensington & Chelsea ‘Local Development Framework’ Core Strategy. The property is not Listed, however, under the current Core Strategy hotel use is safeguarded in relation to Policy CFB.

Location: Approximately 200 metres from Gloucester Road underground station in the Royal Borough of Kensington and Chelsea. Situated around 5 kilometres south west from London’s West End and 8 kilometres west of the City of London. London Heathrow Airport lies 23 kilometres to the west.

Brief Description: The Best Western Cromwell Hotel comprises an 85-bedroom, midmarket hotel operation within a Victorian terraced property. The hotel comprises three former residential properties. Two of the buildings were refurbished in 2007 (providing 57 bedrooms) and the third property was refurbished in 2009 upon purchase by the current owners. Facilities include a breakfast room, restaurant, bar, meeting room and gym.

Occupancy Profile: The property is currently owner occupied and operated under the Best Western brand. The property is currently managed by TCC Hotels Group Co Ltd subject to a one year management agreement, which commenced on 1 March 2013 and expires 28 February 2014. The hotel is also operated under the Best Western membership brand. With regards to the management agreement, the Manager can cancel the management agreement at any time serving a one month’s notice. Hence for the purposes of our valuation we have assumed vacant possession.

Valuation Approach: 10 Year Discounted Cash flow and Direct Comparison.

Date of Inspection: 15-October-2013 and 27-May-2014
Date of Valuation: 31-December-2013

Valuation: £15,700,000 (Fifteen Million Seven Hundred Thousand Pounds)

Value Per Room: £184,706

Adopted Value Analysis:

<table>
<thead>
<tr>
<th></th>
<th>Initial Yield (Forecast Year 1 EBITDA):</th>
<th>Ten Year DCF IRR</th>
<th>Terminal Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.95%</td>
<td>9.00%</td>
<td>6.50%</td>
</tr>
</tbody>
</table>
20 June 2014

Frasers Hospitality Asset Management Pte. Ltd.
(as manager of Frasers Hospitality Real Estate Investment Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited
(as trustee of Frasers Hospitality Real Estate Investment Trust)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

Frasers Hospitality Trust Management Pte. Ltd.
(as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Dear Sirs,

VALUATION OF:
(1) FRASER SUITES RIVER VALLEY SINGAPORE
(2) FRASER SUITES SYDNEY
(3) FRASER PLACE CANARY WHARF
(4) FRASER SUITES QUEENS GATE
(5) FRASER SUITES EDINBURGH
(6) FRASER SUITES GLASGOW
(7) INTERCONTINENTAL SINGAPORE
(8) NOVOTEL ROCKFORD SYDNEY
(9) PARK INTERNATIONAL LONDON
(10) BEST WESTERN THE CROMWELL HOTEL LONDON
(11) ANA CROWNE PLAZA KOBE JAPAN
(12) THE WESTIN KUALA LUMPUR

Instructions

In accordance with instructions issued by Frasers Centrepoint Limited, we together with our local offices Colliers International, Tokyo, Colliers International Valuation UK LLP and Colliers International Valuation & Advisory Services Pty Limited as well as C H Williams Talhar & Wong Sdn Bhd have carried out a valuation in respect of the abovementioned properties for the purpose of proposed listing of a hospitality Real Estate Investment Trust. Our instructions are to provide our opinion of the market value of the properties as at 31 December 2013, on ‘as is’ basis for all properties except for Novotel Rockford Sydney and Fraser Suites Sydney where the valuations are as at 31 March 2014. Furthermore we have been instructed to also value Fraser Suites Sydney on an alternative residential use basis.

We confirm that we have inspected the properties and have prepared full valuation reports (“Reports”) in accordance with the requirements of the instructions.
Our valuation is on the basis of Market Value which is defined as the "estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

This definition of market value is in accordance with the RICS Valuation – Professional Standards and the International Valuation Standards.

Reliance on This Letter

For the purpose of the Prospectus, we have prepared this letter and the enclosed valuation certificates which summarise our Reports and outline key factors which we have considered in arriving at our opinion of values. This letter and the valuation certificates do not contain all the necessary data and information included in our Reports. For further information, reference should be made to the Reports.

Due to possible changes in market forces and circumstances in relation to the properties, the Reports can only be regarded as representing our opinion of the values of the properties as at the date of valuation, which has been based on appropriate assumptions determined as at the date of valuation. We have assumed the properties were in the same state on the valuation date as the inspection date.

The valuations and market information are not guarantees or predictions and must be read in consideration of the following:

- The estimated value is based upon the factual information provided by the owner/asset manager. Property data/information provided is assumed to be correct. Whilst Colliers International has endeavoured to ensure the accuracy of the information, it has not independently verified all information provided by the owner/asset manager. Colliers International also accepts no responsibility for subsequent changes in information as to areas, income, expenses or market conditions.
- The methodologies adopted in valuing the properties are based upon estimates of future results and are not predictions. Each methodology is based on a set of assumptions as to income and expenses of the properties and future economic conditions in the local market.

Summary of Property Information

<table>
<thead>
<tr>
<th>No.</th>
<th>Property</th>
<th>Tenure/Lease Term</th>
<th>No. of Rooms/Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FRASER SUITES RIVER VALLEY SINGAPORE</td>
<td>Assume 75 years</td>
<td>255</td>
</tr>
<tr>
<td>2</td>
<td>FRASER SUITES SYDNEY</td>
<td>Assume 75 years</td>
<td>145 units or 201 rooms</td>
</tr>
<tr>
<td>3</td>
<td>FRASER PLACE CANARY WHARF</td>
<td>Assume 75 years</td>
<td>96 (to increase to 107)</td>
</tr>
<tr>
<td>4</td>
<td>FRASER SUITES QUEENS GATE</td>
<td>Assume 75 years</td>
<td>105</td>
</tr>
<tr>
<td>5</td>
<td>FRASER SUITES GLASGOW</td>
<td>Assume 75 years</td>
<td>98</td>
</tr>
<tr>
<td>6</td>
<td>FRASER SUITES EDINBURGH</td>
<td>Assume 75 years</td>
<td>75</td>
</tr>
<tr>
<td>No.</td>
<td>Property</td>
<td>Tenure/Lease Term</td>
<td>No. of Rooms/Units</td>
</tr>
<tr>
<td>-----</td>
<td>------------------------------</td>
<td>----------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td></td>
<td>HOTELS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>INTERCONTINENTAL SINGAPORE</td>
<td>99 years from 1990</td>
<td>406</td>
</tr>
<tr>
<td>8</td>
<td>NOVOTEL ROCKFORD SYDNEY</td>
<td>Lease expiring in 2098</td>
<td>230</td>
</tr>
<tr>
<td>9</td>
<td>PARK INTERNATIONAL LONDON</td>
<td>Assume 75 years</td>
<td>171</td>
</tr>
<tr>
<td>10</td>
<td>BEST WESTERN THE CROMWELL HOTEL</td>
<td>Assume 75 years</td>
<td>85</td>
</tr>
<tr>
<td>11</td>
<td>ANA CROWNE PLAZA KOBE</td>
<td>Freehold</td>
<td>593</td>
</tr>
<tr>
<td>12</td>
<td>THE WESTIN KUALA LUMPUR</td>
<td>Freehold</td>
<td>443</td>
</tr>
</tbody>
</table>

Valuation Rationale

In determining the market value of the properties, we have considered relevant general and economic factors and examined available market evidence. We have used the Income Capitalisation Method and the Discounted Cash Flow Analysis as the primary methods. These approaches have in turn been checked by the Sales Comparison Method.

In the Income Capitalisation Method, the estimated annual net income of the property after deducting all necessary outgoings is capitalized at an appropriate rate of return for the balance term of the lease tenure to arrive at the market value. The adopted rate reflects the nature, location, tenure and type of the property together with the prevailing property market condition.

In the Discounted Cash Flow (DCF) Analysis, the projected cash flow of the properties is forecasted over a 10-year investment horizon with an assumed sale at the end of the period. This form of analysis allows an investor to make an assessment over the longer term return with a wide range of assumptions made including income growth, expenditure growth, sale price of the property at the end of the investment horizon, potential capital expenditure, and costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

The future estimates adopted for income and expenses are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. These assumptions have been based on the prevailing market conditions and prevailing expectations as to property values, income and yield. The income and expense figures are mathematically extended with adjustments for estimated changes and economic conditions. The results and conclusion of value are considered the best practice estimate, and are not to be construed as a prediction or guarantee and are fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions.

In arriving at our opinion of the market value for the residential scenario for the Frasers Suites Sydney we have used the comparable approach which compares residential values on a rate per square metre basis and then made an adjustment for the assumed 75 year leasehold tenure. In respect to the residential we have adopted the following definitions of market value.

Gross Realisation at the date of valuation is the sum of the Market Values of the individual lots which a property can achieve over a specified selling period, assuming an orderly sale, between willing buyers and willing sellers, in arm’s length transactions, after proper marketing, wherein the parties acted knowledgeably, prudently and without compulsion.
The value ‘As If Complete’ assessed is the Market Value of the proposed improvements as detailed in the report on the assumption that all construction had been satisfactorily completed in all respects at the date of valuation. The valuation reflects the Valuer’s view of the market conditions existing at the date of valuation and does not purport to predict the market conditions and the value at the actual completion of the improvements because of the time lag. Accordingly, the ‘As If Complete’ valuation should be confirmed by a further inspection by the Valuer, initiated and instructed by the party relying upon this valuation, on completion of improvements. The right is reserved to review, and if necessary, vary the valuation in this report if there are any changes in relation to the project itself or in the property market conditions and prices.

We have been advised that an agreement for an Income Support will be put in place for the two Singapore properties. An aggregate property income top-up of S$1.65 million and S$8.05 million from the listing date up to 30 November 2015 will be payable at agreed intervals for Fraser Suites River Valley Singapore and Intercontinental Singapore respectively.

Summary of Values

The following table reflects a summary of the individual values assessed for each property.

<table>
<thead>
<tr>
<th>No.</th>
<th>Property</th>
<th>Market Value as at 31 December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FRASER SUITES RIVER VALLEY SINGAPORE</td>
<td>SGD325,000,000 SGD327,000,000 (with Income Support)</td>
</tr>
<tr>
<td>2</td>
<td>FRASER SUITES SYDNEY</td>
<td>AUD86,700,000 (on a going concern basis) AUD103,500,000 (Gross Realisation Residential Use ‘As If Complete’ Basis)*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>As at 31 March 2014</td>
</tr>
<tr>
<td>3</td>
<td>FRASER PLACE CANARY WHARF</td>
<td>GBP30,500,000</td>
</tr>
<tr>
<td>4</td>
<td>FRASER SUITES QUEENS GATE</td>
<td>GBP45,000,000</td>
</tr>
<tr>
<td>5</td>
<td>FRASER SUITES GLASGOW</td>
<td>GBP7,500,000</td>
</tr>
<tr>
<td>6</td>
<td>FRASER SUITES EDINBURGH</td>
<td>GBP8,000,000</td>
</tr>
<tr>
<td>7</td>
<td>INTERCONTINENTAL SINGAPORE</td>
<td>SGD457,000,000 SGD465,000,000 (with Income Support)</td>
</tr>
<tr>
<td>8</td>
<td>NOVOTEL ROCKFORD SYDNEY</td>
<td>AUD68,000,000 As at 31 March 2014</td>
</tr>
<tr>
<td>9</td>
<td>PARK INTERNATIONAL LONDON</td>
<td>GBP39,250,000</td>
</tr>
<tr>
<td>10</td>
<td>BEST WESTERN THE CROMWELL HOTEL</td>
<td>GBP17,000,000</td>
</tr>
<tr>
<td>11</td>
<td>ANA CROWNE PLAZA KOBE</td>
<td>JPY11,200,000,000</td>
</tr>
<tr>
<td>12</td>
<td>THE WESTIN KUALA LUMPUR</td>
<td>RM455,000,000</td>
</tr>
</tbody>
</table>

* The Market Value of Fraser Suites Sydney is assumed as the Going Concern valuation subject to the current use as a serviced apartment complex and not the Gross Realisation ‘As If Complete’ Residential scenario which would need to be further discounted to an in one line scenario.
Disclaimer

We have prepared this Valuation Summary Letter and the enclosed Valuation Certificates for inclusion in the prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the prospectus, other than in respect of the information provided within the Reports and this Valuation Summary Letter. This letter and the reports have been prepared for the use of the instructing parties for the stated purpose only and cannot be relied upon by third parties.

We have not been involved in the preparation of the Prospectus nor has this letter had regard to the other material contained in the Prospectus. The letter and its content do not take into account any matters concerning the investment opportunity contained in the Prospectus.

The reported analysis, opinion and conclusion are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions. The valuers’ compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Colliers International has relied upon the property data supplied by the owner/manager which we assume to be true and accurate. Colliers International takes no responsibility for inaccurate data supplied by the owner/manager and subsequent conclusions related to such data.

We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the property and the valuers undertaking the valuation are authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of properties.

Our Valuation Certificates are appended.

Yours faithfully
Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Goh Seow Leng
B Sc (Est Mgt), MSISV
Appraiser’s Licence No. AD041-2003809B
Executive Director
Valuation & Advisory Services

Stella Seow
B Sc (Est Mgt), MSISV, MRICS
Appraiser’s Licence No. AD041-2004904K
Senior Director
Valuation & Advisory Services

Encl
### VALUATION CERTIFICATE

**Property Address**

491A River Valley Road
FRASER SUITES RIVER VALLEY SINGAPORE
Singapore 248372

**Valuation Prepared for**

Frasers Hospitality Asset Management Pte Ltd. (as manager of Frasers Hospitality Real Estate Investment Trust)
The Trust Company (Asia) Limited (as trustee of Frasers Hospitality Real Estate Investment Trust) and
Frasers Hospitality Trust Management Pte. Ltd. (as trustee-manager of Frasers Hospitality Business Trust)

**Interest Valued**

Leasehold interest

**Registered Owner**

River Valley Apartments Pte Ltd, River Valley Shopping Centre Pte Ltd and River Valley Tower Pte Ltd as tenants-in common in unequal shares with 4,641/10,000 shares, 962/10,000 shares and 4,397/10,000 shares respectively

**Legal Description**

Part of Lot 1801W Town Subdivision 24

**Tenure**

Our instructions are to value based on a fresh 75-year lease

**Land Area**

12,267.6 sm or thereabouts (the entire Lot 1801WT.S. 24)

**Gross Floor Area**

Approximately 27,018 sm (as provided and subject to survey)

**Town Planning**

Zoned "Commercial & Residential" under the 2008 Master Plan

**Location**

FRASER SUITES RIVER VALLEY SINGAPORE is located on the southeastern side of River Valley Road, some 4 km from the City Centre. Adjoining the subject property is Valley Point which comprises a shopping centre and an office tower.

**Brief Description**

The subject serviced apartment comprises a 20-storey block accommodating a total of 255 apartment units (including 6 penthouses) offering various unit types and designs. Facilities provided include a café, gymnasium, swimming pool, barbeque facilities, steam & sauna room, outdoor recreational facilities, children’s playroom and lobby lounge.

**Basis of Valuation**

1. "As-Is" basis, assuming vacant possession is available at no cost
2. With Income Support – We have been advised that an agreement for an Income Support will be put in place for this property. An aggregate income top-up of up to S$1.65 million will be payable from the listing date up to 30 November 2015 at agreed intervals.
Valuation Approach: Income Capitalisation Method, Discounted Cashflow Analysis and Sales Comparison Method

Key Valuation Assumptions:
- Capitalisation Rate: 4.00%
- Discount Rate: 7.00%
- Terminal Cap Rate: 4.25%

Date of Valuation: 31 December 2013

Valuation:
(1) Market Value: S$325,000,000/-
(Singapore Dollars Three Hundred And Twenty-Five Million Only)

(2) Market Value (with Income Support): S$327,000,000/-
(Singapore Dollars Three Hundred And Twenty-Seven Million Only)

This valuation certificate is subject to the attached Caveats & Assumptions.

GSUS9/k
VALUATION CERTIFICATE – FRASER SUITES SYDNEY

Property
Fraser Suites Sydney, 488 Kent Street, Sydney NSW, 2000 Australia

Prepared For
Frasers Centrepoint Limited in its capacity as the proposed manager of the Hospitality Real Estate Investment Trust.

Interest Valued
Based on assumed 75 year ground lease with nil ground rental and vacant possession available on the serviced apartment complex.

Registered Owner
Frasers Town Hall Residences Pty Limited

Land Area
Total stratum area is not identified on the Deposited Plan.

Legal Description
Lot 2 in Deposited Plan 1102451, tenure leasehold subject to assumed 75 year ground lease with nil ground rental payment.

Town Planning
Sydney Local Environmental Plan 2012 (Zoned 98 Metropolitan Centre)

Location
The subject property is situated within the ‘Entertainment Precinct’ of the Sydney CBD, approximately 100 metres south of the Sydney Town Hall and Town Hall Railway Station. The property more particularly contains an eastern frontage to Kent Street, between its intersections with Bathurst and Liverpool Streets.

Brief Description
Fraser Suites Sydney comprises of a thirty three (33) storey tower with 145 serviced apartments (or 201 Rooms) and a two (2) storey lobby of a 5 Star AAA Standard located on Kent Street within the Sydney CBD. The property was completed in late 2006. There are eight (8) levels of basement parking with part of three (3) allocated to the subject property with the remainder being allocated to the adjoining Regent Place development and Lumieres Residences. The property also includes a pool, gymnasium, breakfast area and conference/business facilities. We note that the subject property has Development Approval (D/2009/1412) for the strata subdivision and conversion of the subject property to residential apartments. We highlight however that this approval (0/2009/1412) expires 25 June 2015.

The property is currently managed by Frasers and operates under the Fraser Suites brand, however we have been specifically instructed to value the serviced apartment complex on the assumption of typical industry management fees and on the assumption that vacant possession is available.

Management Profile

Trading Summary

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Forecast</th>
<th>Forecast</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period Ending</td>
<td>12 mths to Sep 13</td>
<td>12 mths to Sep 14</td>
<td>Y/E Mar 15</td>
<td>Y/E Mar 16</td>
<td>Y/E Mar 17</td>
</tr>
<tr>
<td>Occupancy</td>
<td>88.9%</td>
<td>87.8%</td>
<td>90.1%</td>
<td>89.1%</td>
<td>88.5%</td>
</tr>
<tr>
<td>Average Daily Rate</td>
<td>226.05</td>
<td>226.63</td>
<td>240.51</td>
<td>250.13</td>
<td>259.49</td>
</tr>
<tr>
<td>Rev/PAR</td>
<td>209.96</td>
<td>207.76</td>
<td>215.58</td>
<td>222.86</td>
<td>229.60</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>16,495,366</td>
<td>17,138,521</td>
<td>17,826,618</td>
<td>18,369,513</td>
<td>18,852,431</td>
</tr>
<tr>
<td>Gross Operating Prof</td>
<td>8,463,852</td>
<td>8,674,944</td>
<td>9,102,420</td>
<td>9,393,721</td>
<td>9,642,873</td>
</tr>
</tbody>
</table>

Valuation Approach
Capitalisation of Stabilised Income and 5 Year Discounted Cash Flow Analysis

Date of Valuation
31 March 2014

Valuation
$AUD 86,700,000 GST Exclusive
(EIGHTY SIX MILLION SEVEN HUNDRED THOUSAND DOLLARS)

Initial Yield (after capital expenditure)
7.92%

Stabilised Yield
7.25%

Price per Room
$431,343

5 Year DCF – IRR
10.00%

Terminal Yield
7.50%

Gross Realisation: 'As If Complete' of Fraser Suites Sydney assuming that the apartments have been strata subdivided and converted to 145 conventional residential apartments plus a commercial component assuming an individual strata sale basis. This assumes a 75 year leasehold interest with nil rent over the term of the lease GST exclusive basis.

For clarity this value does not represent the 'As Is' current market value of the subject property.

$AUD 103,500,000 GST Exclusive
(ONE HUNDRED AND THIRTY MILLION FIVE HUNDRED THOUSAND DOLLARS)
Valuation Certificate – Fraser Place, Canary Wharf

Property: Fraser Place
80 Boardwalk Place
Canary Wharf
London
E14 5SF

(as manager of Frasers Hospitality Real Estate Investment Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119968

The Trust Company (Asia) Limited
(as trustee of Frasers Hospitality Real Estate Investment Trust)
8 Marina Boulevard
#05-02 Marine Bay Financial Centre
Singapore 018981

Frasers Hospitality Trust Management Pte. Ltd.
(as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119968

Interest valued: Leasehold going concern with vacant possession

Registered owner: Fairhold NW Limited

Tenure: Leasehold – 75 years lease at a peppercorn rent

Town Planning: Tower Hamlets Local Plan: No allocation

Location: Canary Wharf lies three miles to the east of the City of London. Predominantly residential docklands location, adjacent to houseboat marina and main road leading into Canary Wharf development.

Brief Description: Two interconnecting apartment buildings adapted and operated as serviced apartments. Undergoing refurbishment to increase number of rooms from 96 to 107. Surface level and underground car parking.

Occupancy profile: The property is managed by Frasers but we have disregarded this arrangement and valued upon a vacant possession basis.
Trading Summary:

<table>
<thead>
<tr>
<th>Year End Sept</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover net of VAT</td>
<td>£4,187,993</td>
<td>£3,950,280</td>
<td>£4,665,239</td>
<td>£4,782,265</td>
<td>£4,933,456</td>
</tr>
<tr>
<td>Trading profit</td>
<td>2,759,423</td>
<td>2,481,706</td>
<td>3,075,484</td>
<td>3,144,530</td>
<td>3,234,600</td>
</tr>
<tr>
<td>Adjusted net profit</td>
<td>2,068,818</td>
<td>1,829,527</td>
<td>2,355,457</td>
<td>2,404,987</td>
<td>2,473,015</td>
</tr>
</tbody>
</table>

Valuation Approach: Primarily capitalisation of sustainable EBITDA and secondary Discounted Cash Flow

Date of Valuation: 31 December 2013

Valuation: £30,500,000 (thirty million five hundred thousand pounds)
Valuation Certificate – Fraser Suites, Queens Gate Gardens

Property: Fraser Suites
39B Queens Gate Gardens
London
SW7 5RR

Prepared for:

Frasers Hospitality Asset Management Pte. Ltd.
(as manager of Frasers Hospitality Real Estate Investment Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited
(as trustee of Frasers Hospitality Real Estate Investment Trust)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018661

Frasers Hospitality Trust Management Pte. Ltd.
(as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Interest valued: 75 year leasehold going concern assuming vacant possession

Registered owner: Queens Gate Gardens (CI) Limited

Tenure: Leasehold – 75 years lease at a peppercorn rent

Town Planning: Royal Borough of Kensington and Chelsea Unitary Development Plan
No land use allocation and falls within a conservation area

Location: Kensington area of London, two miles south west of London West End. Mixed commercial and residential area close to museums and Royal Albert Hall.

Brief Description: Serviced apartment hotel with 105 self-contained suites together with bar, breakfast room, gym and meeting/conference room. Major refurbishment just completed.

Occupancy profile: The property is currently managed by Frasers but this has been ignored for the purposes of our valuation which has been prepared on a vacant possession basis.
Trading Summary:

<table>
<thead>
<tr>
<th>Year End Sept</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
</tr>
<tr>
<td>Turnover net of VAT</td>
<td>4,211,177</td>
<td>100</td>
<td>5,332,892</td>
<td>100</td>
<td>5,607,818</td>
</tr>
<tr>
<td>Trading profit</td>
<td>2,835,293</td>
<td>67.3</td>
<td>3,623,408</td>
<td>67.9</td>
<td>3,845,367</td>
</tr>
<tr>
<td>Adjusted net profit</td>
<td>2,249,648</td>
<td>63.4</td>
<td>2,922,892</td>
<td>54.8</td>
<td>3,113,613</td>
</tr>
</tbody>
</table>

Valuation Approach: Primarily capitalisation of sustainable EBITDA and secondary Discounted Cash Flow

Date of Valuation: 31 December 2013

Valuation: £45,000,000 (forty five million pounds)
Valuation Certificate – Fraser Suites, Glasgow

Property: Fraser Suites
1-19 Albion Street
Glasgow
G1 1LH

Prepared for:
Frasers Hospitality Asset Management Pte. Ltd. (as manager of Frasers Hospitality Real Estate Investment Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited (as trustee of Frasers Hospitality Real Estate Investment Trust)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

Frasers Hospitality Trust Management Pte. Ltd. (as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Interest valued: Leasehold going concern, assuming vacant possession.

Registered owner: Pressdale Limited

Tenure: Leasehold – 75 years lease at a peppercorn rent

Zoned as follows:
- Development Policy Principle DEV8 Mixed Development
- Conservation Area: Central
- Shopping Centre: Tier 1 City Centre

Location: Located on the southern edge of Glasgow’s “Merchant City” on the east side of the City Centre.

Brief Description: Serviced apartment building partly reconstructed behind period façade of loadbearing stone walls. 98 units together with a fitness suite and conference room.

Occupancy profile: The property is currently managed by Frasers but we have disregarded this and assumed vacant possession.
Trading Summary:

<table>
<thead>
<tr>
<th>Year End Sept</th>
<th>2013</th>
<th>2014 Forecast</th>
<th>2015 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>%</td>
<td>£</td>
</tr>
<tr>
<td>Turnover net of VAT</td>
<td>1,769,662</td>
<td>100</td>
<td>2,284,166</td>
</tr>
<tr>
<td>Trading profit</td>
<td>589,132</td>
<td>34.4</td>
<td>849,681</td>
</tr>
<tr>
<td>Adjusted net profit</td>
<td>430,373</td>
<td>24.5</td>
<td>849,681</td>
</tr>
</tbody>
</table>

Valuation Approach: Primarily capitalisation of sustainable EBITDA and secondary Discounted Cash Flow

Date of Valuation: 31 December 2013

Valuation: £7,500,000 (seven million five hundred thousand pounds)
Valuation Certificate - Fraser Suites, Edinburgh

Property:
Fraser Suites
12-26 St Giles Street
Edinburgh
EH1 1PT

Prepared for:
Frasers Hospitality Asset Management Pte. Ltd. (as manager of Frasers Hospitality Real Estate Investment Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited (as trustee of Frasers Hospitality Real Estate Investment Trust)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

Frasers Hospitality Trust Management Pte. Ltd. (as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Interest valued:
Leasehold going concern with vacant possession

Registered owner:
FRA (Jersey) Limited

Tenure
Leasehold – 75 years lease at a peppercorn rent

Town Planning:
Edinburgh City Council.
The property is Category B Listed and lies within the Old Town Conservation Area.

Location:
Located in the centre of the city on the northern side of High Street in the Old Town Conservation Area and the World Heritage site. The High Street/Royal Mile is a major tourist thoroughfare leading to Edinburgh Castle.

Brief Description:
A series of interconnected mid and end of terrace Scots Baronial Tenements formed in 1869. Provides 75 serviced apartments including studios, one bed apartments and suites.

Occupancy profile:
The property is managed by Frasers but we have disregarded this arrangement and valued upon a vacant possession basis.

Trading Summary:

<table>
<thead>
<tr>
<th>Year End September 2013</th>
<th>2013</th>
<th>%</th>
<th>2014 / 2015 Forecast</th>
<th>2015 / 2016 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover net of VAT</td>
<td>£2,547,234</td>
<td>100</td>
<td>£2,667,289</td>
<td>£2,710,311</td>
</tr>
<tr>
<td>Trading profit</td>
<td>£1,018,350</td>
<td>40</td>
<td>£1,116,924</td>
<td>£1,104,737</td>
</tr>
<tr>
<td>Adjusted net profit</td>
<td>£779,095</td>
<td>31</td>
<td>£823,061</td>
<td>£809,810</td>
</tr>
</tbody>
</table>

COLLIERS INTERNATIONAL
<table>
<thead>
<tr>
<th>Valuation Approach:</th>
<th>Primarily capitalisation of sustainable EBITDA and secondary Discounted Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Valuation:</td>
<td>31 December 2013</td>
</tr>
<tr>
<td>Valuation:</td>
<td>£8,000,000 (eight million pounds)</td>
</tr>
</tbody>
</table>
VALUATION CERTIFICATE

Property Address : 80 Middle Road
INTERCONTINENTAL SINGAPORE
Singapore 188966

Valuation Prepared for : Frasers Hospitality Asset Management Pte Ltd. (as manager of Frasers Hospitality Real Estate Investment Trust)
The Trust Company (Asia) Limited (as trustee of Frasers Hospitality Real Estate Investment Trust) and
Frasers Hospitality Trust Management Pte. Ltd. (as trustee-manager of Frasers Hospitality Business Trust)

Interest Valued : Leasehold interest

Registered Owner : BCH Hotel Investment Pte Ltd

Legal Description : Strata Lot U1430P, Town Subdivision 13

Tenure : 99-year leasehold commencing from 10 September 1990

Land Area : 25,703.7 sm (Land Lot 1015C Town sub-division 13 including 200 & 230 Victoria Street)

Strata Floor Area : 45,992 sm or thereabouts

Town Planning : Zoned "Commercial" under the 2008 Master Plan

Location : INTERCONTINENTAL SINGAPORE is located at the junction of Victoria Street and Middle Road. Approximately 2 km from the City Centre, vehicular access is via Middle Road. There is a direct link to the Bugis MRT Station at Basement 1 of the adjoining Bugis Junction.

Brief Description : INTERCONTINENTAL SINGAPORE is part of an integrated development known as BUGIS JUNCTION. The development comprises a hotel, retail and office component known as "INTERCONTINENTAL SINGAPORE", "Parco Bugis Junction" and "Bugis Junction Towers" respectively.

The subject property is an up-scale 406-room hotel comprising a 16-storey block and a row of part 2-/part 3-storey conserved shophouses. The development reflects the rich Peranakan heritage of Singapore. Hotel facilities include a swimming pool with spa and Jacuzzi, a 24-hour fitness centre and a spa, Club Lounge, restaurants/ deli/ bar, banquet and meeting facilities and a business centre.
Basis of Valuation

1) "As-is" basis, assuming vacant possession is available at no cost
2) With Income Support — We have been advised that an agreement for an income support will be put in place for this property. An aggregate income top-up of up to S$8.05 million will be payable from the listing date up to 30 November 2015 at agreed intervals.

Valuation Approach

Income Capitalisation Method, Discounted Cashflow Analysis and Sales Comparison Method

Key Valuation Assumptions

- Capitalisation Rate: 4.75%
- Discount Rate: 7.00%
- Terminal Cap Rate: 5.00%

Date of Valuation

31 December 2013

Valuation

1) Market Value: S$457,000,000/- (Singapore Dollars Four Hundred And Fifty-Seven Million Only)
2) Market Value (with Income Support): S$465,000,000/- (Singapore Dollars Four Hundred And Sixty-Five Million Only)

This valuation certificate is subject to the attached Caveats & Assumptions.
### VALUATION CERTIFICATE – NOVOTEL ROCKFORD

**Property**
Novotel Rockford, 17 Little Pier Street, Darling Harbour, NSW, 2000, Australia

**Interest Valued**
Leasehold going concern, subject to the existing management agreement and franchise agreement and inclusive of all plant, equipment, furniture and fittings (excluding stock).

**Registered Owner**
Sydney Harbour Foreshore Authority

**Lessee**
Tank Stream (Darling Harbour) Pty Limited (now Golden Shower Development)

**Land Area**
2,332m²

**Legal Description**
Leasehold interest in Lot 301 in Deposited Plan 1021761 expiring 17th October 2098.

**Town Planning**
Not to be used for less than a 3.5 star international tourist hotel and ancillary purposes.

**Location**
Darling Harbour is situated in the south western sector of the Sydney Central Business District and is a tourist and entertainment area close to the Chinatown precinct of Haymarket, it is directly opposite the Sydney Entertainment Centre with good access to the proposed Convention and Exhibition Centre, Imax Cinema complex and Chinese Gardens.

**Brief Description**
Novotel Rockford comprises a 230 guest room hotel with conference rooms together with the Heritage listed Pumphouse Restaurant and Bar. The hotel is of an approximate 4 star standard.

**Capital Expenditure**
We have assumed a capital expenditure allowance for a refurbishment of the property of $6 million.

**Management Profile**
The property is currently managed by Rockford Hotels and subject to a franchise agreement with Accor. We are advised that the management fees are a base fee of 1% of gross revenue and an incentive fee of 5% of gross operating profit with the franchise fee calculated at 2% of gross room revenues.

#### Trading Summary

<table>
<thead>
<tr>
<th>Period Ending</th>
<th>Dec 10</th>
<th>Dec 11</th>
<th>Dec 12</th>
<th>Y/E Dec 13</th>
<th>Y/E Mar 15</th>
<th>Y/E Mar 16</th>
<th>Y/E Mar 17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupancy</strong></td>
<td>85.9%</td>
<td>86.9%</td>
<td>89%</td>
<td>90%</td>
<td>89.2%</td>
<td>88.2%</td>
<td>87.6%</td>
</tr>
<tr>
<td><strong>Average Daily Rate</strong></td>
<td>146.42</td>
<td>156.16</td>
<td>156.33</td>
<td>166.00</td>
<td>168.89</td>
<td>175.64</td>
<td>182.79</td>
</tr>
<tr>
<td><strong>RevPAR</strong></td>
<td>125.75</td>
<td>133.67</td>
<td>139.13</td>
<td>149.40</td>
<td>150.90</td>
<td>154.88</td>
<td>160.15</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>14,862,813</td>
<td>15,622,123</td>
<td>16,112,049</td>
<td>17,390,116</td>
<td>16,808,505</td>
<td>17,291,150</td>
<td>17,762,459</td>
</tr>
<tr>
<td><strong>Gross Operating Profit</strong></td>
<td>6,568,983</td>
<td>7,217,536</td>
<td>7,148,245</td>
<td>8,350,701</td>
<td>7,831,229</td>
<td>8,078,241</td>
<td>8,321,134</td>
</tr>
</tbody>
</table>

#### Valuation Approach
Capitalisation of Passing and First Years Projected Income and 5 Year Discounted Cash Flow Approach

<table>
<thead>
<tr>
<th>Date of Valuation</th>
<th>31 March 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation</td>
<td>AUD66,000,000 GST Exclusive (SIXTY EIGHT MILLION DOLLARS)</td>
</tr>
<tr>
<td>Passing Yield</td>
<td>7.62%</td>
</tr>
<tr>
<td>Initial Yield before cap. ex.</td>
<td>7.27%</td>
</tr>
<tr>
<td>Initial Yield after cap. ex.</td>
<td>7.86%</td>
</tr>
<tr>
<td>Price per Room</td>
<td>$295,052</td>
</tr>
<tr>
<td>5 Year DCF – IRR</td>
<td>10.00%</td>
</tr>
<tr>
<td>Terminal Yield</td>
<td>7.50%</td>
</tr>
</tbody>
</table>
Valuation Certificate – Park International Hotel

Property: Park International Hotel
117-129 Cromwell Road
London
SW7 4DT

Prepared for:

Frasers Hospitality Asset Management Pte. Ltd.
(as manager of Frasers Hospitality Real Estate Investment Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited
(as trustee of Frasers Hospitality Real Estate Investment Trust)
6 Marina Boulevard
#05-02 Marine Bay Financial Centre
Singapore 08981

Frasers Hospitality Trust Management Pte. Ltd.
(as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Interest valued: 75 year leasehold going concern assuming vacant possession

Registered owner: Global – Link Investments Limited

Tenure: Leasehold – 75 year lease at a peppercorn rent

Town Planning: Royal Borough of Kensington and Chelsea Unitary Development Plan

Location: Kensington area of London, two miles south west of London West End. Mixed commercial and residential area close to museums and Royal Albert Hall.

Brief Description: Unbranded hotel with 171 en suite letting bedrooms together with reception, lounge/bar and restaurant, large breakfast room, fitness suite and meeting/board room.

Occupancy profile: The property is currently managed by TCC Hotels Group Limited by way of a management agreement but this has been ignored for the purposes of our valuation which has been prepared on a vacant possession basis.

Trading Summary:

<table>
<thead>
<tr>
<th>Year end 31 December</th>
<th>2012</th>
<th>(9 months actuals &amp; 3 months forecast) 2013</th>
<th>Forecast 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>%</td>
<td>£</td>
</tr>
<tr>
<td>Total net turnover</td>
<td>5,039,690</td>
<td>100.0</td>
<td>5,123,795</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>2,589,606</td>
<td>51.4</td>
<td>2,658,600</td>
</tr>
<tr>
<td>Adjusted Net Profit/EBITDA</td>
<td>2,352,756</td>
<td>46.7</td>
<td>2,444,520</td>
</tr>
</tbody>
</table>
Valuation Approach: Primarily capitalisation of sustainable EBITDA and secondary Discounted Cash Flow
Date of Valuation: 31 December 2013
Valuation: £39,250,000 (thirty nine million two hundred and fifty thousand pounds)
Valuation Certificate – The Best Western The Cromwell Hotel

Property:
The Best Western The Cromwell Hotel
108-112 Cromwell Road
London
SW7 4ES

Prepared for:
Frasers Hospitality Asset Management Pte. Ltd. (as manager of Frasers Hospitality Real Estate Investment Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited (as trustee of Frasers Hospitality Real Estate Investment Trust)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

Frasers Hospitality Trust Management Pte. Ltd. (as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Interest valued:
75 year leasehold going concern assuming vacant possession

Registered owner:
Global – Link Investments Limited

Tenure:
Leasehold – 75 years lease at a peppercorn rent

Town Planning:
Royal Borough of Kensington and Chelsea Unitary Development Plan

Location:
Kensington area of London, two miles south west of London West End. Mixed commercial and residential area close to museums and Royal Albert Hall.

Brief Description:
Best Western branded hotel with 86 en suite letting bedrooms together with reception, small lounge/bar, breakfast room, fitness suite and meeting room.

Occupancy profile:
The property is currently managed by TCC Hotels Group Limited by way of a management agreement but this has been ignored for the purposes of our valuation which has been prepared on a vacant possession basis.

Trading Summary:

<table>
<thead>
<tr>
<th>Year end 31 December</th>
<th>2012</th>
<th>(9 months actuals &amp; 3 months forecast) 2013</th>
<th>Forecast 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>%</td>
<td>£</td>
</tr>
<tr>
<td>Total net turnover</td>
<td>2,317,064</td>
<td>100.0</td>
<td>2,327,741</td>
</tr>
<tr>
<td>Gross Operating Profit</td>
<td>1,195,122</td>
<td>51.6</td>
<td>1,222,838</td>
</tr>
<tr>
<td>Adjusted Net Profit/EBITDA</td>
<td>1,083,340</td>
<td>46.8</td>
<td>1,117,201</td>
</tr>
</tbody>
</table>

COLLIERS INTERNATIONAL
Valuation Approach: Primarily capitalisation of sustainable EBITDA and secondary Discounted Cash Flow

Date of Valuation: 31 December 2013

Valuation: £17,000,000 (seventeen million pounds)
<table>
<thead>
<tr>
<th>Property Address</th>
<th>ANA Crowne Plaza Kobe, 1-1, Kitanocho, Chuo-ku, Kobe City, Hyogo Prefecture, Japan</th>
</tr>
</thead>
</table>
| Valuation Prepared for | Frasers Hospitality Asset Management Pte. Ltd.  
                        | The Trust Company (Asia) Limited  
                        | Frasers Hospitality Trust Management Pte. Ltd. |
| Interest Valued        | Freehold interest                                                                   |
| Registered Owner       | The Bank of New York Mellon Trust (Japan), Ltd. (Trustee)                           |
| Land Area              | 18,239.37 sq m (registered)                                                         |
| Gross Floor Area       | Total Gross Floor Area is 136,856.47 sq m                                            |
| Town Planning          | Commercial Lot, permissible floor area ratio:800%                                   |
| Location               | Located close to the centre of Kobe City, the Property is 40m south from JR Sanyo Shinkansen Line Shin-Kobe Station. |
| Brief Description      | The Property is a high-rise luxury hotel and mixed use building. It comprises 593 guest rooms, 650 car parking lots, retail and entertainment centre, supporting amenities, restaurants, bars, banquet rooms, a spa, a fitness centre, in-door swimming pool and sauna facilities. |
| Basis of Valuation     | As-Is Basis with vacant possession                                                   |
| Valuation Approach     | Discounted Cash Flow Analysis, Direct Capitalisation Analysis and Sales Comparison Approach |
| Key Valuation Assumptions | Capitalisation Rate : 7.0%  
                        | Discount Rate : 7.0%  
                        | Terminal Cap Rate : 7.3% |
| Date of Valuation      | 31 December 2013                                                                    |
| Valuation              | JPY 11,200,000,000,000 (JAPANESE YEN ELEVEN BILLION AND TWO HUNDRED MILLION ONLY)     |
CERTIFICATE OF VALUATION
THE WESTIN KUALA LUMPUR
LOT NO. 1368, SECTION 67
TOWN OF KUALA LUMPUR
DISTRICT OF KUALA LUMPUR
FEDERAL TERRITORY OF KUALA LUMPUR, MALAYSIA

VALUATION SUMMARY

Property : The Westin Kuala Lumpur
Address : No. 199, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia
Tenure : Term in Perpetuity (Freehold)
Legal Description : Lot 1368, Section 67, Town of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur, Malaysia
Interest Valued : Unencumbered freehold going concern, subject to the existing management arrangements, inclusive of all plant, equipment, furniture and fittings (excluding stock)
Registered Owner : JBB Hotels Sdn Bhd
Location : The subject property is located within Bintang Walk (a popular shopping district), Jalan Bukit Bintang, Kuala Lumpur
Property Description : The Westin Kuala Lumpur comprises a 443 room, 5 star high rise hotel. Facilities include restaurant, bar, conference and meeting facilities, recreation facilities and basement car parks
Repair & Condition : The property is in a good state of repair and maintenance
Land Area : 4,051 square metres (43,605 square feet)
Zoning : Commercial
Trading Summary :

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy (%)</td>
<td>73.4</td>
<td>73.4</td>
<td>75.6</td>
<td>77.5</td>
<td>78.5</td>
<td>78.5</td>
<td>78.5</td>
</tr>
<tr>
<td>Average Daily Rate (RM)</td>
<td>430</td>
<td>449</td>
<td>473</td>
<td>484</td>
<td>494</td>
<td>509</td>
<td>519</td>
</tr>
</tbody>
</table>

Methodology : We have adopted the Profit Method of Valuation as our main method for this valuation exercise. As a check, we have adopted the Comparison Method of Valuation
Market Value : RM455,000,000/- (Ringgit Malaysia: Four Hundred and Fifty Five Million Only)
Date of Valuation : 31 December 2013
CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

Confidential Information means information that:
(a) is by its nature confidential;
(b) is designed by Us as confidential;
(c) You know or ought to know is confidential;
(d) includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

Currency Date means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

Fee means the amount agreed to be paid for the Services as set out in the Quotation.

Parties means You or Us as the context dictates.

Quotation means the written quote provided by Us in relation to the Services.

Services means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any reports, or certificates provided by Us in connection with the Services.

The Property means the assets which are subject of our appointment as your advisor.

We, Us, Our, Colliers means Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Colliers International, Tokyo, Colliers International Valuation UK LLP and Colliers International Valuation & Advisory Services Pty Limited as well as C H Williams Talhar & Wong Sdn Bhd where appropriate.

You, Your, Client means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

Professional Property Practice Standards refers to RICS Valuation – Professional Standards or Australian Property Institute Professional Practice Standard or other appropriate standards.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:
(a) The Terms and Conditions contained herein; or
(b) As specifically instructed by You for the purpose of the Services; and
(c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 While due care is exercised in the course of our Inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are inaccessible.

3.7 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.8 We have not undertaken a detailed inspection of any plant and equipment or obtained advice on its condition or suitability.

3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

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4. ENVIRONMENT AND PLANNING

4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.

4.2 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

5. BUILDING AREAS AND LETTABLE AREAS

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.

5.2 If you do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.

5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

6.1 Unless otherwise notified by You, We will assume:
   (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.
   (b) All licences and permits can be renewed and We have not made any enquires in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.

6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report.

6.6 Our opinion about the Market Value of the property is free from any influence and/or point of views of any other parties.

7. VALUATION FOR FIRST MORTGAGE SECURITY

7.1 Where the Services are provided for mortgage purposes, You agree that You will not use the valuation report where the property:
   (a) is used as security other than by first registered mortgage;
   (b) is used as part of a group of securities (except where the property forms part of a trust); or
   (c) is used as security for more than one loan.

7.2 We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
   (a) The proposed assignee is not a major recognized lending institution (such as a major bank);
   (b) The assignment is sought in excess of 3 months after the date of valuation;
   (c) We consider that there has been a change in conditions which may have a material impact on the value of the property;
   (d) The proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at Clause 7.1); or
   (e) Our fee has not been paid in full.

7.3 Where We decline to provide an assignment on either of the basis at 7.2(b) or (c), We may be prepared to provide an updated valuation on terms to be agreed at that time.

7.4 In the event that You request Us to assign Our valuation and We agree to do so, You authorize Us to provide to the assignee a copy of these Terms and Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.
8. ESTIMATED SELLING PRICE

8.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:
(a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
(b) We are not required to carry out a full inspection of the property, any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
(c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
8.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

9. CURRENCY OF VALUATION

9.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.
9.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.
9.3 Without limiting the generality of 9.2, You should not rely upon Our valuation:
(a) After the expiry of 3 months from the Currency Date; or
(b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

10. MARKET PROJECTIONS

10.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
10.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
10.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of those acceptable parameters.

11. YOUR OBLIGATIONS

11.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
11.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
11.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
11.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided that
(a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
(b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.
11.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if:
(a) Where market projections form part of Our Services, You agree:
   (a) to inform the other person of the terms of our consent; and
b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation.
11.6 If You release any part of the valuation advice or its substance without written consent, You agree:
(b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation.

12. CONFIDENTIALITY

12.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose outlined in Our agreement for internal reference purposes, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference thereof may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.
12.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.
12.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

12.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

13. PRIVACY

13.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If It is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

14. SUBCONTRACTING

14.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

15. LIMITATION OF COLLIERS LIABILITY

15.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

15.2 All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

15.3 Colliers International, or any employee of Ours shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

15.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.

16. ENTIRE AGREEMENT

16.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.

16.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.
Fraser Hospitality Management Pty Ltd
(as manager of the Frasers Hospitality Real Estate Investment Trust)
438 Alexandra Road
#21-00, Alexandra Point
SINGAPORE 119958

The Trust Company (Asia) Limited
(as trustee of Frasers Hospitality Real Estate Investment Trust)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
SINGAPORE 018981

Frasers Hospitality Trust Management Pte, Ltd
(as trustee-manager of Frasers Hospitality Business Trust)
438 Alexandra Road
#21-00, Alexandra Point
SINGAPORE 119958

19 June 2014
Dear Sirs,

VALUATION SUMMARIES FOR A PORTFOLIO OF TWO PROPERTIES IN AUSTRALIA

We are pleased to submit to you our Valuation Summaries for the following properties (collectively: the “Hotels” and/or the “Properties”):

<table>
<thead>
<tr>
<th>Name of Property</th>
<th>State</th>
<th>Type of Asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>NSW</td>
<td>Hotel</td>
</tr>
<tr>
<td>Fraser Suites Sydney</td>
<td>NSW</td>
<td>Residential Apartments</td>
</tr>
</tbody>
</table>

1. Client Brief and Purpose of Valuation

In accordance with our written instructions we have prepared this valuation summary letter based on the information contained in our full and formal valuation reports dated 31 March 2014. This summary letter is prepared in accordance with our valuation proposal to undertake a valuation of the Properties identified in the previous table for Fraser Hospitality Asset Management Pte Ltd, The Trust Company (Asia) Limited and Frasers Hospitality Trust Management Pte, Ltd (the Client/s). Our instructions were confirmed by way of signed acceptance by the Client of our proposal dated 28 April 2014.

We have been instructed to provide the Client with our opinion of the Market Value (as at 31 March 2014) of each of the three Properties which are to be relied upon for the Initial Public Offering (IPO) of the Frasers Hospitality Trust (“FHT”) on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Valuation Summary for Portfolio of Two Assets in Australia
Prepared for Fraser Hospitality Asset Management Pte Ltd, The Trust Company (Asia) Limited and Frasers Hospitality Trust Management Pte Ltd
31 March 2014
We have prepared a comprehensive valuation report for each of the Properties in accordance with our instructions from the Client. This letter and its attachments (including valuation summaries) should be read in conjunction with our full valuation reports dated 31 March 2014 (the “Full Valuation Reports”). We note that this letter does not contain all of the necessary information and assumptions which are detailed in the Full Valuation Reports. The Full Valuation Reports form an integral part of our advice and provide descriptive commentaries on the individual Properties and their local markets, detail general, specific and special assumptions under which each valuation has been prepared.

2. Basis of Valuation

Each valuation takes into account the value of all estates in the property, and is based on Market Value as defined by the International Valuations Standards Committee and adopted by the Australian Property Institute (API), Royal Institution of Chartered Surveyors (RICS) and the Singapore Institute of Surveyors and Valuers (SISV) which is:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion”.

The Valuation Standards provides interpretive commentaries on the above definition.

Except where stated otherwise, our valuations have been prepared in accordance with the International Valuation Standards and our Standard Terms and Conditions adopted in the preparation of valuations and reports (the “Standard Terms and Conditions”), which are contained within Appendix II and should be read in conjunction with this letter. Your attention is also drawn to the General Assumptions and Limiting Statements set out in Appendix I.

As instructed by the Client, our assessment of Novotel Rockford Darling Harbour represents the Market Value of 100% of the sub-leasehold interest expiring in approximately 84 years. Further, our assessment has been undertaken having regard to future trading potential as a ‘going concern’ hotel subject to the prevailing management and franchise agreements.

Our assessment of Fraser Suites Sydney has been undertaken on a residential apartment basis ‘in one line’ subject to the proposed 75 year leasehold interest which we have been advised will be free of any ground rent requirement. Note the approval to Strata subdivide the serviced apartments into residential apartment lapses on 25 June 2015. Our assessed Value for the residential units assumes the consent is acted on prior to this date and put into force. After the development consent lapses, a much lower value would apply.

We note that all properties have been assessed on a vacant possession basis of the proposed master lease agreement which is terminable upon sale of the properties at no cost to the Lessor.

Our valuations (except for Fraser Suites Sydney) comprises the value attributed to the real estate, goodwill and furniture, fittings and equipment used in the day-to-day operation of the hotel business. Such an assessment excludes the value of stock or credits for payment thereof and assumes all items of furniture, fittings and equipment contained in the Hotel can be transferred without penalty to a new owner.
The valuations have been prepared on the basis of individual properties only. A portfolio valuation that considers the potential discount or premium that may apply if the properties were to be sold by way of a single transaction has not been undertaken and is outside the scope of this appointment.

**Comment on forecast EBITDA Levels**

For the Novotel Rockford Darling Harbour we have undertaken a ‘going concern’ assessment (i.e. having regard to future trading potential as a fully equipped and operating entity) we have reviewed the historic performance, current and anticipated market trends as well as various assumptions noted within each valuation report.

Our cash flow projections and estimate of likely profitability (EBITDA) are considered to be within market parameters, particularly when having regard to other comparable properties within similar markets throughout Australia and in the case of Novotel Rockford Darling Harbour somewhat reflects management’s view of potential disruption arising from the development works being undertaken at the Sydney Convention Centre and anticipated at Sydney Entertainment Centre. Our forecasts are what we consider would be achievable by a reasonably efficient qualified international/national management company (average management) and therefore not necessarily the same as those that might be achieved or are budgeted by current management.

3. **Date of Valuation**

As instructed, the date of each valuation is 31 March 2014.

Our valuation therefore assumes that there has been no material change to the hotel or market between the date of inspection and date of valuation. Due to possible changes in the market and/or circumstances relating to the property, the valuation should only be regarded as relevant as at the date of issue of this report.

The values assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for the losses arising from such subsequent changes in value. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

In accordance with International Valuation Standards, it is advised that unusual valuation circumstances are reported if appropriate. In this regard, we note that following the deterioration of the global economy at the beginning of 2008 there was a general reduction in trade of properties. Financial market instability continues to cause uncertainty in the world’s capital markets and real estate markets. While liquidity in the real estate market has subsequently returned to more normal levels, particularly for trophy and well located quality assets, there remains some lack of clarity as to pricing levels for non-prime markets outside these areas. Recent yields for prime hotels in gateway locations are not necessarily applicable to the wider market, particularly those properties in resort or regional locations where the buyer profile tends to be weighted towards more opportunistic investors or those with shorter investment horizons. While transactions continue to occur that involve vendors who are more compelled to sell, or purchasers who only buy at discounted prices, these are considered to be contributing less to total market liquidity.
In this environment, prices and values appear to have been less volatile over the last 18 months compared to the initial years of the GFC however conditions have yet to normalise and the potential remains for valuations and opinions of value or worth to change rapidly. The average period required to negotiate a sale appears to have reduced but may continue to be extended considerably above the long term average particularly for properties with ownership complexities or larger properties requiring substantial investment. Consequently, we continue to recommend that values be reviewed at regular intervals and users of this report seek our latest opinion on the market for their real estate decisions.

4. Qualifications and Assumptions

These valuations are prepared on the basis of the Standard Terms and Conditions which comprises a list of the major assumptions and limiting conditions under which our opinions are given. These are contained within Appendix II (as attached to this letter) and should be read in conjunction with this letter and the valuation summaries. Other key assumptions are set out in the General Assumptions and Limiting Statements which are contained within Appendix I. It is a condition of the use of each valuation that the recipient of the report accepts these statements. Specific assumptions made in respect of each particular valuation are set out in the commentary provided in the Full Valuation Reports.

We also highlight the following Specific Assumptions with regards to both valuations:

- The Fraser Suites Sydney valuation has been undertaken on both a ‘Gross Realisation’ and an ‘In One Line’ basis. We are of the opinion that the most suitable method of valuation to be applied for the purposes of this letter is the ‘In One Line’ valuation as the Gross Realisation approach requires an extended period to strata title and sell each of the residential apartments in order to obtain the Gross Realisation valuation amount.

- We have been advised by the Client that under the proposed REIT ownership structure that the ownership interest in the Fraser Suites Sydney would be held by way of a 75 year leasehold interest while Novotel Rockford Darling Harbour would be held by way of an 84 year sub-leasehold arrangement. We are advised that the interest in both properties would not carry any rental obligations, however the conditions and structure are to be consistent with other leasehold arrangements to be applied for the REIT ownership structure.

- While requested, the terms of the lease structure for either property have not been provided. For the purposes of our assessments summarised herein it is explicitly assumed that these proposed leases contain no onerous or non-market terms or conditions that may affect value or encumber the asset. With regards to this assumption, we have relied on both verbal and written advice and confirmation of the aforementioned from the Client. Should this advice vary, we reserve the right to amend our valuation contained herein accordingly without liability;

- It is assumed that the above ownership structure relating to both the properties is to facilitate the proposed holding structure only which we are advised is between related entities. Hence, it is further advised and assumed that in the event of a sale of either property, this structure can be unwound and each property sold with the benefit of vacant possession of this lease or sub-lease in the case of Novotel Rockford Darling Harbour. Notwithstanding, it is assumed that in the case of Novotel Rockford Darling Harbour, the pre-existing lease arrangement (as commented herein) remains in place. Should this not be the case, we reserve the right to amend our valuation accordingly without liability;
We have been provided with a copy of a draft master lease agreement, which we are informed by the Client, will be uniform for each property valued herein. We have been further provided with a supplementary summary of the key terms which denotes the amounts of the base and variable rents as well as the amount of FF&E Reserve payable for each property;

We are further notified that the master lease arrangement can be terminated upon sale of the assets and no termination fee is payable. Our valuations herein have therefore been undertaken on this assumption. Jones Lang LaSalle recommends a copy of the final master lease agreement is provided to us once it is executed to ensure the terms of such are akin to those detailed within the full valuation reports and within this letter;

We also note the draft master lease provided and summarised herein relates to a sample property and the Client has provided the correct entity names for each property. Should it be revealed that the executed copy of the master lease agreement varies to that which we have been provided and advised, the variances may have a material impact on the valuations contained herein and we therefore reserve the right to amend our valuation accordingly without liability;

In the case of Fraser Suites Sydney, we note that the City of Sydney approval to strata subdivide the serviced apartments into residential apartments lapses on 25 June 2015. Our Gross Realisation and in ‘one line’ value for the residential units assumes the consent is acted on prior to this date. After this consent lapses only a serviced apartment ‘going concern’ value would apply unless the consent is granted once again by Council. We stress that after the lapse of this consent there is no guarantee that the strata subdivision value will be attainable again due to the risk of Council not re-approving the conversion due to the current undersupply of hotel rooms in the Sydney CBD;

Further, in the case of the Fraser Suites Sydney, we note that our assessment has been undertaken on the assumption that termination of the prevailing management agreement upon hypothetical sale is available (as per the agreement). A termination fee is required to be paid to Fraser (Master Lessee) in the event of termination upon sale however we have been instructed by the Client not to deduct this termination fee from our valuation as under the proposed structure, the ownership entity (i.e. Lessor being the REIT) would not be required to make such a payment with the liability being with the Master Lessee. We note that our assessment is therefore subject to us being provided with the appropriate documentation to confirm the details advised during our discussions. Should it be revealed that this is not the case, this will have a material impact on the valuation herein, and we reserve the right to amend this valuation accordingly without liability;

In light of the above, for the purposes of our valuation, Fraser Suites Sydney has been assessed on a vacant possession basis of the management agreement while Novotel Rockford Darling Harbour has been assessed subject to the prevailing management and franchise agreements;

On-going management of Novotel Rockford Darling Harbour by a reasonably efficient qualified international/national management company (average management) with the necessary marketing/reservation infrastructure in place to manage such properties;

Furthermore, any trading projections herein are assumed to be under the average management assumption above. Such projections, financial analysis or value consideration in this report are valuation tools only, and should not be represented in any way as providing a representation, warranty or indication of the actual future profit and cash flow;
• Our valuations do not investigate or consider the structure of the hotel ownership entities, nor do they have regard to any leases or side agreements not registered on the title document (other than the proposed Lease arrangements detailed herein) and assume the ownership structure would not obstruct the ordinary sale of the Properties. This assumption has been made in the absence of an expert legal interpretation and opinion. As we are not legal experts, we recommend that appropriate expert advice be sought to confirm the validity of this assumption;

• That the previous volatility in global credit markets will not return to the extent that could jeopardise current levels of operational and investor sentiment prevailing in the Australian Tourism property investment market;

• That there are no material changes to the properties or market/s between the date of inspection and date of valuation; and

• That the Australian economy will continue to remain constrained over the short term in light of global economic uncertainty prevailing currently and thereafter recover and return to follow an overall growth trend through the forecast period in-line with current Federal Government expectations.

5. Information and Confidentiality

In undertaking our assessments, we have relied upon various sources of information provided to us by the Client, current owners and their representatives. Jones Lang LaSalle takes no responsibility for any damage or loss by reason of inaccuracy or incorrectness of this report as a result of information provided to us.

This letter contains information of a confidential nature relating to the ownership, management, business and financial performance of the Properties and has been supplied to Jones Lang LaSalle for the specific purpose of this valuation.

6. Scope of Work and Approach

To accomplish the objectives of this instruction we have:

• Physically inspected the Properties;
• Interviewed and received information from the individual Hotel Managers and the Client;
• Made appropriate enquiries about the local markets with relevant authorities; and
• Used Jones Lang LaSalle valuation computer modelling to prepare our analysis and conclusions.

Our valuations have been undertaken utilising the methods that are mainly considered by potential investors, namely:

• Discounted cash flow (DCF) approach; and
• Capitalisation approach.

The selected valuation criteria used in these approaches have been derived from recent market transactions and the resultant values checked against these transactions on a value per room basis.

For the hotel valuation, our projections of occupancy and average daily rate did not involve the undertaking of a specific market demand study but rather are based on our knowledge and
understanding of the local hotel markets and our experience of the operating performance of hotels of similar size and standard.

The cash flow forecasts and value estimate have been prepared having regard to:

- Historical room supply, room demand and average daily rates;
- Emerging trends in the various respective local hotel markets; and
- The expected future supply of hotel accommodation in the various markets as at the date of our assessment.

The assumptions in respect to future events are our best estimates at the date of preparing the valuations. To the extent that any of the assumptions made (and which are noted in our Full Valuation Reports) are not realised, the indicative cash flow projections and estimate of value may be materially affected.

Our assessments are based upon current as well as expected future conditions as perceived by the market. We do stress that the estimation of future market conditions is a very problematic exercise which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties.

The process of making forward projections involves assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions. To rely upon our valuations, therefore, the reader must be satisfied as to the reasoning behind these future estimates.

7. Valuation Methodology – Novotel Rockford Darling Harbour

This section briefly summarises Jones Lang LaSalle’s approach to the valuation of Novotel Rockford Darling Harbour.

Hotel investments are generally purchased on the basis of future income potential. Past performance provides some guide to the future performance of a hotel, but often new macro-economic factors or local supply issues mean that a fresh view needs to be taken of the performance potential of the hotel.

*Discounted Cash flow (DCF)*

To arrive at an estimate of the hotel's capital value, we prepare an income and expenditure forecast which is then capitalised using a discounted cash flow model. This forecast represents what we believe a potential purchaser would adopt as being realistic estimates of the hotel's future income potential. This is not necessarily the same as current hotel management may project, but represents what a prospective purchaser might believe is reasonable as a basis for acquisition.

The forecast is prepared for a five-year period. A discount rate is then applied to the first five years of projections. The cash flow in the sixth year is capitalised at an assumed capitalisation rate, and deferred at the discount rate, and incorporated to arrive at the total investment figure. The choice of capitalisation rate is selected by reference to historic hotel transaction evidence, yield evidence of other forms of commercial property, market factors and the tenure, age, location and condition of the property. In order to arrive at our discount rate, we take account of long term inflation expectations, and the perceived risk of the operation relative to other properties and the achievement of our cash flow projections. In accordance with our normal practice, we then cross check the valuation against other measures such as the resultant running yields and price per room.
International and domestic purchasers remain concerned with cash flows and with established or achieved trading figures, as well as readily foreseeable income flows. These factors have a strong impact on purchasing decisions and we therefore have regard to the initial and likely returns to an investor/purchaser in the early years.

Having arrived at an estimate of total investment, which we consider reasonable, we then deduct, if appropriate, any capital expenditure, which an investor would require to spend in the foreseeable future.

We have included in our Full Valuation Reports our cash flow projections and comments thereon.

**Capitalisation Approach**

Capitalisation methodology converts the foreseeable earning capacity of the hotel into a current capital value by the application of a market derived/required yield. The income used is the projected net income after management fees and FF&E Reserve but before interest, depreciation, taxation and amortisation (EBIDTA).

The yield is selected after taking into consideration:

- Demonstrated market yields;
- The physical appeal and quality of the building and its facilities;
- The location, zoning and potential of the underlying long term sub-leasehold tenure;
- The earnings profile over the last four years (where available);
- Expectations of earnings growth; and
- The suitability of the current operator and the terms of the current management agreements.

Again, the capital value produced is then cross checked against other measures such as price per room.

8. **Valuation Methodology – Fraser Suites Sydney**

With regard to determining a value for the residential usage of 488 Kent Street “Fraser Suites” we utilised direct comparison in determining an “As If Complete” Gross Realisation and “In One Line” Value. We have also discounted the Gross Realisations by 25% to account for the sale of the units on a 75 year leasehold basis as opposed to the usual freehold in perpetuity land title.

We further note that our valuation of this property has been undertaken on both a ‘Gross Realisation’ and an ‘In One Line’ basis. We are of the opinion that the most suitable method of valuation to be applied for the purposes of this letter is the ‘In One Line’ valuation as the Gross Realisation approach requires an extended period to strata title and sell each of the residential apartments in order to obtain the valuation amount.

**“As If Complete” Gross Realisations**

In determining the ‘As If Complete’ value of the subject properties we have relied upon the comparison approach. Such an approach involves analysing available comparable sales evidence, taking into consideration location, age, size and quality of improvements where available. The “As If Complete” value assumes the strata plan is registered and satisfactory completion of the development consent for 145 apartments and 905 square meters of commercial is in place.
“In One Line” Valuation

We have also provided an “In One Line” value which trades at a discount to the Gross Realisation value. In order to determine the “In One Line” Value (and subsequent discount) we have run a discounted cash flow assuming that the purchaser would be a speculator/investor with the intention to resell the units individually.

This method measures the “In One Line” Value for the property after making appropriate allowances for holding charges, conversion/refurbishment costs, transaction costs, sales periods etc. and a reasonable profit on the venture after taking into account the risks involved. This analysis assumes 100% debt financing. Our assessment of value has been undertaken utilising the Estate Master Model version 5.3.

9. Pecuniary Interest

We confirm that we are not a related corporation of the Client and that the Valuers and Jones Lang LaSalle have no economic interest in the Client or the subject properties that would conflict with the proper valuation of the Properties or could reasonably be regarded as being capable of affecting the Valuers’ ability to give an unbiased opinion.

10. Use of Report

In accordance with our standard practice we must state that this letter is confidential and for the use only of the Client for the purpose to which it refers. No responsibility or liability is accepted to any third parties and neither the whole nor any part nor any reference thereto may be published in any document, statement or circular nor in communication with third parties without our prior written approval of the form and context in which it will appear.

In the event our consent is given and this valuation summary appears in the Prospectus to be issued by the Manager in connection with the offering of units in the Frasers Hospitality Trust (the “Prospectus”), we specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information provided within the valuation reports and summary. We do not make any warranty or representation as to the accuracy of the information in any part of the Prospectus other than as expressly made or given in this valuation summary.

Notwithstanding the above, in the event that Jones Lang LaSalle consents to the disclosure of this letter and our valuations in connection with the IPO, such disclosure is approved solely for the purpose of providing information to potential investors or any other interested person. Neither this letter, nor the attached valuation summaries nor our Full Valuation Reports purport to contain all the information that a potential purchaser or any other interested party may require. They do not take into account the individual circumstances, financial situation, investment objectives or requirements of a potential purchaser or any other person. They are intended to be used as a guide only and do not constitute advice, including without limitation, investment, tax, legal or any other type of advice.

The values stated herein are, in the opinion of Jones Lang LaSalle, the best estimates and should not to be construed as a guarantee or prediction. Furthermore each valuation is fully dependent upon the accuracy of the associated assumptions made. Potential Investors should not rely on any material contained in this report as a statement or representation of fact but should satisfy themselves as to its correctness by such independent investigation as they or their legal or financial advisors see fit after reviewing the valuation report to understand the particular assumptions and
methodologies made in the preparation of the valuations and to appreciate the context in which the values are arrived at.

This report contains information provided by third parties. Figures, calculations and other information contained in this report that has been provided to Jones Lang LaSalle by third parties have not been independently verified by Jones Lang LaSalle and Jones Lang LaSalle takes no responsibility for it and subsequent conclusions related to such data.

Jones Lang LaSalle, its directors, employees, affiliates and representatives shall not be liable (except to the extent that liability under statute or by operation of law cannot be excluded) to any person for any loss, liability, damage or expense arising from or connected in any way with any use of or reliance on this report.

For and on behalf of
Jones Lang LaSalle Hotels (NSW) Pty Ltd

David J Marriott AAPI
Vice President – Strategic Advisory
Certified Practising Valuer
Property Valued: Novotel Rockford
Darling Harbour

Bill Fatouros FAPI
Director
Certified Practising Valuer
Property Valued: Fraser Suites Sydney

Troy Craig FAPI MRICS
Managing Director – Strategic Advisory
Certified Practising Valuer

Liability limited by a scheme approved under Professional Standards Legislation.
VALUATION SUMMARY

Property : Novotel Rockford Darling Harbour, situated at 17 Little Pier Street, Sydney, New South Wales Australia (the "Property" and/or the "Hotel").

Tenure : The land is leasehold in nature (approximately 85 years remaining) with the registered owner being the Sydney Harbour Foreshore Authority and is contained on Lot 301 on Deposited Plan 102761. The Hotel operates pursuant to the provisions of a Management Agreement which was recently renegotiated with Rockford Hotel Management and expires on 31 December 2018 as well as a Franchise Agreement with AAPC which expires on 31 August 2018.

We are advised that a proposed 84 year sub-leasehold structure is being drafted as part of the REIT listing for this property, and our assessment has been undertaken on this basis. We have been further advised that this interest in the property would not carry any rental obligations. Should this vary the valuation herein will vary materially and we therefore reserve the right to amend our valuation accordingly without liability.

It is assumed that the above ownership structure is to facilitate the proposed holding structure only which we are advised is between related entities. Hence, it is further advised and assumed that in the event of a sale, this structure can be unwound and the property can be sold with the benefit of vacant possession of the sub-lease. Notwithstanding, it is assumed that the pre-existing lease arrangement (as noted within above) remains in place. Should this not be the case, we reserve the right to amend our valuation accordingly without liability.

While requested, the terms of the proposed lease structure have not been provided. For the purpose of our assessment summarized herein, it is explicitly assumed that the proposed lease contains no onerous or non-market terms or conditions that may affect value or encumber the asset. We have relied on both verbal and written advice and confirmation in this regard from the Client. Should this advice vary, we reserve the right to amend our valuation contained herein accordingly without liability.

Location : Novotel Rockford Darling Harbour is situated on the corner of Harbour and Little Pier Streets, on the edge of the CBD Chinatown Precinct opposite the Sydney Entertainment Centre. The primary access to the hotel is from Harbour Street.

Property Description : The Hotel is an eight storey, four and a half star hotel comprising 230 guest rooms, two restaurants, bar, café and function rooms. Additional guest facilities include an indoor swimming pool and fitness centre. Car parking is provided to guests via an adjacent public car parking building. The property was opened in 1999 and adjoins a 110 year old heritage listed building which has been refurbished as the hotel’s Pumphouse Restaurant and Bar.

Master Lease Agreement : We have been provided with a copy of a draft pro-forma master lease agreement, which we are informed by the Client could be terminated upon sale of the hotel asset. In addition, we have been provided with a supplementary summary of the key terms which denotes the amounts of the base and variable rents as well as the amount of FF&E Reserve payable for each property. The key terms summary also indicates that there is no termination fee payable in the event that the lease is terminated however we do note that this clause does not appear in the draft pro-forma provided.

In light of the above, we note that our valuation has been prepared on the specific
assumption that the final master lease document will incorporate the terms necessary to enable the sale of the asset with vacant possession of the master lease and further that there would be no termination fee payable. Should this not be the case we reserve the right to amend our valuation without liability.

We also note the draft master lease provided and summarised herein relates to a sample property and the Client has provided the correct entity names for each property.

Jones Lang LaSalle recommends a copy of the final master lease agreement is provided to us once it is executed to ensure the terms of such are akin to those detailed herein.

The draft pro-forma master lease agreement and advised key terms are collectively summarised below:

Lessor: Frasers H-REIT
Lessee: Golden Shower Development (PTC) Limited
Term: 20 years
Option(s): One option of 20 years
Base Rent: AUD2,500,000 per annum (exc. GST)
Turnover Rent: Sum of 0% of Gross Operating Revenue and 84.0% of Gross Operating Profit rooms revenue less base rent.

FF&E Contribution Termination: The Lessor may sell or assign its interest in the Premises at any time during the term free and clear of this Lease and such sale or assignment will not be subject to this Lease if the Lessor terminates this Lease with written notice to the Lessee.

We have reviewed the draft pro-forma master lease and can confirm that termination is available upon sale of the hotel. Our valuation herein, has been undertaken on the specific assumption that the lease agreement is terminable with no compensation payable by the Lessor to the Lessee as indicated in the summary of key terms provided. Jones Lang LaSalle recommends a copy of the final master lease is provided once it is executed to ensure the terms of such are consistent with the terms summarised herein.

Should it be revealed that the executed copy of the master lease agreement varies to that which we have been provided and advised, the variances may have a material impact on the valuation contained herein and we therefore reserve the right to amend our valuation accordingly without liability.

Management Agreement / Franchise Agreement: The Hotel operates pursuant to the provisions of both a Management Agreement with Rockford Hotels Pty Limited and Franchise Agreement with AAPC Properties Pty Limited. The Management Agreement commenced on 1 January 2014 for an initial term of 5 years, with one further five year option. The Franchise Agreement commenced on 1
September 2013 for an initial term of 5 years with no further option to renew. We note that under the terms of the management agreement and franchise agreement, a Base Management Fee, Incentive Management Fee, Franchise Fee and FF&E Reserve are payable.

We have been advised that this property will continue to be operated subject to both a management agreement and franchise agreement and our valuation has therefore been carried out on this basis. Our valuation is predicated on the above and we stress that, should this interpretation prove incorrect, our valuation may be materially and/or adversely affected.

Historic Trading: We have been provided with trading accounts for the past three financial years ending 31 December 2010, 2011, 2012 and 2013 as well as the year to date results for the three months to March 2014 and managements forecast for the full year ending 31 December 2014.

Key performance indicators for 2010 – 2014 are summarised below:

We note that all amounts herein are expressed in Australian dollars.

<table>
<thead>
<tr>
<th>Trading Summary (Expressed in Actual Dollar Values)</th>
<th>ACTUAL</th>
<th>ACTUAL</th>
<th>ACTUAL</th>
<th>ACTUAL</th>
<th>FORECAST (FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONTHS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROOMS</td>
<td>230</td>
<td>230</td>
<td>230</td>
<td>230</td>
<td>230</td>
</tr>
<tr>
<td>OCCUPANCY</td>
<td>85.5%</td>
<td>86.9%</td>
<td>89.0%</td>
<td>92.2%</td>
<td>99.2%</td>
</tr>
<tr>
<td>AVERAGE DAILY RATE (ADR)</td>
<td>186</td>
<td>195</td>
<td>157</td>
<td>166</td>
<td>168</td>
</tr>
<tr>
<td>ROOM YIELD (ADR)</td>
<td>136</td>
<td>139</td>
<td>150</td>
<td>149</td>
<td></td>
</tr>
<tr>
<td>ROOM YIELD CHANGE</td>
<td>7.9%</td>
<td>2.7%</td>
<td>7.7%</td>
<td>1.0%</td>
<td></td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>AS '000s</td>
<td>Ratio</td>
<td>AS '000s</td>
<td>Ratio</td>
<td>AS '000s</td>
</tr>
<tr>
<td>GROSS OPERATING PROFIT*</td>
<td>6,467</td>
<td>100.0%</td>
<td>15,622</td>
<td>100.0%</td>
<td>16,112</td>
</tr>
<tr>
<td>NET OPERATING INCOME (EBITDA)**</td>
<td>4,294</td>
<td>64.6%</td>
<td>6,195</td>
<td>40.0%</td>
<td>6,463</td>
</tr>
</tbody>
</table>

NOTES
*AFTER DEDUCTION OF BASE MANAGEMENT FEE
**AFTER PROPERTY TAX, INSURANCE, FF&E RESERVE AND MANAGEMENT FEES

The above figures comprise a summary of historic trading information provided to us by the Client as at 31 March 2014 and do not make any allowance for an subsequent revisions, amendments or re-forecasts that may have been made since that date.

Trading Forecast: For valuation purposes we have prepared a cash flow projection for the hotel over a five year period based upon our knowledge of the market and the analysis of the revenue and expense levels at this hotel over recent times. These projections represent our assessment of the figures that might be prepared by potential purchasers and are not necessarily the same as those that might be achieved or are budgeted by current management.

We note that all amounts herein are expressed in Australian dollars.
Market Value¹
(with Special Assumptions)
Subject to the Comments and Assumptions contained within our full valuation report

AUD 66,000,000 (SIXTY SIX MILLION AUSTRALIAN DOLLARS)

¹ Market Value of the sub-leasehold interest in the Property subject to the prevailing management and franchise agreement however on a vacant possession basis of the proposed master lease agreement, together with all fixtures, fittings, furniture and equipment, as a fully equipped operational entity, having regard to trading potential, (i.e. on a ‘going concern’ basis).

Date of Valuation : 31 March 2014

Notice : This valuation summary should be read in conjunction with the full valuation report dated 31 March 2014, which details the conditions and assumptions under which this valuation is prepared.
**VALUATION SUMMARY**

<table>
<thead>
<tr>
<th>Property</th>
<th>Fraser Suites Sydney at 488 Kent Street, Sydney, New South Wales, Australia (the &quot;Property&quot; and/or the &quot;Hotel&quot;).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure</td>
<td>The Property is described as Lot 2 in Deposited Plan 1102451 and is held under stratum freehold title. We are advised that a proposed 75 year leasehold structure is being drafted as part of the REIT listing for this property, and our assessment has been undertaken on this basis. We have been further advised that this interest in the property would not carry any rental obligations. Should this vary the valuation herein will vary materially and we therefore reserve the right to amend our valuation accordingly without liability. It is assumed that the above ownership structure is to facilitate the proposed holding structure only which we are advised is between related entities. Hence, it is further advised and assumed that in the event of a sale, this structure can be unwound and the property can be sold with the benefit of vacant possession of the lease. Should this not be the case, we reserve the right to amend our valuation accordingly without liability. While requested, the terms of the proposed lease structure have not been provided. For the purpose of our assessment summarized herein, it is explicitly assumed that the proposed lease contains no onerous or non-market terms or conditions that may affect value or encumber the asset. We have relied on both verbal and written advice and confirmation in this regard from the Client. Should this advice vary, we reserve the right to amend our valuation contained herein accordingly without liability.</td>
</tr>
<tr>
<td>Location</td>
<td>Fraser Suites Sydney is situated within the western corridor of the Sydney Central Business District on the eastern side of Kent Street south of its intersection with Bathurst Street. The property is centrally located in the city and is within close proximity to Town Hall, Chinatown, Darling Harbour, World Square retail/office and entertainment precinct and the financial and retail precincts of the CBD. The Hotel is also within walking distance to Cockle Bay Wharf featuring IMAX theatre, Sydney Convention and Exhibition Centre, numerous restaurants and entertainment facilities.</td>
</tr>
<tr>
<td>Property Description</td>
<td>The subject property comprises a mixed use 32 level building completed in December 2006. The property is currently operating as a ‘going concern’ of 201 serviced apartment/rooms with development approval for conversion of use to residential apartments (145 units). The proposed unit mix comprises 88 x 1 bedroom, 55 x 2 bedroom, 1 x 2 bedroom duplex penthouse and 1 x 3 bedroom duplex penthouse. In addition to the residential units there is 905m2 of commercial area across 8 units on 3 levels. Common facilities available to the property include Library/entertainment room, Function rooms, gymnasium, recreation room, spa room, lap pool, showers, sauna and male/female amenities.</td>
</tr>
<tr>
<td>Master Lease Agreement</td>
<td>As instructed we have undertaken our assessment of Fraser Suites Sydney as residential apartments on a gross realisation basis 'in one line' assuming a 75 year leasehold title. We further note that there is a draft master lease currently</td>
</tr>
</tbody>
</table>
being prepared for this property however given the residential basis of valuation applied our valuation assumes that this lease would not be executed over the property. In the event that it has been executed our valuation further assumes that it would be terminated with no termination fee being payable which is consistent with the advised terms of the proposed master lease. Should this not be the case, we reserve the right to amend our valuation accordingly without liability.

Given that the assessment of the property reported herein is on a residential apartment basis ‘in one line’ our valuation assumes that the proposed master lease and prevailing management agreement would not be in force which would therefore enable the sell down of the apartments which forms a key assumption in our ‘in one line’ valuation of this property. The summary of this proposed master lease and prevailing management agreement detailed below are therefore contained in this report by way of background information only.

The draft pro-forma master lease agreement and advised key terms are collectively summarised below:

Lessor: Frasers H-REIT
Fraser Town Hall Residences Pty Ltd

Lessee:

Term: 20 years

Option(s): One option of 20 years

Base Rent: AUD4,200,000 per annum (exc. GST)

Turnover Rent: Sum of 20.0% of Gross Operating Revenue and 54.5% of Gross Operating Profit rooms revenue less base rent.

FF&E Contribution Termination: 2.5 % of Gross Operating Revenue
The Lessor may sell or assign its interest in the Premises at any time during the term free and clear of this Lease and such sale or assignment will not be subject to this Lease if the Lessor terminates this Lease with written notice to the Lessee.

We have reviewed the draft pro-forma master lease agreement and can confirm that termination is available upon sale of the hotel. We note however that our valuation has been undertaken on a residential ‘in one line’ basis and therefore have not had regard to the proposed master lease agreement. In the event that it has been executed our valuation further assumes that it would be terminated with no termination fee being payable which is consistent with the advised terms of the proposed master lease. Should this not be the
We are aware that the property, currently trading as a hotel subject to a prevailing management agreement. However our assessment on a gross realisation basis ‘in one line’ has been undertaken on the assumption that such management agreement can be terminated upon sale.

We note that termination upon hypothetical sale subject to a termination fee payable to Fraser is available under the terms of this agreement. Our discussions with the Client have indicated however, that due to the structure of the REIT, this termination payment would not be payable at the property ownership level. Our valuation, has therefore been undertaken on the specific assumption that in the event of a hypothetical sale, a termination payment would not be payable by the property owner, and therefore has not been deducted from our assessment. Should it be revealed that this is not the case, this will have a material impact on the valuation herein, and we reserve the right to amend this valuation accordingly without liability.

Where matters arise relating to the content of the Management Agreement and its interpretation, independent legal advice is to be obtained by the Client. Furthermore it is essential that the entire Management Agreement is referenced by the Client and its legal advisors. Jones Lang LaSalle does not provide legal advice and does not extend any liability in this regard.

Our valuation is predicated on the above and we stress that, should this interpretation proves incorrect, our valuation may be materially and/or adversely affected.

We note a development application (D/2009/1412) was lodged with the City of Sydney for the change of use of Tower B from serviced apartments to residential apartments plus strata subdivision and minor internal alterations within the basement to provide additional storage. We note that approval was obtained on 25 June 2010 and expires on 25 June 2015.

*Our Gross Realisation Value for the residential units assumes the consent is acted on prior to this expiry date (i.e. 25 June 2015).*

*After the development consent lapses, it is likely that a materially lower valuation would apply relative to the one reported herein. After the lapse of this consent there is no guarantee that the strata subdivision value will be attainable again due to the risk of council not approving the conversion due to the undersupply of hotel rooms in the Sydney CBD.*

Gross Realisation Market Value:

| Subject to the Comments and Assumptions contained within our full valuation report |
| AUD 99,800,000 (NINETY NINE MILLION EIGHT HUNDRED THOUSAND AUSTRALIAN DOLLARS) |

1 Gross Realisation value of the 145 residential apartments and 905 square meters of commercial space on a 75 year leasehold basis assuming vacant possession of the proposed master lease agreement and the management agreement.

2 The above values assume the strata plan is registered and satisfactory completion of the development consent for 145 apartments and 905 square
meters of commercial is in place.

In one line Market Value$^1$ : AUD 76,500,000 (SEVENTY SIX MILLION FIVE HUNDRED THOUSAND AUSTRALIAN DOLLARS)

Subject to the Comments and Assumptions$^2$ contained within our full valuation report

$^1$ 'In one line' value of the 145 residential apartments and 905 square meters of commercial space on a 75 year leasehold basis assuming vacant possession of the proposed master lease agreement and the management agreement.

$^2$ The above values assume the strata plan is registered and satisfactory completion of the development consent for 145 apartments and 905 square meters of commercial is in place.

Date of Valuation : 31 March 2014

Notice : This valuation summary should be read in conjunction with the full valuation report dated 31 March 2014 which details the conditions and assumptions under which this valuation is prepared.

As shown above, our valuation of this property has been undertaken on both a 'Gross Realisation' and an 'In One Line' basis. We are of the opinion that the most suitable method of valuation to be applied for the purposes of this letter is the 'In One Line' valuation as the Gross Realisation approach requires an extended period to strata title and sell each of the residential apartments in order to obtain the valuation amount.
APPENDIX I

GENERAL ASSUMPTIONS AND LIMITING STATEMENTS
GENERAL ASSUMPTIONS AND LIMITING STATEMENTS

We would also draw your attention to the following key assumptions and limitations made in respect of each of the Properties:

1. We have assumed that the information provided to us is correct, particularly that the hotel's historic operating figures accurately reflect its trading history.

2. It is assumed that each property includes all operating equipment, furniture, fixtures, fittings and equipment necessary to manage a hotel of this standard, that they would remain in each property on sale and that the equipment is owned, not leased. We have not separately assessed the transferable value of the goodwill nor made an inventory or separately assessed the value of furniture, fittings, plant and equipment.

3. It is also assumed that each property is open for business and will continue to trade normally up until the date of sale. The valuations further assume a prospective purchaser would engage the existing staff (but not necessarily the senior management) and take over the benefit of future bookings.

4. We have assumed the management of each hotel will operate the hotel competently. It should be emphasised that achievement of trading performance remains largely reliant on the skill and expertise of the hotel management, (particularly for a new business). We have neither evaluated management's effectiveness nor are responsible for future marketing efforts and other management actions upon which actual trading results will depend. Some assumptions inevitably will not materialise and unanticipated events and circumstances may occur. Therefore, actual results achieved during the analysis period will vary from the assumptions and the difference may be material.

5. We have not fully searched nor verified the authenticity of the land titles. Our valuation is prepared on the assumption that the property and title is transferred free and clear of encumbrances, restrictions, or other impediments of an onerous nature, which would affect value. Our valuation is made on the basis that the property is transferred free of mortgages, charges and other financial liens.

6. We have not conducted a land survey to verify the land boundaries and site areas and whether all developments and improvements are within such boundaries. We have assumed, unless otherwise stated, that all developments and improvements are within the boundaries of such land parcel as described in this report and the land parcel is fully owned by the property owner.

7. We have not had sight of a zoning certificate, building, fire safety certificate or other statutory requirements, and it is assumed, unless otherwise stated, that all appropriate licences and approvals are held to operate each hotel and the various food and beverage facilities. It is assumed that each property complies with the requirements of all local government regulations. It is also assumed that each hotel has the benefit of all necessary planning consents and that they are subject to no unusual, onerous or restrictive conditions.

8. We have not carried out a structural survey nor have we tested any of the service installations, and therefore are unable to state each property is free from defect. We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property or has since been incorporated and, therefore, we are unable to report that the Property is free from risk in this respect. For the purpose of this report, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.
9. Our inspections were limited to areas where we had access to and viewing of typical guestroom and other facilities. We have assumed that information provided by DBS Bank Limited and sourced from the management of the Hotels, including the Hotel fact sheets and marketing materials, with respect of room inventory, types, sizes and configurations, Food and Beverage outlets, meeting, recreation and other facilities is materially correct and complete.

10. We were not instructed to carry out any investigations on site in order to determine the suitability of ground conditions and services, nor did we undertake archaeological, ecological or environmental surveys. Should it be established subsequently that contamination (including the presence of asbestos in any of the buildings), subsidence or other defects exist at the sites or on any neighbouring land, or that the sites have been or are being put to any contaminated use, we reserve the right to adjust the values reported herein.

11. We have assumed that each Property would be properly and effectively marketed to both domestic and international purchasers allowing a reasonable period of time (being between six and nine months) for exposure to the market and negotiation. We have also assumed that each hotel's existing management would assist in the marketing process and provide all relevant information. It is further presumed that the price would not be adversely affected by a mortgagee taking possession and disposing of the Property under forced circumstances.

12. We have assumed stability in business, tourism, economic and political situations in each respective state in which the Properties are located and that no significant changes of an adverse nature will occur. We also assume the level of the various respective local currencies against other world currencies will remain as attractive to overseas visitors as at the date of valuation.
APPENDIX II

STANDARD TERMS AND CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS
STANDARD TERMS & CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS

Explanation

Following are the standard terms and conditions that apply in the preparation of valuations or consultancy assignments. These terms form part of the appointment for Jones Lang LaSalle to provide the services contained in the proposal to which this appendix applies.

Exclusion on Use and Liability

The valuation report will be prepared for and will be confidential to the Client for the specific purpose outlined above. Jones Lang LaSalle does not intend that any other parties accept or rely upon the reports. No liability for negligence or otherwise will be assumed by Jones Lang LaSalle for any loss or damage suffered by any other party.

The Client agrees that either the whole or any part of the report or the substance thereof will be communicated to any other person without first obtaining the written consent of Jones Lang LaSalle. The Client further agrees that if it does communicate to any other person, the whole or any part of the report, or the substance of it, the Client will also communicate the terms of our engagement to that other person and will fully indemnify Jones Lang LaSalle in the event of any failure to do so.

Performance of the Services

Jones Lang LaSalle shall exercise all reasonable skill and care in providing the Services and shall inform the Client if it becomes apparent that the Services need to be varied. Jones Lang LaSalle shall confirm in writing any agreement reached.

Valuation Basis

Unless stated to the contrary in the proposal, the valuation provided will be the market value as defined by the International Assets Valuations Standards Committee as:

“The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Jones Lang LaSalle will accept the information provided in good faith and rely upon that information as being true and accurate in preparing its advice, however the instructing party acknowledges that should the information provided be incomplete and/or incorrect:

a) it will have no claim whatsoever against Jones Lang LaSalle for loss or damaged suffered by the instructing party or any third party; and

b) it will fully indemnify Jones Lang LaSalle against any loss, damage or liability (including all legal fees incurred in defending an action) in relation to a claim by any third party for any loss or damage suffered.

Environmental Issues

The recipient of the valuation acknowledges that Jones Lang LaSalle is not the relevant expert to prepare an environmental audit report and that this valuation will not in any way constitute an environment audit.
Town Planning and Other Statutory Regulations

Information on Town Planning is often obtained verbally from the Local Planning Authority and we recommend verification from the relevant authority be obtained that confirms:

a) the position is correctly stated in Jones Lang LaSalle report;
b) the property is not adversely affected by any other decisions made, or conditions prescribed by public authorities;
c) that there are no outstanding statutory notices.

Should the information provided to Jones Lang LaSalle prove to be incorrect, we reserve the right to amend our valuation.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations, including ordinances relating to fire regulations.

Structural Surveys

Jones Lang LaSalle does not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of the inspection will be noted in our valuation report, Jones Lang LaSalle is not able to give any assurance that any property is free from defect.

Deleterious Materials

Jones Lang LaSalle does not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials (eg. asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials have been used.

Site Conditions

Jones Lang LaSalle does not carry out investigations on site in order to determine the suitability of ground conditions, and the services, for any new development. Unless otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

Properties as Trading Businesses

Properties such as hotels, where the physical existence of the real estate is necessary for the conduct of the business, are valued as a fully operational business, either as a “going concern” with vacant possession or subject to management agreement as appropriate however on a vacant possession of the proposed Master Lease Agreement.

Our valuations assume the property has the benefit of all-necessary licences and fire certificates, unless stated to the contrary. It is further assumed that a prospective purchaser will normally engage the existing staff and sometimes management and would expect to take over the benefit of future bookings.

We do not take an inventory or separately assess the value of furniture, fittings and equipment but can arrange for such service to be provided. Jones Lang LaSalle presumes all these items are owned by the proprietor of the business unless otherwise informed. Those items hired or leased are presumed to be sufficiently secured by appropriate documentation and able to be transferred without penalty.
No allowance is made for any contingent tax liabilities to staff.

**Lease and Title Searches**

Jones Lang LaSalle does not normally inspect all leases or dealings on title. Where this would be required for the purpose of the valuation, we recommend that lawyers’ advice be obtained. Jones Lang LaSalle assumes, unless informed to the contrary, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other issues of an onerous nature which would have an affect on the value of the interest under consideration.

Enquiries as to the financial standing of actual lessees or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenants.

**Land Boundaries**

The valuation is made on the basis that there are no encroachments upon or by the subject property, however, should confirmation of this be required the services of a Consulting Surveyor should be engaged.

**Sub-Contracting**

Jones Lang LaSalle shall have the right to sub-contract the performance of all or part of the Services from time to time. Should this occur, Jones Lang LaSalle will nevertheless and unless otherwise specifically agreed, remain responsible to the Client for the due and proper performance of the Services.

**Information provided by Client**

The Client shall provide to Jones Lang LaSalle all information as is necessary or reasonably requested in order to enable us to properly perform the services.

The Client accepts that Jones Lang LaSalle is entitled to rely on the accuracy, sufficiency and consistency of any and all information supplied by the Client. Jones Lang LaSalle accepts no liability for any inaccuracies contained in information disclosed by the Client, whether prepared by the Client or by a third party and whether or not supplied directly to us by that third party.

Except where required by law or by any proper authority, all confidential information provided by the Client shall, except with the prior written consent of the Client, be kept confidential by Jones Lang LaSalle.

All confidential information provided by the Client will be returned, destroyed or erased upon the Client’s request, save that Jones Lang LaSalle reserves the right to retain one copy of the confidential information for the purposes only of compliance with any professional, legal or regulatory requirements or obligations (subject always to its continuing duty to treat such information as confidential).

**Information provided by Jones Lang LaSalle**

Copyright in all material of whatever nature prepared by Jones Lang LaSalle and provided to the Client or otherwise generated in the course of carrying out the Services shall remain the property of Jones Lang LaSalle. No part of any report, document or publication may be reproduced or transmitted or disclosed in any form or by any means, or stored in any database or retrieval system of any nature, without prior written permission of Jones Lang LaSalle.
All information and advice made available by Jones Lang LaSalle to the Client is for the sole use of the Client for the sole purpose for which it was prepared.

**Third Party Liability**

The Client acknowledges that, save in respect of Jones Lang LaSalle’s own sub-contractors, Jones Lang LaSalle does not warrant the performance, work or the products of others and shall not hold Jones Lang LaSalle responsible for the inspection or supervision of the execution of such performance, work or products. This provision is not abated where, in the performance of its Services, exposure of Jones Lang LaSalle to the performance, work or products of others is incidental and/or inevitable.

Neither the advice of Jones Lang LaSalle nor any of the services provided pursuant to the Instruction are intended, either expressly or by implication, to confer any benefit on any third party (other than a financier who is nominated to us in writing) and the liability of Jones Lang LaSalle to any third party is expressly disclaimed.

**Delay**

Jones Lang LaSalle shall not be responsible for any delay to the performance of the Services, where matters beyond Jones Lang LaSalle’s control cause such delay.

**Payment of Fees, Expenses and Disbursements**

Payment of the fees for the Services shall be calculated, charged and made as set out in the attached proposal or any variation thereto agreed by the Client and Jones Lang LaSalle.

The Client shall pay the expenses of and reimburse the disbursements incurred on its behalf by Jones Lang LaSalle as specified in the attached proposal.

All references to fees, expenses and disbursements are exclusive of any applicable government taxes. Any such taxes chargeable on Jones Lang LaSalle’s fees expenses and disbursements shall be paid by the Client.

Where for any reason Jones Lang LaSalle provides only part of the services as specified in the attached proposal. Jones Lang LaSalle shall be entitled to fees proportionate to those set out in the attached proposal that apportioned, based on our estimate of the percentage of completion.

In the event that invoices are not settled in full within 28 days of submission, Jones Lang LaSalle reserves the right to withdraw responsibility for work performed.

**Termination**

In the event that either party is in material or persistent breach of any of the terms of the Instruction, the other party may terminate the instruction if, upon the expiry of 14 days after serving notice on the party in default, steps have not been taken to remedy the breach.

On termination of the Instruction, Jones Lang LaSalle shall be entitled to, and shall be paid, fees for all Services provided to that time, in accordance with the above clause.
Liability

Jones Lang LaSalle’s liability is limited by a scheme approved under Professional Standards Legislation. Jones Lang LaSalle’s liability to the Client for loss or damage shall be limited to such sum as Jones Lang LaSalle ought reasonably to pay having regard to its direct responsibility for the same and on the basis that all other third parties shall, where retained by the Client, be deemed to have provided to the Client contractual undertakings in terms no less onerous than this Clause in respect of the performance of their services in connection with the Project, and shall be deemed to have paid to the Client such proportion as may be just and equitable having regard to the extent of their responsibility for such loss or damage.

Unless otherwise agreed, the liability of Jones Lang LaSalle’s to the Client for loss or damage claimed in respect of any instruction shall, notwithstanding the provisions of the paragraph above, in any event be limited to an aggregate sum not exceeding our total fees provided for in this mandate.

Unless and to the extent that they have been finally and judicially determined to have been caused by fraud, wilful default or negligence of Jones Lang LaSalle, the Client agrees to indemnify on demand and hold harmless Jones Lang LaSalle against all actions, claims, proceedings, losses, damages, costs and expenses whatsoever and howsoever arising from or in any way connected with the instruction or the provision of Services thereunder.

Unless and until any such agreement is reached and recorded in writing, Jones Lang LaSalle will accept no responsibility or owe no duties to the Client which relate to matters beyond the scope of the Services.

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INDEPENDENT HOSPITALITY INDUSTRY REPORT

Independent Hotel and Serviced Apartment
Market Industry Commentaries

May 2014

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1 Introduction

1.1 Client Brief

This report has been prepared in response to instructions dated 15 October 2013 and subsequently update instructions on 27 May 2014 received from Frasers Centrepoint Ltd requesting Jones Lang LaSalle Property Consultants Pte Ltd / Jones Lang LaSalle Hotels & Hospitality Group (“JLL”) to complete Independent Market Industry Commentaries on the hospitality sectors in seven markets in Asia Pacific and the United Kingdom. The report was delivered to Frasers Hospitality Asset Management Pte. Ltd, The Trust Company (Asia) Limited and Frasers Hospitality Trust Management Pte. Ltd. (the “Client”).

The list of cities and properties (“Assignment”) to be covered is as follows:

**ASIA**

<table>
<thead>
<tr>
<th>No.</th>
<th>City</th>
<th>Name of Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Singapore</td>
<td>InterContinental Singapore</td>
</tr>
<tr>
<td>2</td>
<td>Singapore</td>
<td>Fraser Suites Singapore</td>
</tr>
</tbody>
</table>

**Malaysia**

<table>
<thead>
<tr>
<th>No.</th>
<th>City</th>
<th>Name of Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Kuala Lumpur</td>
<td>The Westin Kuala Lumpur</td>
</tr>
</tbody>
</table>

**Japan**

<table>
<thead>
<tr>
<th>No.</th>
<th>City</th>
<th>Name of Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Kobe</td>
<td>ANA Crowne Plaza Kobe</td>
</tr>
</tbody>
</table>

**AUSTRALIA**

<table>
<thead>
<tr>
<th>No.</th>
<th>City</th>
<th>Name of Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sydney</td>
<td>Fraser Suites Sydney</td>
</tr>
<tr>
<td>2</td>
<td>Sydney</td>
<td>Novotel Rockford Darling Harbour</td>
</tr>
</tbody>
</table>

**UNITED KINGDOM**

<table>
<thead>
<tr>
<th>No.</th>
<th>City</th>
<th>Name of Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>London</td>
<td>Park International Hotel</td>
</tr>
<tr>
<td>2</td>
<td>London</td>
<td>Best Western The Cromwell</td>
</tr>
<tr>
<td>3</td>
<td>London</td>
<td>Fraser Place Canary Wharf</td>
</tr>
<tr>
<td>4</td>
<td>London</td>
<td>Fraser Suites Queens Gate</td>
</tr>
<tr>
<td>5</td>
<td>Glasgow</td>
<td>Fraser Suites Glasgow</td>
</tr>
<tr>
<td>6</td>
<td>Edinburgh</td>
<td>Fraser Suites Edinburgh</td>
</tr>
</tbody>
</table>

The assignment has been undertaken in collaboration with our regional hotel operatives in Japan, Australia and the United Kingdom.
The Independent Market Industry Commentaries have been prepared for inclusion in the prospectus to be issued in connection with the initial public offering (the "IPO") on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). We have been advised that the market industry commentaries are for inclusion in your prospectus to be submitted as part of your listing exercise and in such presentation materials prepared by or on behalf of the company in relation to the IPO.

1.2 Statement of Assumptions and Limiting Conditions

This report is provided to the Client for the purpose of the proposed IPO on the SGX-ST and is not to be copied or redistributed to any other person or corporation without the prior written consent of JLL.

No liability for negligence or otherwise is assumed by JLL for the material contained in the report. Any liability on the part of JLL, its servants or agents for damages for any claim arising out of or in connection with this report, other than liability which is totally excluded by this clause, shall not (whether or not such liability results from or involves negligence) exceed USD 1,000.

All terms and conditions for the material contained in the report will remain per the terms and conditions outlined in our mandate dated 15 October 2013.

The information contained in the report has been prepared in good faith and with due care by JLL. We confirm that this report has been written in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of this report.

The nominated parties should take note however that calculations contained in the report are based on figures provided to JLL by outside sources that have not been independently verified by JLL. The information contained in this report is as of date of our research, May 2014. The projections contained in the report therefore represent best estimates only and may be based on assumptions which, while reasonable, may not be correct. Such projections represent only one possible result depending on the assumptions adopted.

Yours truly,
For and on behalf of
Jones Lang LaSalle Property Consultants Pte. Ltd.
Hotels and Hospitality Group
CEA License No. L300729E

[Signature]

Scott Hetherington
Director, Jones Lang LaSalle Property Consultants Pte. Ltd.
Chief Executive Officer, Asia, Hotels & Hospitality Group
2 Asia Pacific Market Overview

2.1 Trading Outlook & Market Sentiment

According to JLL’s May 2014 Hotel Investor Sentiment Survey, investor expectations for trading across Asia Pacific increased significantly over the past six months. Sentiment for short term trading catapulted 26.3 points compared to our November 2013 survey to 51.8% and medium term expectations rose 13.7 points to 54.2%.

Improvements in the global economy, burgeoning travel markets and a moderation in Asian development projects are underpinning this shift in sentiment. As a result, trading performance expectations for both the short and medium term are now at the highest level since 2007. This provides a clear signal that investors believe the troubled days of the global financial crisis are now behind us.

Economic activity across Asia Pacific further improved in the second half of 2013 however, growth is expected to accelerate modestly to about 5.5% in both 2014 and 2015, supported by more competitive exchange rates in some cases as well as strong labour markets and still-buoyant credit growth. By contrast, Asia Pacific’s hotel development supply increases are projected to average 5.4% per annum over the same period with commencements having slowed across the region.

In the short term, a challenge for many Asian economies rests with damaging political sentiment. Since the army seized control of Thailand in May 2014, more than USD 15 billion of planned investments have been put on hold, and a sharp fall in GDP is now forecast. Indonesia continues to be challenged by a complex political system and high incidence of corruption meaning the lack of political consensus risks holding back economic progress over the medium term. Conversely, Vietnam’s growth prospects have deteriorated slightly due to a more cautious outlook for intra-Asian trade and renewed territorial disputes with Mainland China.

Asia Pacific Trading Performance Expectations 2000 to 2014

Note: * Weighted by number of responses
Source: JLL
2.2 Hotel Investment Outlook

Hotel transactional activity surged in 2013, increasing almost 200% to just above USD 9.5 billion, as investor confidence returned to pre-global financial crisis levels. Strong investor sentiment and importantly, the availability of quality hotel assets (particularly in Singapore and Tokyo), were key reasons behind the impressive result. Australasian transactions grew by a respectable 110% buoyed by landmark hotel deals in Sydney and the Tourism Asset Holdings portfolio sale to the Abu Dhabi Investment Authority.

Asia Pacific Hotel Transaction Volume 2008 to 2013

Source: JLL

Throughout Asia Pacific, Mainland China, Japan, Singapore and Australia dominated deal flow with all four countries recording the highest annual volume in the post-crisis era, but with asset sales occurring in many countries across the region. Overall, 2013 represented the second highest year of transactions on record, following 2007.

Despite investors having access to cheaper debt and sources of equity, the only drag on the Asia Pacific hotel investment market in 2013 was a lack of available stock with some sellers reluctant to relinquish assets in a generally rising market of which we expect to see repeated in 2014. Of the hotels that did transact, sellers held firm whilst buyers moved to meet market expectations.

Asia Pacific hotel transaction volume is projected to moderate in 2014 to around USD 6.0 billion. It is expected that fewer landmark deals will cause a reduction in overall sales volumes, while deal flow remains buoyant with a greater depth of small asset sales. The average single asset size will therefore reduce to the long term trend. Higher volumes will also be held back by a lack of investment opportunities and portfolio transactions.

Three new hotel and hospitality REITs listed in Asia in 2013, including the first in Mainland China, bringing the total to 11 in the region. Asian REITs are generally attached to a family company or sponsor, reluctant to surrender control, and it is often this relationship which dictates listing success. This therefore represents quite a different structure to Australia and the United States of America (USA). For Mainland Chinese investors, the favoured route has been an Initial Public Offering (IPO) listing in Hong Kong, enabling greater freedom for the movement of capital across the globe.
While more groups are considering monetising portfolios through the public markets, any change in the economic fundamentals could see the environment shift, particularly while quantitative easing looms. Diversification will be the key, limiting exposure to any one segment or geography.

Asia Pacific Hotel Transaction Volume 1998 to 2014F

Source: JLL
3  Singapore Market Overview

3.1  Executive Summary

Singapore is a highly industrialized economy renowned for its strong economic fundamentals and prudent macroeconomic policies. The city is a key financial, manufacturing and services hub in Asia. Historically, the government has actively welcomed foreign investment and inked bilateral-trade deals with the USA, Australia, Japan, New Zealand and India, among other countries. As a key commercial hub in Asia, the city attracts both global and regional corporate tourism.

Singapore has continuously improved on its tourism offering, attracting many leisure visitors. New tourist attractions developed over the past few years include the Singapore Flyer, the ArtScience Museum, Gardens by the Bay, River Safari and the two integrated resorts – Marina Bay Sands and Resorts World Sentosa. Singapore has staged several global events including the inaugural Singapore 2010 Youth Olympic Games, Formula One SingTel Singapore Grand Prix and the Volvo Ocean Race. Tourist attractions in the pipeline include the Singapore Sports Hub at Kallang (June 2014); the National Art Gallery (2015); and the development of the Jurong Lake District over the next five to ten years.

Singapore’s hotel inventory comprised a total of 54,962 gazetted and non-gazetted rooms in 2013 according to the STB. Approximately 3,340 rooms opened during the year, recording growth of 6.5% over 2012. A majority of the hotel openings were in the upscale and midscale sectors.

Between 2009 and 2013, the luxury hotel market in Singapore has recorded a significant improvement in trading performance. During this period, Average Daily Rates (ADR) showed a compound annual growth rate (CAGR) of 8.4%, increasing from SGD 311 in 2009 to SGD 431 in 2013, corresponding to an increase in occupancy levels from 67.5% in 2009 to 85.1% in 2013. This was due to a rebound of corporate and Meetings, Incentives, Conventions and Exhibitions (MICE) demand following the Global Financial Crisis and several new events which further drove leisure demand.

3.2  Singapore Economic Market Overview

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth (%)</td>
<td>15.06</td>
<td>6.00</td>
<td>1.90</td>
<td>4.04</td>
<td>3.61</td>
<td>3.52</td>
<td>3.81</td>
</tr>
<tr>
<td>GDP (USD billions, PPP)</td>
<td>267.86</td>
<td>283.94</td>
<td>289.33</td>
<td>301.02</td>
<td>311.90</td>
<td>322.89</td>
<td>335.18</td>
</tr>
<tr>
<td>GDP Per Capita (USD, PPP)</td>
<td>52,760</td>
<td>54,774</td>
<td>54,462</td>
<td>55,747</td>
<td>56,989</td>
<td>58,216</td>
<td>59,642</td>
</tr>
<tr>
<td>Consumer Price index (% change)</td>
<td>2.82</td>
<td>5.25</td>
<td>4.58</td>
<td>2.36</td>
<td>2.92</td>
<td>2.93</td>
<td>2.29</td>
</tr>
<tr>
<td>Exchange Rate (LCU / USD)</td>
<td>1.29</td>
<td>1.30</td>
<td>1.22</td>
<td>1.27</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>2.18</td>
<td>2.03</td>
<td>1.93</td>
<td>1.90</td>
<td>1.90</td>
<td>1.83</td>
<td>1.82</td>
</tr>
<tr>
<td>Population (million)</td>
<td>5.08</td>
<td>5.18</td>
<td>5.31</td>
<td>5.40</td>
<td>5.47</td>
<td>5.55</td>
<td>5.62</td>
</tr>
</tbody>
</table>

Source: Oxford Economics, F= Forecast

In 2013, Singapore’s economy recorded a 4.1% growth, exceeding Ministry of Trade and Industry’s (MTI) growth forecasts of 3.5% to 4.0%, and doubling the 1.9% growth registered in 2012. The strong performance in 2013 was underpinned by the finance and insurance, and wholesale and retail trade sectors, which recorded robust growth of 10.6% and 5.0% respectively. Singapore’s economy continued
on the growth trajectory in early 2014, registering a 4.9% year-on-year (y-o-y) increase in Q1 2014, according to MTI.

Singapore’s economy is expected to grow moderately by 2% to 4% in 2014, according to forecasts announced by the MTI. Economic expansion is expected to continue on the back of the recovery in externally-oriented sectors such as manufacturing and wholesale trade, in tandem with the recovery in global demand. Domestic demand is also expected to stay resilient. However, overall growth may be capped by supply-side constraints, particularly in the tight labour market.

The central bank’s policy framework focuses on managing the exchange rate, aimed primarily at promoting price stability as the basis of sustainable economic growth. Since 1981, it has used the Singapore Dollar’s exchange rate against an undisclosed trade-weighted basket of currencies rather than interest rates to support economic growth while maintaining domestic price stability. The Monetary Authority of Singapore (MAS) guides the exchange rate to appreciate or depreciate depending primarily on whether expected inflationary pressures are strong or weak.

The MAS maintained its tight monetary policy stance at the October 2013 and April 2014 meetings. This stance, implying a modest and gradual appreciation of the Singaporean Dollar is expected to continue for the rest of 2014. This will contain domestic and imported sources of inflation, as well as ensure medium-term price stability for sustainable growth. The currency currently stands at SGD 1.26 per USD 1.00 as at end April 2014, based on data released by MAS. In the medium term, the strength of economic fundamentals and the positive trade balances mean the Singapore Dollar is likely to remain at a stronger level relative to other Asian currencies.

3.3 Tourism Overview

Visitor Arrivals

In 2013, total international visitor arrivals to Singapore recorded 15.6 million, achieving a 7.4% y-o-y growth rate over 2012, according to the Singapore Tourism Board (STB). This exceeded the forecasts set in 2013, which targeted 14.8 to 15.5 million arrivals. Tourism receipts were recorded at SGD 23.5 billion in 2013, meeting STB’s forecast of SGD 23.5 to SGD 24.5 billion for 2013.

Moving forward, the STB is forecasting visitor arrivals to range between 16.3 million and 16.8 million in 2014, representing a y-o-y increase of about 4.7% to 7.9%. The MTI expects the next phase of tourism growth to come through increasing visitor spend rather than visitor numbers. In line with this, Singapore is targeting higher-yielding tourists through various marketing initiatives.
**Average Length of Stay**

According to latest statistics from the STB, approximately 24.4% of visitors stay for less than one day in Singapore, followed by 20.0% who stay for a single day and 16.9% who stay for two days. The short length of stay for majority of visitors indicates that many visitors transit through Singapore given that Singapore Changi Airport is a major air hub with extensive flight connectivity regionally and globally.

Between 2008 and 2012, the average length of stay has declined from 4.0 to 3.5 days. While the average length of stay is not yet available for 2013, a reduction over recent years is possibly due to the proliferation of the low cost carrier industry which has provided more affordable travel options within the region. This has encouraged repeat short-stay visitation, especially for regional travellers.
Seasonality

As Singapore is both a corporate and leisure destination with consistent weather patterns throughout the year, there are no major fluctuations in visitor arrivals.

From May to August, higher visitation numbers are recorded, coinciding with the annual Great Singapore Sale, the winter season in Australia and the summer holidays in Europe and the USA. October and November are typically stronger corporate months. Late November to December coincides with the regional year-end school holidays and Christmas / New Year festive holidays which usually draw many visitors to the city. The lull period is generally around the Chinese New Year period in January / February.

Geographic Origin

Top 10 Source Markets (2012 - 2013)

Source: Singapore Tourism Board (STB)
Based on the latest statistics on geographical source markets from the STB, as at end of 2013, Indonesia continues to be Singapore’s top source market, with visitor arrivals registering an increase of 8.9% over the previous year. Mainland China recorded an 11.6% growth in 2013, and was the second largest source market to Singapore during the year. The growth in Mainland Chinese visitors was robust in the first three quarters of 2013 due to the strong outbound Chinese visitation and twinning traffic with Malaysia. However, from October to December 2013, Mainland Chinese visitors showed a 30.8% y-o-y decline due to the country’s austerity measures on spending from October 2013 onwards which had an impact on outbound travel from Mainland China.

Other major source markets to Singapore comprise mainly of Asia Pacific countries including Malaysia (8.2%), Australia (7.2%), India (6.0%), Japan (5.3%) and Hong Kong (3.5%). These markets have shown healthy y-o-y growth as at end 2013.

Of the major source markets, Hong Kong and Japan recorded strong growth rates of 14.3% and 10.0% y-o-y respectively. New flights between Hong Kong and Singapore by low cost carriers such as Scoot encouraged visitation. An increase in Japanese visitors was reflective of a rebound in tourists to Singapore after the 2011 earthquake in Japan and ongoing political tensions between Japan and Mainland China which has resulted in some Japanese visitors choosing Singapore as an alternative destination during the year.

**Key Demand Drivers**

The Singapore government remains committed to supporting the local tourism and hospitality industry to achieve its 2015 goal of 17 million visitor arrivals, SGD 30 billion in tourist receipts and the creation of an additional 100,000 jobs in the service sector.

Over the past six years, since the ‘Tourism 2015’ plan was put in place, the tourism landscape in Singapore has seen many positive changes. New tourist attractions have been developed across the island city including the Singapore Flyer, the ArtScience Museum, Gardens by the Bay and the two integrated resorts – Marina Bay Sands and Resorts World Sentosa.

Singapore has also staged many global events in recent years including the inaugural Singapore 2010 Youth Olympic Games, Formula One SingTel Singapore Grand Prix and the Volvo Ocean Race. In September 2012, Formula One announced that they will continue the Grand Prix Night Race in Singapore for another five years. In April 2013, a new nature tourism attraction, the River Safari, opened which will complement the city state’s current offerings, including the Singapore Zoo, the Night Safari and Jurong Bird Park.

Future tourist attractions include the Singapore Sports Hub at Kallang (June 2014); Madame Tussauds Singapore and the Trickeye Museum in Sentosa (June 2014); the National Art Gallery (2015); and the development of the Jurong Lake District over the next five to ten years.

Corporate demand in Singapore is likely to remain stable in the short to medium term as Singapore remains one of the key economic hubs in Asia Pacific with its prudent economic policies that continue to attract foreign firms and investors.

According to the latest global rankings by the International Congress and Convention Association (ICCA), Singapore was Asia’s Top Convention City for the 12th consecutive year in 2013, affirming the city’s position as a MICE destination. In 2013, Singapore hosted a record number of 175 ICCA events, registering a 16.7% improvement from 150 events in 2012 and recording the strongest y-o-y increase since
2005. In the long term, Singapore is still poised to continue its stable growth as it is able to attract high profile events and delegates beyond Southeast Asia.

**Accessibility / Infrastructure Developments**

Singapore’s Changi Airport is the fifth busiest airport in the world by international passengers received, and is a major airport hub in Asia. In 2013, Changi Airport received 57.3 million passengers. The airport serves more than 100 international airlines which flies to 270 cities in approximately 60 countries. In 2012, the Budget Terminal which previously served low cost carriers, closed to make way for the construction of Terminal 4 which will have a passenger capacity of 16 million a year when ready in 2017, bringing the airport’s handling capacity to 82 million passengers. Terminal 4 will feature the debut of several fast and seamless travel (FAST) initiatives in Changi Airport including self-service and automated options during check-in, bag drop, and immigration clearance at the departure gate.

In August 2013, Changi Airport Group released its concept plans for developing an iconic mixed-use complex on the existing car park fronting Terminal 1, code-named ‘Project Jewel’, which is scheduled for completion in 2018. This enhancement will increase Terminal 1’s current passenger handling capacity of 21 million to 24 million per annum. The complex is envisaged to provide aviation and travel-related facilities as well as a variety of retail offerings and leisure attractions.

Singapore’s mass rapid transit (MRT) system is being enhanced with the development of a fifth line, the Downtown Line in Singapore. The new MRT line which will be completed in phases between 2013 and 2017, will serve the north-western and central-eastern regions of Singapore to the central areas of the city. Phase one of the Downtown Line opened in December 2013 with six stations.

The Marina Bay Cruise Centre Singapore (MBCCS) officially opened in October 2012. In 2013, cruise passengers and cruise ships recorded a 13% and 17% y-o-y increase respectively to 1.03 million cruise passengers and 391 ships. The opening of the MBCCS in addition to the Singapore Cruise Centre has enabled Singapore to handle an increase in cruise passengers and larger cruise ships. In addition, Changi Airport Group, STB and Princess Cruises have announced a new fly-cruise initiative in May 2014 to grow the cruise industry in Singapore.

### 3.4 Accommodation Market Overview

**Location Brief**

The STB categorises the hotel market in Singapore into luxury, upscale, mid-tier and economy categories. Hotels in Singapore are classified based on several factors including average room rates, locality and product quality. The majority of hotels are situated in Singapore’s city centre in the following main districts / locations:

- **Orchard Road** – Singapore’s main shopping belt with an extensive choice of retail, entertainment, dining, office and hotel offerings. Major four- and five-star hotels located in this area include the Four Seasons Hotel, Singapore Marriott Hotel, Mandarin Orchard Singapore, Grand Hyatt Singapore, Orchard Hotel, Goodwood Park Hotel, Royal Plaza on Scotts, Holiday Inn Singapore Orchard City Centre, Hilton Singapore, The Concorde Hotel Singapore and Grand Park Orchard. Most of these hotels target leisure and corporate travellers. Major serviced apartments located in Orchard Road include the Fraser Residence Orchard, Orchard Parksuites, Pan Pacific Serviced Suites Orchard and Somerset Orchard Singapore.
- **Bras Basah / Bugis** – This area is characterised by a vibrant arts, culture, entertainment and education hub, with several city campuses, the National Library of Singapore, Singapore Arts Museum and several other art houses and education centres. A series of pedestrian malls and plazas provide lively spaces for bazaars, outdoor events and activities. Hotels concentrated in this area include the Rendezvous Hotel Singapore, InterContinental Singapore, Strand Hotel, Ibis Singapore on Bencoolen and The City Bayview Hotel Singapore. There are also several serviced apartment developments in this district such as the Citadines Mount Sophia Singapore, Somerset Bencoolen and Pan Pacific Serviced Suites Beach Road.

- **Marina Bay / Suntec City** – A well-established mixed-use hub comprising offices, hotels, shopping and convention facilities such as the Suntec Singapore International Convention & Exhibition Centre and The Raffles City Convention Centre. Major hotels in this locality include Marina Bay Sands, The Ritz-Carlton Millenia Singapore, Conrad Centennial Singapore, Pan Pacific Hotel and Marina Mandarin. While this area caters primarily to corporate and MICE travellers, Marina Bay Sands attracts many leisure travellers as it provides extensive shopping, dining and entertainment facilities.

- **Raffles Place / Tanjong Pagar / Singapore River** – This is the core commercial and financial district in Singapore comprising high rise office buildings, conservation shop houses, residential developments and hotels. The Clarke Quay and Boat Quay areas along the Singapore River offer many entertainment and dining options and is one of the key attractions in Singapore. Major hotel establishments in these areas include The Westin Singapore, Carlton City Hotel, The Fullerton Hotel, The Fullerton Bay Hotel, Studio M Hotel, Swissotel Merchant Court Singapore, M Hotel Singapore, Parkroyal on Pickering, Grand Copthorne Waterfront, Copthorne Kings, Amara Hotel Singapore and The Gallery Hotel. Serviced apartments located in this area include the Ascott Raffles Place Singapore and Somerset Liang Court.

- **Civic District / City Hall** – This area is the historical seat of the Government and home to many of Singapore’s conserved buildings and monuments, many of which now house arts and cultural facilities, as well as parks and major open spaces. Tourist attractions include the War Memorial Park, Fort Canning Park and Chijmes. Hotels in this area, such as Raffles Hotel Singapore, Fairmont Singapore, Swissotel The Stamford, Naumi Hotel Singapore and Carlton Hotel Singapore, which serve both tourists and business travellers.

- **Sentosa** – Singapore’s resort island, Sentosa, also offers a number of mid- to high-end accommodation options. Resorts World Sentosa, one of Singapore’s integrated resorts, opened on Sentosa Island in 2010 and now features hotels and other facilities such as Universal Studios Singapore, MICE facilities, a casino as well as retail and dining facilities. Other hotels on Sentosa comprise of Capella Singapore, W Singapore Sentosa Cove, The Sentosa Resort and Spa, Amara Sanctuary Resort Sentosa, Shangri-La’s Rasa Sentosa Resort Singapore and The Mövenpick Heritage Hotel Singapore.

*Existing Hotel Supply*

Singapore’s hotel inventory comprised a total of 54,962 gazetted and non-gazetted rooms in 2013 according to the STB. Approximately 3,340 rooms opened during the year, recording a 6.5% growth over 2012. International branded hotels which opened in Singapore in 2013 include the 220-room Holiday Inn Express Orchard Road, the 305-room The Westin located at Asia Square, the 384-room Ramada Singapore at Balester and the 367-room Parkroyal on Pickering. The 305-room The Westin opened in November 2013, bringing the hotel brand back to Singapore after a 10-year absence. In addition, several
hotels opened outside the city centre areas including the 251-room Park Avenue Changi, the 313-room Capri by Fraser and the 229-room Village Hotel Katong.

As at YTD April 2014, there has been two hotel openings comprising the 442-room Holiday Inn Express Clarke Quay and the 75-room Aqueen Hotel located at Jalan Besar. This is the second Holiday Inn Express hotel to open in Singapore, with the first debuting on Orchard Road in 2013.

**Future Hotel Supply**

Approximately 10,174 rooms are anticipated to enter Singapore’s hotel market between January 2014 and December 2018, excluding any proposed Government Land Sales sites for hotels.

In 2014, major hotel openings in the pipeline include the Sofitel So Singapore and Traders Orchardgateway. These hotels will be located in prime areas in the central business district (CBD) and Orchard Road.

Assuming all the proposed projects materialise from 2014 to 2018, Singapore’s hotel room inventory will grow by approximately 18.5% from 54,962 rooms in January 2014 to 65,136 rooms by December 2018.

![Additions to Hotel Supply in Singapore (2014 - 2018)](chart)

**Luxury Hotel Trading Performance**

The following STR Global statistics are based on a basket of 15 hotels across 5,918 rooms. As at YTD April 2014, luxury hotel occupancies were recorded at 79.9% corresponding to a 5.9% y-o-y increase in Average Daily Rate (ADR) to SGD 414. Revenue per Available Room (RevPAR) of the luxury hotel sector was recorded at SGD 331, driven mainly by the rate growth. Hotel trading performance remains strong with robust corporate and MICE demand.

Moving forward, given the entry of several new luxury hotels including the opening of The Westin Singapore in late 2013 and the Sofitel So Singapore (due for completion in end May 2014), room rates for corporate clients will remain competitive.
Existing Serviced Apartment Supply

The existing stock of serviced apartments including major international and local serviced apartment operators in Singapore as at April 2014 stands at approximately 36 serviced apartments with approximately 4,800 units. Major serviced apartment operators accounting for this supply include Far East Hospitality (21.7%), Frasers Hospitality (17.8%), The Ascott Limited (15.2%), Park Avenue Hotels & Suites (9.5%) and Pan Pacific Hotels and Resorts (8.3%).

The serviced apartment inventory is relatively stable in Singapore with most developments being completed in the 1990s. A significant proportion of serviced apartments are located in prime residential districts as these areas are often preferred by corporate clientele. Anecdotal evidence indicates that the Orchard Road district is the most popular area amongst corporate clientele for serviced apartments.

Additions to supply in recent years have been limited to a few developments. In 2013, there were two major additions to supply – the 180-room Pan Pacific Serviced Suites Beach Road and the 313-room Capri by Fraser. The Pan Pacific Serviced Suites Beach Road is Pan Pacific Hotels and Resorts’ third serviced apartment in Singapore. Capri by Fraser is operated by Frasers Hospitality as a hotel residence, catering mostly to corporate guests from Changi Business Park as well as leisure visitors.

Future Serviced Apartment Supply

We are unaware of any upcoming new developments in the pipeline. However, we have not taken into account any non-branded serviced apartments in the new supply.
Marketwide Serviced Apartment Trading Performance

Serviced Apartments Trading Performance in Singapore

The STR Global statistics as shown above are based on a basket of 21 serviced apartments with 3,158 units in 2014. As at YTD April 2014, serviced apartment trading performance recorded a marginal decline in both occupancy and ADR. Occupancy decreased by 1.9 percentage points decline to 77.4% while ADR showed a decline of 2.1% to SGD 230 resulting in a RevPAR of SGD 224. This might be due to the addition of the Pan Pacific Serviced Suites Beach Road in 2013 to some extent.

The STR Global statistics from 2007 to 2013 were based on a smaller sample of 10 serviced apartments with 1,556 units but the sample has been changed in 2014. As at end-2013, trading performances of the serviced apartments recorded a significant 6.9 percentage point increase in occupancy following the completion of the refurbishment of the Fraser Suites Singapore in 2012.

That said, Singapore remains a major regional hub for many companies and expatriates are increasingly being placed in Singapore to oversee specific projects in the region. These projects are typically less than two years and include industries such as oil and gas exploration, infrastructure, healthcare, as well as banking and financial activities.

3.5 Investment Market

Hotels in Singapore rarely change hands and are tightly held by family companies and publicly listed entities. That said, there have been some major transactions in 2013. The Grand Park Orchard (and adjoining Knightsbridge retail podium) was the largest single commercial property transaction in Singapore’s history, settling in October 2013 for an undisclosed figure. The Westin transacted at SGD 468 million (SGD 1.5 million per room) according to industry sources.
<table>
<thead>
<tr>
<th>Property</th>
<th>Transaction Date</th>
<th>Rooms</th>
<th>Price (SGD)</th>
<th>Estimated Price per room (SGD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Westin Singapore</td>
<td>Dec-13</td>
<td>305</td>
<td>468,000,000</td>
<td>1,534,000</td>
</tr>
<tr>
<td>Park Avenue Changi Hotel &amp; Suites</td>
<td>Nov-13</td>
<td>251</td>
<td>138,000,000</td>
<td>550,000</td>
</tr>
<tr>
<td>Park Regis</td>
<td>Oct-13</td>
<td>203</td>
<td>165,000,000</td>
<td>813,000</td>
</tr>
<tr>
<td>Grand Park Orchard (with Knightsbridge retail podium)</td>
<td>Oct-13</td>
<td>308</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
<tr>
<td>Hotel 1929</td>
<td>Sep-13</td>
<td>32</td>
<td>35,000,000</td>
<td>1,094,000</td>
</tr>
<tr>
<td>Sentosa Resort &amp; Spa</td>
<td>Aug-13</td>
<td>215</td>
<td>210,850,000</td>
<td>981,000</td>
</tr>
<tr>
<td>Rendezvous Grand Hotel</td>
<td>Aug-13</td>
<td>298</td>
<td>236,000,000</td>
<td>792,000</td>
</tr>
<tr>
<td>Gallery Hotel</td>
<td>Aug-13</td>
<td>222</td>
<td>232,500,000</td>
<td>1,047,000</td>
</tr>
<tr>
<td>Park Hotel Clarke Quay</td>
<td>Jun-13</td>
<td>336</td>
<td>300,000,000</td>
<td>893,000</td>
</tr>
<tr>
<td>Berjaya Hotel</td>
<td>May-13</td>
<td>49</td>
<td>50,000,000</td>
<td>1,020,000</td>
</tr>
<tr>
<td>Hotel Windsor</td>
<td>May-13</td>
<td>225</td>
<td>163,000,000</td>
<td>724,000</td>
</tr>
<tr>
<td>Ibis Novena</td>
<td>Mar-13</td>
<td>241</td>
<td>150,000,000</td>
<td>622,000</td>
</tr>
</tbody>
</table>

Source: JLL

3.6 Market Outlook

International visitor arrivals to Singapore have shown a significant CAGR of 9.8% from 2003 to 2013, indicating the popularity of the city-state as a corporate and leisure destination. In 2013, visitor arrivals to Singapore were recorded at 15.6 million, representing a 7.4% increase from 2012. In the short to medium term, the MTI expects tourism growth to come via increasing visitor spend instead of visitor numbers. The Singapore government continues to support the tourism industry through various initiatives in view of its 2015 goal of 17 million visitor arrivals and SGD 30 billion in tourist receipts.

Regional markets such as Indonesia, Mainland China and Malaysia are likely to remain the key source markets to Singapore, given their proximity to Singapore and the presence of low cost carriers linking these countries to Singapore. Corporate demand is anticipated to remain stable in the short to medium term as Singapore remains one of the key commercial hubs in Asia Pacific. Singapore is also a popular MICE destination and the city was Asia’s Top Convention City for the 12th consecutive year in 2013, according to the latest global rankings by the ICCA. Leisure demand is expected to be driven by new tourism offerings in the next few years, including the Sports Hub which has a pipeline of events lined up in 2014, for instance the BNP Paribas WTA Finals Singapore in October 2014.

The opening of the cruise terminal, Marina Bay Cruise Centre Singapore (MBCCS), in October 2012 is likely to bring in more cruise passengers as the city is now able to handle larger cruises and passenger volumes. In addition, the new fly-cruise collaboration between Changi Airport Group, STB and Princess Cruises which was announced in May 2014 is likely to benefit the tourism industry in Singapore. Enhancements to Singapore Changi Airport, including the development of Terminal 4 (2017), the development of an iconic mixed-use complex at Changi Airport (2018) as well as improvements in the public transportation system with the addition of a new MRT line will also improve the ease of accessibility for visitors to and from Singapore and within the country.
Occupancy levels of the luxury hotel market have remained relatively stable between 2011 and YTD April 2014, achieving occupancy above 80%. This corresponds to an ADR of between SGD 397 and SGD 431. We anticipate luxury hotel trading performance in Singapore to grow moderately in the short term in view of the upcoming supply of upscale and luxury hotels in 2014 and 2015. Given that the MTI expects externally-oriented sectors such as manufacturing and wholesale trade industries to support growth in 2014, corporate demand is likely to match this growth.

With regards to serviced apartments, sound trading performance is likely to remain in the short term in view of stable corporate demand to Singapore and limited additions to supply. Project groups and corporate relocation are likely to remain the two main segments for serviced apartments. Given the tightening of corporate budgets, companies may increasingly provide for relocation of singles and couples rather than families; hence, one-bedroom apartments will likely continue to be the most popular unit type at serviced apartments.

Encouragingly, Singapore continues to experience the positive impact of induced demand, both from a leisure and MICE perspective, from the Integrated Resorts which to date have generated demand primarily from markets in close proximity to Singapore such as Mainland China. The MTI maintains its forecast for GDP growth in 2014 from 2.0% to 4.0%, indicating a gradual improvement in the market going forward.

### 3.7 InterContinental Singapore

<table>
<thead>
<tr>
<th>InterContinental Singapore</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>80 Middle Road</td>
</tr>
<tr>
<td></td>
<td>Singapore 188966</td>
</tr>
<tr>
<td>No. Rooms:</td>
<td>406 rooms including 19 suites</td>
</tr>
<tr>
<td>Executive Club:</td>
<td>Club Lounge</td>
</tr>
<tr>
<td>Meeting Space:</td>
<td>13 meeting rooms for up to 370 guests, banquet style</td>
</tr>
<tr>
<td>Food &amp; Beverage:</td>
<td>Olive Tree – all day dining restaurant</td>
</tr>
<tr>
<td></td>
<td>Man Fu Yuan – Cantonese cuisine</td>
</tr>
<tr>
<td></td>
<td>KO – Japanese cuisine</td>
</tr>
<tr>
<td></td>
<td>The Lounge – lobby lounge</td>
</tr>
<tr>
<td></td>
<td>Victoria Bar – drinks and snacks</td>
</tr>
<tr>
<td></td>
<td>Aroma Deli – snacks</td>
</tr>
<tr>
<td>Other Facilities:</td>
<td>Business Centre, Gymnasium, Swimming Pool and Spa</td>
</tr>
</tbody>
</table>

Source: Hotel Management

In 2010, the InterContinental Singapore completed a refurbishment which included the renovation of 65 shop house rooms, the conversion of four additional rooms to an executive lounge and renovation of the Cantonese restaurant, Man Fu Yuan. We understand there are plans for renovating the guestrooms in the hotel, the food and beverage outlets and the reception area in mid-2014. The renovations will take approximately one and a half years to complete.

**Hotel Operator Information**

The InterContinental Singapore is operated by InterContinental Hotels Group (IHG) under the InterContinental brand. IHG is a global hospitality company which manages franchises and owns hotels and resorts under nine distinct brands comprising InterContinental, Crowne Plaza, Hotel Indigo, Holiday Inn,
Holiday Inn Express, Staybridge Suites, Candlewood Suites, EVEN Hotels and HUALUXE Hotels and Resorts.

As at May 2014, IHG had 4,700 hotels with over 688,517 hotel rooms in nearly 100 countries of which less than 1% of the hotels are owned or leased. IHG has approximately 1,000 hotels in the pipeline worldwide.

IHG currently has six hotels in Singapore under the InterContinental, Crowne Plaza, Holiday Inn and Holiday Inn Express brands with 2,215 rooms as at May 2014.

Existing Competitive Hotels – InterContinental Singapore

The property-defined competitive set comprises a group of five properties, all of which are located in the City Hall and Marina Bay areas in Singapore.

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>InterContinental Singapore</td>
<td>406</td>
<td>InterContinental Hotels Group</td>
</tr>
<tr>
<td>Fairmont Singapore</td>
<td>769</td>
<td>Fairmont Raffles Hotels International Hotels &amp; Resorts</td>
</tr>
<tr>
<td>Mandarin Oriental Singapore</td>
<td>527</td>
<td>Mandarin Oriental Hotel Group</td>
</tr>
<tr>
<td>Conrad Centennial Singapore</td>
<td>507</td>
<td>Hilton Hotels &amp; Resorts</td>
</tr>
<tr>
<td>Pan Pacific Singapore</td>
<td>790</td>
<td>Pan Pacific Hotels and Resorts</td>
</tr>
<tr>
<td>Swissotel The Stamford</td>
<td>1,261</td>
<td>Fairmont Raffles Hotels International Hotels &amp; Resorts</td>
</tr>
<tr>
<td><strong>Total Number of Rooms</strong></td>
<td><strong>4,260</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: JLL

The competitive grouping comprises internationally branded hotels with room inventories of above 500 rooms. All competitive hotels are well-established in the market and are generally corporate and MICE hotels. We note that the Pan Pacific Singapore completed a major refurbishment in September 2012 costing approximately SGD 80 million and now features a refreshed lobby, renovated guestrooms, new dining concepts and a Pacific Club on Level 38.

Performance of Competitive Set

Performance data has been sourced from STR Global and provided to JLL from January to December 2013. A snapshot of the trading performance is provided in the following chart and highlights that the InterContinental has outperformed the competitor set for most months in the year with RevPAR averaging SGD 267 versus competitor set of SGD 255. Upon completion of the scheduled refurbishment in 2016, the InterContinental has potential to increase its rates.
SWOT Analysis of InterContinental Singapore

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strategic location in Bugis Junction, with strong local F&amp;B offering</td>
<td>• Lack of exclusivity and privacy for an upscale / luxury hotel product as the InterContinental is linked to a shopping centre</td>
</tr>
<tr>
<td>• Linked to Bugis MRT station, providing convenient access to public transportation</td>
<td>• Rooms are in need of refurbishment. Some hotels in the competitive set have recently undergone refurbishment and offer more contemporary modern rooms</td>
</tr>
<tr>
<td>• Proximity to the CBD</td>
<td>• Competing hotels are far and wide in Singapore due to the smaller market by area and excellent public / private transportation links</td>
</tr>
<tr>
<td>• Offers a variety of guestroom types including shop house guestrooms which have been refurbished in 2010</td>
<td></td>
</tr>
<tr>
<td>• Several areas of the hotel have undergone refurbishment recently including the executive lounge and Man Fu Yuan restaurant</td>
<td></td>
</tr>
<tr>
<td>• Quality recreational facilities including a swimming pool, gymnasium and spa</td>
<td></td>
</tr>
<tr>
<td>• Stable occupancy levels above 85% from January to December 2013</td>
<td></td>
</tr>
</tbody>
</table>
### Opportunities

- Leverage on the well-established brand name of InterContinental in the Singapore market
- Opportunity to increase room rates upon completion of the refurbishment of the hotel guestrooms, food and beverage outlets and public areas given that the Pan Pacific is the only competitive hotel which has undergone a major refurbishment
- Increase the percentage of staycations from Singaporeans during the weekends given its strategic location in Bugis Junction

### Threats

- New hotel developments including the DUO project and South Beach Hotel along Beach Road will compete directly on completion from 2015
- Supply pipeline remains a threat with new upscale / luxury hotels

---

### 3.8 Fraser Suites Singapore

<table>
<thead>
<tr>
<th>Fraser Suites Singapore</th>
</tr>
</thead>
</table>
| Address: 491A River Valley Road  
Singapore 248372 |
| No. Rooms: 255 units |
| Executive Club: Not applicable |
| Meeting Space: None |
| Food & Beverage: All Day Dining Restaurant |
| Other Facilities: The Retreat, Gymnasium, Swimming Pool, Wading pool, Indoor children’s play area, Outdoor children’s playground |

Source: Hotel Management

The Fraser Suites Singapore recently underwent a major overhaul. Planning for the renovations began in 2009 and majority of the renovations were carried out and completed in 2012. All serviced apartment units were fully renovated, with four units being added to the serviced apartment inventory. The food and beverage outlet and serviced apartment facilities were also refurbished. The retreat, which houses two massage chairs and a foot massage for residents, was added as part of the recreational facilities during the refurbishment.

### Serviced Apartment Operator Information

The Fraser Suites Singapore is operated by Frasers Hospitality. Frasers Hospitality is a leading international premier serviced residences owner and management company. From two flagship properties at inception in Singapore in 1998, Frasers Hospitality has expanded to 49 premier properties in over 30 cities in Asia, Australia, Europe and Middle East. Combined with the projected launches of new serviced residences across existing and new major gateway cities, Frasers Hospitality manages about 8,000 apartments as at 30 September 2013 and expects to manage over 14,400 apartments (operational and upcoming) within the next three years through its branded lifestyle offerings which include Frasers premier serviced residences (Fraser Suites, Fraser Place and Fraser Residence), Modena by Fraser, the next tier serviced residences for business travellers and the design-led Capri by Fraser hotel residences.
Existing Competitive Hotels – Fraser Suites Singapore

The property-defined competitive set comprises a group of six properties, all of which are located in Orchard Road, the CBD and the River Valley area.

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Singapore</td>
<td>255</td>
<td>Frasers Hospitality</td>
</tr>
<tr>
<td>Ascott Raffles Place Singapore</td>
<td>146</td>
<td>The Ascott Limited</td>
</tr>
<tr>
<td>Great World Serviced Apartments</td>
<td>304</td>
<td>Algreen Properties Limited</td>
</tr>
<tr>
<td>Pan Pacific Serviced Suites Orchard Singapore</td>
<td>126</td>
<td>Pan Pacific Hotels and Resorts</td>
</tr>
<tr>
<td>Orchard Parksuites</td>
<td>225</td>
<td>Far East Organisation</td>
</tr>
<tr>
<td>Regency House</td>
<td>90</td>
<td>Far East Organisation</td>
</tr>
<tr>
<td>Treetops Executive Residences</td>
<td>220</td>
<td>DTZ Debenham Tie Leung Hospitality</td>
</tr>
<tr>
<td>Management Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Number of Rooms</strong></td>
<td><strong>1,366</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: JLL

The competitive grouping comprises a mix of international (527 rooms or 38.6%) and domestic (839 rooms or 61.4%) branded product. International brands include the Fraser Suites as well as Ascott Raffles Place and Pan Pacific Serviced Suites Orchard. The Ascott Raffles Place, located in the CBD, is the only serviced apartment in the competitive grouping with a hotel license which allows the property to sell its units on a daily basis, similar to a hotel.

Pan Pacific Serviced Suites Orchard Road is strategically located on Orchard Road, within close proximity to Somerset MRT station and many shopping centres. The other serviced apartments in the competitive grouping are locally operated. The Orchard Parksuites, and Regency House are part of Far East Organisation’s portfolio of serviced apartments. Far East Organisation is Singapore’s second largest serviced apartment operator which also operates hotels.

Great World Serviced Apartments is the largest property with 304 rooms and is located in close proximity to the Fraser Suites in River Valley. However, the serviced apartment does not have any studio or one-bedroom units which are currently the preferred room type, given the increasing trend of serviced apartments being occupied by singles or couples rather than families.

Performance of Competitive Set

Performance data has been sourced from STR Global and provided to JLL from May to December 2013. We understand from Frasers Hospitality that statistics from May to December 2013 reflect a stable competitive set whereas historical data included other competitors such as hotels. RevPAR levels have ranged between SGD 194 and SGD 307 from May to December 2013 whereas the competitor set recorded RevPAR ranging between SGD 225 and SGD 298 during this period.
SWOT Analysis of Fraser Suites Singapore

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Located near the CBD and city centre</td>
<td>Not within walking distance to any MRT station</td>
</tr>
<tr>
<td>Situated adjacent to Valley Point Shopping Centre and in close proximity to Great World Shopping Centre</td>
<td>Not within walking distance to CBD or city centre unlike much of the Fraser Suites’ competitive set</td>
</tr>
<tr>
<td>Newly refurbished serviced apartment units and facilities</td>
<td>No meeting rooms</td>
</tr>
<tr>
<td>Daily housekeeping services apart from Sundays and public holidays</td>
<td>Limited onsite F&amp;B facilities</td>
</tr>
<tr>
<td>All day dining restaurant opens till 10pm daily</td>
<td></td>
</tr>
<tr>
<td>Availability of children’s facilities including an indoor and outdoor play area and a wading pool</td>
<td></td>
</tr>
<tr>
<td>24-hour gymnasium</td>
<td></td>
</tr>
<tr>
<td>Scheduled shuttle service to key business and shopping districts</td>
<td></td>
</tr>
<tr>
<td>Presence of extensive child-friendly facilities and two to three-bedroom unit types will enable the Fraser Suites to cater to families</td>
<td></td>
</tr>
<tr>
<td>75% of corporates staying at the Fraser Suites are from Fortune 500 companies</td>
<td></td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>• Leverage on the strong brand name and network of Frasers Hospitality which</td>
<td>• Non-branded serviced apartments offering similar products and services</td>
</tr>
<tr>
<td>currently has five properties in Singapore</td>
<td>• Emerging trend of shorter stays at serviced apartments</td>
</tr>
<tr>
<td>• Potential for further rate growth in light of the newly refurbished</td>
<td></td>
</tr>
<tr>
<td>serviced apartment product</td>
<td></td>
</tr>
<tr>
<td>• Continue targeting short term stays of one to three months from project</td>
<td></td>
</tr>
<tr>
<td>groups and relocating expatriates</td>
<td></td>
</tr>
<tr>
<td>• Limited supply of new branded serviced apartments in the pipeline</td>
<td></td>
</tr>
</tbody>
</table>
4 Kuala Lumpur Market Overview

4.1 Executive Summary

Kuala Lumpur is the cultural, financial and economic centre of Malaysia. Leisure tourism is driven by the city’s cultural diversity, strong retail offering and lower cost accommodation (when compared to other key gateway cities in Asia). The city essentially operates as a corporate market with solid weekday business whilst capturing a higher level of leisure tourists on weekends.

According to Tourism Malaysia, international visitor arrivals to Malaysia recorded 25.7 million in 2013, representing growth of 2.7% y-o-y. Statistics are not released for Kuala Lumpur alone but we expect a similar rate of growth as the major international inbound port for the country.

As at the end of 2013, Tourism Malaysia estimates there were 41,160 rooms in Kuala Lumpur. The majority of new supply will be focused in KL Sentral and Kuala Lumpur City Centre (KLCC). We expect approximately 3,300 rooms to enter Kuala Lumpur’s hotel market by the end of 2018. Given the high concentration of office supply in both KLCC and KL Sentral, the majority of this upscale and luxury-graded hotel stock will be concentrated in these two areas.

After declining significantly during 2009 due to the Global Financial Crisis, the Kuala Lumpur luxury market has rebounded back to pre-crisis levels although the rate of growth has stagnated in recent years. As of YTD April 2014, ADR increased y-o-y by 6.8% from MYR 398 to MYR 425 whilst occupancy increased by 2.3 percentage points to reach 78.3%. As a result, RevPAR increased from MYR 304 to reach MYR 332 representing growth of 9.3% over the same period.

4.2 Malaysia Economic Market Overview

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP (% Change)</td>
<td>7.42</td>
<td>5.13</td>
<td>5.64</td>
<td>4.69</td>
<td>4.81</td>
<td>4.04</td>
<td>4.45</td>
</tr>
<tr>
<td>GDP (USD billions, PPP)</td>
<td>390.49</td>
<td>410.51</td>
<td>433.66</td>
<td>453.99</td>
<td>475.80</td>
<td>495.02</td>
<td>517.07</td>
</tr>
<tr>
<td>GDP Per Capita (USD, PPP)</td>
<td>13,960</td>
<td>14,450</td>
<td>15,037</td>
<td>15,513</td>
<td>16,030</td>
<td>16,448</td>
<td>16,951</td>
</tr>
<tr>
<td>Consumer Price Index (% Change)</td>
<td>1.73</td>
<td>3.17</td>
<td>1.66</td>
<td>2.11</td>
<td>3.25</td>
<td>2.79</td>
<td>3.03</td>
</tr>
<tr>
<td>Exchange Rate (LCU / USD)</td>
<td>3.08</td>
<td>3.18</td>
<td>3.06</td>
<td>3.28</td>
<td>3.14</td>
<td>3.09</td>
<td>3.09</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>3.30</td>
<td>3.05</td>
<td>3.02</td>
<td>3.10</td>
<td>3.10</td>
<td>3.17</td>
<td>3.17</td>
</tr>
<tr>
<td>Population (million)</td>
<td>27.97</td>
<td>28.41</td>
<td>28.84</td>
<td>29.26</td>
<td>29.68</td>
<td>30.09</td>
<td>30.50</td>
</tr>
</tbody>
</table>

Source: Oxford Economics, F= Forecast

The Malaysian economy expanded by 6.2% year-on-year in Q1 2014, up from 5.1% in Q4 2013, and the fastest annual pace since the end of 2012. This was in line with forecasts by Oxford Economics and, as a result, the 2014 growth forecast remains unchanged at 4.8%. The pick-up in growth was broad based, with consumer spending, investment and exports all growing strongly, up more than 6% year-on-year.

However, a number of factors suggest that the outlook for domestic demand is still uncertain. Relatively high inflation, resulting from reduced fuel subsidies and increased indirect taxes, high household indebtedness and weak consumer confidence is expected to reduce the growth in consumer spending from 7.2% in 2013 to 4.1% this year.
Given inflation above 3%, strong growth at the start of the year and some concern about financial imbalances, Oxford Economics expects that the central bank will raise interest rates in mid-2014. In addition, government efforts to rein in public finances mean that investment growth is likely to slow as well. Oxford Economics expects investment to increase by 4.8% in 2014 after growth of 8.5% in 2013.

By contrast, the outlook for exports in 2014 is stronger than in recent years. In the last three quarters, exports have been much more robust than in the previous year, and with forward indicators suggesting that exports, notably electronics, will improve, Oxford Economics expects that export volume growth will improve significantly in 2014 compared with last year to 6.7%. However, subdued demand from Mainland China, Malaysia’s second largest export market, will be a drag on exports.

The government plans to lift the economy to developed nation status by 2020 under the Economic Transformation Programme. The aim is to generate USD 444 billion through public and private investment and raise the annual per capita income to USD 15,000, from USD 10,080 in 2013. However, the government is struggling to raise the private sector’s role in the programme, with the amount of pledged investments falling by 75% in 2013 compared to 2012.

4.3 Tourism Overview

Visitor Arrivals

According to Tourism Malaysia, international visitor arrivals to Malaysia recorded 25.7 million in 2013, representing growth of 2.7% year-on-year. While statistics on international visitor arrival growth to Kuala Lumpur is not available, we believe that it would be similar to the growth achieved in the rest of the country. Visitor arrivals recorded a 10-year CAGR of 9.4% to 2013.

Kuala Lumpur is predominantly a corporate market with strong weekday business but relatively limited leisure demand which places a cap on occupancy as weekends tend to be low periods. The major leisure business comprises tour groups from Mainland China and the Middle East which are more price sensitive and not as high yielding.
**Seasonality**

Kuala Lumpur is predominately a corporate market but is still popular with leisure tourists offering consistent weather patterns throughout the year. According to Tourism Malaysia, a noticeable spike in international visitor arrivals is evident in March and July each year, traditionally conference months and the end of monsoon season (February).

From May to August, higher visitation numbers are recorded, coinciding with the winter season in Australia and the summer holidays in Europe and the USA. October to December is typically a stronger corporate period with a number of year-end MICE events taking place. The Chinese New Year period in January – February depicts the lowest number of inbound tourists as well as August – September (due to Ramadan).

![Seasonality - International Visitor Arrivals to Malaysia](chart.png)

**Geographic Origin**

While information on geographical source markets to Kuala Lumpur is not available, it is likely that it would mirror the rest of Malaysia. Major source markets would then comprise of Singapore, Indonesia and Mainland China although we understand that Kuala Lumpur attracts a larger share of visitors from Europe and the Americas compared to the rest of the country.

Growth for the respective top source markets all increased. Singapore, Indonesia and Mainland China all rose by 1.3%, 6.7% and 14.7% respectively. Given the growing links in air connectivity and economic cooperation between Malaysia, Mainland China and Indonesia, it is expected that the major source of visitor arrivals will continue to originate from these source markets.
Key Demand Drivers

Malaysia is continuing to target the lucrative MICE segment, which is expected to grow through newly introduced financial incentives targeted at planners and organisers and construction of new infrastructure. The Malaysian Convention and Exhibition Bureau (MyCEB) is competing for high-profile international conventions with a specific focus on health and medical care, science and technology, education and energy (oil and gas). Additionally, Malaysia currently has the most exhibition hall space of any country in Southeast Asia (which includes Indonesia, Thailand and Singapore) with most of the space concentrated in Kuala Lumpur.

Kuala Lumpur also remains as a prime shopping destination due to its large concentration of malls and the entry of many new international brands, such as H&M, Ralph Lauren and Armani Jeans. More recently, openings of new shopping outlets in KLCC remained few with the majority of new retail space in Kuala Lumpur developing in the suburbs instead.

Accessibility / Infrastructure Developments

To cope with the rapid growth of low cost carriers, the completion of Kuala Lumpur International Airport 2 (KLIA2), expected to be fully operational by May 2014, has been designated as a low cost carrier (LCC) terminal. When completed, its capacity is understood to be approximately 45 million passengers a year. The rapid expansion of space and lower set-up costs could trigger more airlines to move their headquarters to Kuala Lumpur International Airport from other regional competitors such as Bangkok’s Suvarnabhumi Airport or Singapore’s Changi Airport.

Kuala Lumpur has also begun construction of its planned Mass Rapid Transit (MRT) project which will span over the Greater Kuala Lumpur / Klang Valley area. The MRT system is planned to have three lines circling Kuala Lumpur and covering a total radius of 20 kilometres with preliminary project costs estimated at approximately MYR36 billion. Operations for the first lines are expected to be in 2016 and have a capacity of two million passengers per day.
Both Malaysia and Singapore have agreed to develop a high speed rail line between Kuala Lumpur and Singapore by 2020. The line is expected to be approximately 330 kilometres long and will reduce the travelling time between the two cities to 90 minutes, greatly increasing connectivity and further linking the two cities together. Project costs are estimated to be in the range of MYR40 billion with European, Chinese and Japanese firms eagerly pitching to win the bid for construction.

4.4 Accommodation Market Overview

Location Brief

The Kuala Lumpur hotel market is predominantly located within KLCC. The area is located around Jalan Ampang, Jalan P. Ramlee, Jalan Binjai, Jalan Kia Peng and Jalan Pinang. Designed to be a city within a city, the 100-acre site hosts the Petronas Twin Towers and several retail complexes, as well as the competitive set of hotels (with the exception of the Hilton hotel in KL Sentral).

The KL Sentral development is a phased mixed-use development located to the south-west of KLCC with the ambition of becoming the business and financial hub for Kuala Lumpur. The precinct comprises a range of uses including office, retail, residential, hotels, serviced apartments as well as a media and a technology park.

Existing Hotel Supply

As at the end of 2013, JLL estimates there were 41,160 rooms in Kuala Lumpur. Kuala Lumpur registered several recent hotel openings including the 364-room Best Western Premier Dua Sentral, 156-room Ibis Styles Cheras, 500-room Ibis Styles Fraser Business Park and the 412-room Grand Hyatt. These hotels resulted in an addition of 1,732 rooms to existing supply. The majority of new supply is focused in KL Sentral and KLCC. Three of the four recent openings (the two Ibis Style properties and the Best Western) are positioned in the budget sector and will likely cater towards leisure tour groups and domestic travellers.

Other hotels in Kuala Lumpur have been going through major refurbishments. The Shangri-La hotel, in particular, underwent an extensive renovation in 2009 and has since offered free wireless connection and lower rates in an effort to drive volume from corporate and leisure business to the hotel. In February 2011, the Nikko Hotel near KLCC was rebranded as an InterContinental and underwent an extensive refurbishment of its rooms and facilities.

Future Hotel Supply

We forecast approximately 3,300 rooms to enter Kuala Lumpur’s hotel supply by the end of 2018. Given the high concentration of corporate demand in the market, the supply is largely within the upscale and luxury category.

The new rooms slated to enter the market represent a CAGR of 1.5% from 2003 - 2013. Whilst this CAGR is relatively low overall, the new supply is positioned in the upscale and luxury segment and represents a large increase when compared to the existing supply in that segment. New entrants to the market are represented by international hotel chains including Starwood, Hilton, Four Seasons, Banyan Tree and Accor.
Luxury Hotel Trading Performance

After declining significantly during 2009 due to the Global Financial Crisis, the Kuala Lumpur luxury market has rebounded back to pre-crisis levels although rate growth has stagnated in recent years. The market is comprised of a representative sample of 3,243 rooms and seven hotels.

The luxury market has performed well, averaging MYR 433 according to MIHR Consulting. It should be noted that this sample excludes the Mandarin Oriental and the new Grand Hyatt which are currently considered the two rate leaders in the market.

As of YTD April 2014, ADR rose by 6.8% from MYR 398 to MYR 425 whilst occupancy increased by 2.3 percentage points to reach 78.3%. As a result, RevPAR increased from MYR 304 to reach MYR 332 representing growth of 9.3%.

Luxury hotel RevPAR growth trends seem to have changed significantly in Kuala Lumpur with RevPAR currently being driven by occupancy rather than rate growth, which was registered from 2004 to 2008. One major factor could be the strengthening currency since 2009.

Moving forward, we expect trading performance to show tepid, if not negative growth in light of all the new supply. However, Malaysia is still expected to register GDP growth of approximately 5% each year, which could underpin trading performance in the medium to long term.
4.5 Investment Market

Since 2011, there have been no comparable sales of hotels to The Westin in Kuala Lumpur. In 2013, the Radius International Hotel on Jalan Bukit Bintang was purchased by a Singapore developer for circa. MYR 160,000,000 at a price per key of MYR 350,000. This was the only known arm’s length transaction in the city in recent years.

Whilst Kuala Lumpur could be considered an oversupplied market in the short to medium term, there still remains a dearth of available hotel investment opportunities with established business on the market. Similar to other markets across Asia, hotel assets in Kuala Lumpur rarely transact and are tightly held by family companies and domestic institutions. As a result, investor demand from strategic investors is forced to focus on development.

4.6 Market Outlook

Recent growth in visitor arrivals from Singapore, Indonesia and Mainland China remain key inbound markets. Ultimately, improved trading performance in the luxury sector is dependent on growth in corporate demand, which leads back to demand for office space in KLCC and the number of MICE events held annually.

Market observers remain focused on the effect of the Mainland Chinese outbound market to Malaysia in light of the Malaysian Airlines 370 tragedy. Our investigations within the competitive set of hotels have shown minimal impact to Kuala Lumpur’s luxury accommodation sector as most Mainland Chinese arrivals on leisure tours traditionally stay in midscale or lower category hotels.

In the short to medium term, Kuala Lumpur could face an oversupply of new hotel rooms in the upscale and luxury sectors given the current pipeline of development. Encouragingly, the Malaysian government remains committed to promoting the city as a key MICE market which is expected to drive inbound corporate travel over the coming years. This promotion of Kuala Lumpur will continue to lift demand along with the growth of its low cost carrier network, which will further develop Kuala Lumpur as a global tourism and aviation hub.
Our investigations confirm new hotel developments in the city are often delayed and projects often complete sometimes two or three years after the initial forecast date. Conversely, some proposed projects may fail to eventuate or be postponed based on developer issues such as financing issues. This makes forecasting room supply very difficult in Kuala Lumpur. We have therefore included those hotels with a greater than 80% chance of completion. We have based our assumptions on projects under construction, where ground works have commenced or if a marketing and sales campaign is underway.

Kuala Lumpur remains as a competitive destination to travel to within the Southeast Asian region. The country faces few domestic economic issues as it benefits from low inflation and unemployment rates, a rising level of domestic consumption and better infrastructure.

The recent re-election of the ruling party also ensures political stability in the medium term. Investor sentiment towards Kuala Lumpur should remain healthy amongst strategic investors looking to set a foothold in Malaysia. The collaboration between Qatar Holding LLC and Jerantas Sdn Bhd to develop the first Harrod’s hotel is a strong indication of investor confidence in the long term prospects of the Kuala Lumpur hospitality sector.

### 4.7 The Westin Kuala Lumpur

The Westin Kuala Lumpur is a five-star hotel situated on Jalan Bukit Bintang, amongst a good mix of shopping, entertainment and local attractions. Key tourist attractions located nearby include KL Tower and the Petronas Towers.

<table>
<thead>
<tr>
<th>The Westin Kuala Lumpur</th>
<th>Address: 199 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Rooms:</td>
<td>443 guest rooms including 23 suites and 63 one-bedroom Executive Residences</td>
</tr>
<tr>
<td>Executive Club:</td>
<td>Westin Executive Club Lounge</td>
</tr>
<tr>
<td>Meeting Space:</td>
<td>25 meeting rooms and conference facilities; grand ballroom available for weddings and large conferences</td>
</tr>
<tr>
<td>Food &amp; Beverage:</td>
<td>5 restaurant outlets</td>
</tr>
<tr>
<td></td>
<td>Prago</td>
</tr>
<tr>
<td></td>
<td>Five Senses</td>
</tr>
<tr>
<td></td>
<td>Qba Latin Grill &amp; Bar</td>
</tr>
<tr>
<td></td>
<td>The Living Room</td>
</tr>
<tr>
<td></td>
<td>Splash</td>
</tr>
<tr>
<td>Other Facilities:</td>
<td>Pool, gymnasium, kid’s club</td>
</tr>
</tbody>
</table>

Source: Hotel Management

**Hotel Operator Information**

Starwood Hotels & Resorts Worldwide, Inc. is one of the leading hotel and leisure companies in the world with nearly 1,200 properties in 100 countries and 181,400 employees at its owned and managed properties. Starwood is a fully integrated owner, operator and franchisor of hotels, resorts and residences with the following internationally renowned brands: St. Regis, The Luxury Collection, W Hotel, The Westin, Le Méridien, Sheraton, Four Points by Sheraton, Aloft, and Element.
Starwood currently has four hotels in Kuala Lumpur under The Westin, Sheraton, Le Meridien and Aloft brands. There are two other Starwood hotels in the pipeline which will be under the St. Regis and W Hotel brands, opening 2015 and 2016 respectively.

**Existing Competitive Hotels – The Westin Kuala Lumpur**

The competitive set comprises a group of five properties (excluding The Westin), all of which are located in KLCC with the exception of Hilton Kuala Lumpur in KL Sentral.

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Location</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Westin Kuala Lumpur</td>
<td>443</td>
<td>KLCC</td>
<td>Starwood Hotels &amp; Resorts</td>
</tr>
<tr>
<td>Sheraton Imperial Kuala Lumpur</td>
<td>385</td>
<td>KLCC</td>
<td>Starwood Hotels &amp; Resorts</td>
</tr>
<tr>
<td>JW Marriott Hotel Kuala Lumpur</td>
<td>561</td>
<td>KLCC</td>
<td>Marriott International</td>
</tr>
<tr>
<td>Shangri-La Hotel Kuala Lumpur</td>
<td>662</td>
<td>KLCC</td>
<td>Shangri-La Hotels &amp; Resorts</td>
</tr>
<tr>
<td>The Ritz-Carlton Kuala Lumpur</td>
<td>250</td>
<td>KLCC</td>
<td>Ritz Carlton</td>
</tr>
<tr>
<td>Hilton Kuala Lumpur</td>
<td>503</td>
<td>KL Sentral</td>
<td>Hilton Hotels &amp; Resorts</td>
</tr>
<tr>
<td><strong>Total Number of Rooms</strong></td>
<td><strong>2,804</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: JLL

The competitive grouping comprises internationally-branded hotels totalling 2,804 rooms. The Shangri-La is the largest of the competitive set by room number, undergoing an extensive refurbishment in 2009. Guestrooms in the Sheraton Imperial were renovated in 2007 as well as an upgrade of public areas. The JW Marriott underwent a full refurbishment in 2008. The Hilton in KL Sentral has just completed a refurbishment of its reception and food and beverage outlets.

**Performance of Competitive Set**

Performance data has been sourced from STR Global and provided to JLL. A snapshot of recent trading performance is provided in the following chart and highlights that The Westin has consistently outperformed the competitive set over from January to December 2013.

RevPAR ranged between MYR 366 and MYR 474 in 2013. This compares to the competitor set which ranged between MYR 334 and MYR 426 during the same period.
## SWOT Analysis of The Westin Kuala Lumpur

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
</table>
| - Strength of The Westin brand globally with well-recognised guest loyalty program – Starwood Preferred Guest (SPG)  
- Repeat guests via SPG and benefits through its rewards program  
- Good condition of rooms overall, typically larger when compared to the competitive set (deluxe rooms at 42 square metres)  
- Prime location on major arterial road and Bukit Bintang district, within KLCC with good accessibility to Rapid Rail network  
- Strong corporate guest retention with a number of corporate accounts providing repeat business  
- Good exposure to the city’s retail amenity attracting leisure guests on lower occupancy weekends  
- Better options of F&B outlets and meetings rooms over its competitive set  
- Grand ballroom can accommodate large conferences or weddings, strong banquet market | - Guestrooms now over 10 years old and requiring refurbishment  
- Nearby retail and entertainment options providing strong competition for the hotel’s F&B outlets  
- The hotel is predominantly a corporate hotel with less midweek leisure guests, except on weekends  
- Most F&B outlets need major reconfiguration, in particular the all day dining The Living Room |

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
</table>
| - Potential for further ADR growth should a refurbishment of rooms be undertaken  
- New and recent luxury hotels entering supply have pressured market ADR from current lower levels in KLCC, potential to benefit from growing MICE market  
- The Malaysian government continues to promote the city as a major MICE destination and corporate demand is expected to lift in coming years  
- Better cost management given several Starwood properties also operate in KLCC/KL Sentral  
- Improved service levels at lower labour cost by hiring foreigners and rank and file employees. It is understood that some competing hotels are already doing this  
- Short term opportunity to attract more MICE events over Thailand in light of political instability. Anecdotal reports also suggest some leisure travellers are choosing Kuala Lumpur over Bangkok in light of recent travel warnings to Thailand | - There is a significant amount of new hotel supply to 2018 (3,300 rooms). The Westin will continue to compete with these new entrants in the upscale and luxury sectors  
- Many serviced residences or apartments offer overnight stays and directly compete with hotels. Unlike many Asian cities that enforce a one week minimum stay requirement, Kuala Lumpur does not. The city’s extensive new supply of luxury residences creates more completion for hotels offering competitive room rates  
- Recent minimum wage stipulations could place cost pressure on all hotels in the city. This may result in an ADR increase, however make Malaysia less competitive in the international market with a loss of room nights overall  
- New hotels engaging in a price war that will significantly weaken the corporate market share of older properties as they are unable to match the new hotels in terms of physical product and offering |
5 Kobe Market Overview

5.1 Executive Summary

Kobe is the capital of Hyogo Prefecture, located near the centre of Japan, in the Kansai region on Honshu Island. It is the fifth largest city in Japan having 1.54 million residents as of October 2013. As one of the core cities in the Kansai region, Kobe is recognised as a business hub both domestically and globally. The city has an extensive transportation network of air, sea and land routes, enabling convenient accessibility.

Kobe has a high concentration of foreign-affiliated companies which benefits the local tourism industry. Many of the 73,000 business establishments located within the city are in the wholesale, service, and manufacturing industries and approximately 200 companies are foreign companies. Along with Kobe’s traditional local industries, new industries utilising information technology, science, technology and medical research have a high potential in Kobe, which impact on the local tourism market positively.

Supply of accommodation has gradually increased in the past few years, reaching 127 hotels (12,809 rooms) in 2013 due to the stable accommodation demand in Kobe. Hotel occupancy has also increased from 2013 but ADR growth remains limited as compared to major cities such as Tokyo or Osaka. However, gradual improvements in hotel performance are expected in Kobe in the next few years.

5.2 Japan Economic Market Overview

Japan: Economic Indicators

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth (%)</td>
<td>4.68</td>
<td>-0.42</td>
<td>1.43</td>
<td>1.54</td>
<td>1.32</td>
<td>1.33</td>
<td>1.08</td>
</tr>
<tr>
<td>GDP (USD billions, PPP)</td>
<td>3,952.65</td>
<td>3,936.16</td>
<td>3,992.64</td>
<td>4,054.07</td>
<td>4,107.71</td>
<td>4,162.43</td>
<td>4,207.51</td>
</tr>
<tr>
<td>GDP Per Capita (USD, PPP)</td>
<td>31,130</td>
<td>31,044</td>
<td>31,542</td>
<td>32,088</td>
<td>32,584</td>
<td>33,101</td>
<td>33,556</td>
</tr>
<tr>
<td>Consumer Price Index (% change)</td>
<td>-0.72</td>
<td>-0.28</td>
<td>-0.03</td>
<td>0.36</td>
<td>2.11</td>
<td>1.37</td>
<td>1.60</td>
</tr>
<tr>
<td>Exchange Rate (LCU / USD)</td>
<td>81.11</td>
<td>76.98</td>
<td>86.64</td>
<td>105.25</td>
<td>109.50</td>
<td>114.00</td>
<td>111.45</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>5.04</td>
<td>4.57</td>
<td>4.34</td>
<td>4.03</td>
<td>3.64</td>
<td>3.62</td>
<td>3.87</td>
</tr>
<tr>
<td>Population (million)</td>
<td>126.97</td>
<td>126.79</td>
<td>126.58</td>
<td>126.34</td>
<td>126.07</td>
<td>125.75</td>
<td>125.39</td>
</tr>
</tbody>
</table>

Source: Oxford Economics, F=Forecast

The Japanese economy has been gradually improving after the announcement of “Abenomics”, the economic policy held by the Abe Cabinet formed at the end of 2012. Real GDP growth reached 1.5% and 1.6% in 2012 and 2013 respectively with gradual growth forecast over the next few years. The weakening of the Japanese Yen has also supported an increase of exports and consequently the growth in the industrial output. The announcement of Tokyo as the host of the Olympic Games in 2020 will positively impact the Japanese economy, not only during the Olympic year, but also in the seven years prior to the Games.

The government campaigned on a platform of pressuring the Bank of Japan (BOJ) for more easing and higher inflation. After the election, the BOJ agreed to a higher inflation target, creating expectations of continued easing in the near term. In addition, the BOJ has new pro-expansion leadership with the appointment of Governor Kuroda and two deputy governors. These strategies had a significant impact on the Yen, weakening it from JPY79 for USD1 in October 2012 to JPY101 plus by May 2014. Geopolitical
risks regarding the Ukraine strengthened the Japanese Yen, but it mainly hovered around JPY100-103 to the USD in April and May 2014.

The central bank is more confident it can reach the target for inflation with monetary easing. The BOJ has had an expansionary monetary policy for more than a decade, but this process accelerated in recent years with quantitative easing, i.e., increased purchases of financial assets. This, in combination with effectively 0% interest rates, is finally having an effect on deflation. Moreover, since the BOJ announced in February 2013 an inflation target of 2%, it has increased purchases of government bonds aggressively and has become more confident it can reach the policy target, with an aim to improve the economy and spur inflation. Lastly, the high levels of liquidity have helped weaken the Yen. In fact, the Yen was never strong in real terms—the Yen’s past appreciation was offset by domestic deflation—but now the additional weakness should help exporters to improve their profit margins and, to a lesser extent, increase their export volumes.

While the consumer price index has risen by 1.6% in March 2014, consumption tax increased from 5% to 8% on 1 April 2014. While the tax hike might cool domestic demand, Kuroda mentioned that further monetary easing is not planned at the moment as the economy is on track to achieving the 2% inflation target by spring 2015, according to the Japan Times.

5.3 Tourism Overview

Visitor Arrivals

Kobe is the capital of Hyogo Prefecture, located near the centre of Japan, in the Kansai region on Honshu Island. International accommodation guests to Hyogo Prefecture experienced two significant dips in the past few years, during the Global Financial Crisis in 2009 and following the earthquake in March 2011.

International accommodation guests accounted for 3.7% of total accommodation guests in Hyogo Prefecture in 2013.

Hyogo Prefecture’s tourism market has gradually recovered from the negative impact of the earthquake. According to statistics from the Japan Tourism Agency, the total number of international accommodation guests recorded a 46% y-o-y increase in 2013. Growth in international accommodation guests was primarily driven by domestic economic growth and the depreciation of the Japanese Yen. Changes in the sample of hotels used in the statistics might also have an impact on the growth in accommodation guests.

![International Accommodation Guests in Hyogo Prefecture](image-url)
Domestic Visitor Arrivals

Domestic visitors form the bulk of visitor arrivals to Hyogo Prefecture, accounting for 96.3% of total accommodation guests in Hyogo Prefecture in 2013. Growth in domestic accommodation guests to Hyogo Prefecture has been gradual since 2011. In 2013, the number of domestic accommodation guests to Hyogo Prefecture was recorded at 12.6 million, a 4.8% increase over the previous year. The fluctuation in statistics reflected may have occurred due to the change in the sample size but information on this is not available publicly.

Seasonality

Since the majority of the visitors to Hyogo Prefecture are domestic visitors, visitor arrivals fluctuate according to the Japanese public holidays. The peak season for travel is in March and August during the Japanese spring and summer holidays. The low seasons are during the months of January, February and June. September is a shoulder period. Shoulder periods are defined as months before and after peak
seasons. The low number of visitor arrivals in June is a result of the rainy season, where the number of accommodation guests to Japan is generally limited.

The peak season for leisure demand to Japan is during the months of March and August and corporate demand usually peaks during the period of low leisure demand in Japan. Whilst the Hyogo Prefecture is more of a leisure destination, Kobe is popular with MICE events which contribute to strong corporate visitation.

Geographic Origin

In 2013, the total number of international accommodation guests to Hyogo Prefecture reached 483,690 visitors. While South Korea and Mainland Chinese accommodation guests recorded a decline in 2012 due to the depreciation of the Japanese Yen against the Korean Won and the political tensions between Japan and both countries, a significant increase has been noted in 2013. In 2013, accommodation guests from South Korea and Mainland China grew by 54.6% and 17.3% respectively.

Since 2012, Taiwan has overtaken South Korea and Mainland China, becoming Hyogo Prefecture’s top inbound source market. The first direct flight connecting Taipei and Kansai International Airport was available from June 2012 and boosted visitation from Taiwan. In 2013, visitor arrivals from Taiwan accounted for 29.1% of total international accommodation guests, followed by 16.1% from South Korea and 11.9% from Hong Kong. Mainland Chinese accommodation guests comprise 10.9% and are the fourth largest international market to Hyogo Prefecture.

Key Demand Drivers

Kobe’s tourist attractions are located throughout the city, with a higher concentration in the Sannomiya / Motomachi, Kitano and Kobe Bay area. Leisure demand to these areas is typically higher. Kobe is conveniently accessible by train or car from Osaka, Kyoto and Nara, which are major tourism destinations. Many tourists combine the above-mentioned destinations with Kobe.

Kobe also has a number of global and domestic companies which generate corporate demand to the city. These include Procter & Gamble, Nestle, Kawasaki Heavy Industries, Asahi Holdings and “K” Line Group which has established headquarters in Kobe.
In addition, MICE events held in Kobe are also key demand drivers. According to the Japan National Tourism Organization (JNTO), Kobe has been the sixth largest host of events in Japan since 2010. A total of 92 meetings were held in 2012, in which the majority were meetings related to biomedical innovation. Well-established MICE infrastructure such as the Kobe Convention Centre on Kobe Port Island, easy accessibility from major cities in Japan and the presence of three airports which are within easy access has enabled the city to become a more attractive business destination.

In June 2013, the Ministry of Land, Infrastructure, Transport and Tourism announced that Kobe was selected as one of the Japanese Global MICE Strategic cities. The city was also chosen as the national strategic special zone in March 2014, where tax and other regulations will be mitigated in order to drive innovative development. The Japanese government is committed to supporting Kobe in establishing its position as one of the top MICE destinations in the world.

The Kobe Biomedical Innovation Cluster (KBIC) has been planned in Port Island (Bay area) for 15 years. Kobe city promotes Port Island to become a centre of medical technology and 17 research and development facilities have already been constructed around Iryo Centre station. A cancer medical centre is still in the construction process. In cooperation with more than 200 companies, KBIC will be one of the major national projects that also contribute to higher performance of hotels in the surroundings.

Accessibility / Infrastructure Developments

Kobe is well-connected by the bullet train and other public transportation from major cities in Japan. Kobe can be reached in less than three hours from Tokyo and is 15 to 30 minutes from Osaka or Kyoto.

Central Kobe can be easily accessed from three airports:

1. Kobe Airport (20 minutes)
2. Osaka International Airport (40 minutes)
3. Kansai International Airport (65 minutes)

While Kobe Airport and Osaka International Airport only serves domestic flights, Kansai International Airport is a major airport located in West Japan and caters to many low cost carriers. These carriers provide both domestic and international flight connectivity to Kansai International Airport. International flight connectivity includes the following countries: South Korea, Australia, Mainland China, Hong Kong, Taiwan, Singapore, Philippines, India and Malaysia. In March and April 2014, the increase in flights from Kaohsiung, Taipei, Taichung, Manila and Shanghai to Kobe has contributed to the improved accessibility from major Asian cities to the Kansai area.

Moreover, Kobe port is an important transportation link. There are several terminals around Kobe port which connect Kansai International Airport or Kagawa prefecture, as well as Ehime, Fukuoka, Oita, Kagoshima, Okinawa by ferry and cruises to/from Shanghai in Mainland China.

5.4 Accommodation Market Overview

Location Brief

The Sannomiya / Motomachi area is the city’s CBD with the presence of key railway stations such as Japan Railways, Hankyu Railways and Hanshin Railways. There are many branches of major domestic corporations, departmental stores and F&B outlets in the Sannomiya area. Many limited service hotels are
also located in this area, mainly targeting business travellers. The Oriental Hotel is the only full-service hotel located in Sannomiya area.

The Kitano area is situated in the north of the city and is well-known for its historical buildings. Many boutiques and retail shops as well as food and beverage outlets are also located in this area. The JR Shin-Kobe station is easily accessible from the Kitano area. The ANA Crowne Plaza Kobe is the only full-service hotel.

The Kobe Bay area, an area of reclaimed land located along Kobe Bay, is also popular amongst tourists. Several shopping complexes and full-service hotels, which directly compete with the ANA Crowne Plaza Kobe, are situated in this area. In addition, tourist attractions such as Kobe Port Tower and Kobe Maritime Museum are popular amongst tourists. There are still many undeveloped sites located on the reclaimed land. Majority of full service hotels in Kobe are located in the Kobe Bay area which target leisure travellers.

**Existing Hotel Supply**

The number of existing hotel rooms supply saw a gradual increase from 2007 to 2013. In 2013, there were 127 hotels with 12,809 rooms in Kobe according to the Japan Ministry of Health, Labour and Welfare.

![Number of Hotels and Rooms in Kobe](chart)

The following table provides a summary of recent major hotel openings.

<table>
<thead>
<tr>
<th>Hotel Name</th>
<th>Timing</th>
<th>Location</th>
<th>Hotel Type</th>
<th>No. of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Crown Palais Kobe (rebranded)</td>
<td>July 2012</td>
<td>Kobe</td>
<td>Full-Service</td>
<td>229</td>
</tr>
<tr>
<td>Hotel Villa Fontaine Kobe Sannomiya</td>
<td>Apr 2013</td>
<td>Sannomiya</td>
<td>Limited-Service</td>
<td>185</td>
</tr>
<tr>
<td>Hotel Koenigs- Krone Kobe</td>
<td>Dec 2013</td>
<td>Motomachi</td>
<td>Limited-Service</td>
<td>94</td>
</tr>
</tbody>
</table>

Source: JLL
**Future Hotel Supply**

The following table summarises the major projected hotel openings, reflecting limited openings in the next few years.

<table>
<thead>
<tr>
<th>Hotel Name (Developer)</th>
<th>Timing</th>
<th>Location</th>
<th>Hotel Type</th>
<th>No. of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Suite</td>
<td>Nov 2015</td>
<td>Kobe Bay</td>
<td>Full-Service</td>
<td>88</td>
</tr>
<tr>
<td>Unizo Inn Kobe Sannomiya (TBD)</td>
<td>Spring 2016</td>
<td>Sannomiya</td>
<td>Limited-Service</td>
<td>TBD</td>
</tr>
<tr>
<td>TBD (Resort Trust)</td>
<td>TBD</td>
<td>Rokko</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>TBD (Luminous Hotel)</td>
<td>TBD</td>
<td>Kobe</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

Source: JLL

**Performance of Upscale Full-Service Hotels**

The chart above shows the trading performance of upscale full-service hotels in Kobe. The sample comprises a total of 1,657 rooms as at YTD April 2014.

Occupancy levels showed a healthy increase from 2009 to 2010 but declined marginally by 2.1 percentage points in 2011 due to the earthquake. However, occupancy levels have seen an improvement from 2012, reaching 73.5% as at YTD April 2014 due to the economic recovery.

However, hotels in Kobe showed limited growth in ADR as occupancy levels are still at a moderate level between 70% and 75%. As at YTD April 2014, ADR of upscale full-service hotels was recorded at JPY 11,993, corresponding to an increase of 1.6% over the same period in 2013.
5.5 Investment Market

There have been several hotel transactions completed in Kobe since 2011. We note that the transactions were mostly completed by domestic corporations or hotel operators.

<table>
<thead>
<tr>
<th>Property</th>
<th>Transaction Date</th>
<th>Rooms</th>
<th>Reported Price (JPY)</th>
<th>Price per Rooms (JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Fruit Flower</td>
<td>Apr-14</td>
<td>82</td>
<td>200,000,000</td>
<td>2,439,000</td>
</tr>
<tr>
<td>Oriental Hotel Kobe</td>
<td>Oct-13</td>
<td>116</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
<tr>
<td>Seaside Hotel Maiko Villa Kobe</td>
<td>Mar-13</td>
<td>248</td>
<td>2,400,000,000</td>
<td>9,677,000</td>
</tr>
<tr>
<td>Grand Hotel Rocco Sky Villa</td>
<td>Jan-12</td>
<td>50</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
<tr>
<td>Kobe Bay Sheraton Hotel &amp; Towers</td>
<td>Dec-11</td>
<td>276</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
<tr>
<td>Kobe Seishin Oriental Hotel</td>
<td>Dec-11</td>
<td>184</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
<tr>
<td>Hotel Plaza Kobe</td>
<td>Dec-11</td>
<td>145</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
<tr>
<td>New Otani Kobe Harborland Hotel</td>
<td>Oct-11</td>
<td>235</td>
<td>5,000,000,000</td>
<td>21,277,000</td>
</tr>
</tbody>
</table>

Source: JLL

5.6 Market Outlook

The Kobe hotel market, which is mainly reliant on domestic tourism, is stable compared to other cities in Japan. Around a quarter of total inbound tourism visiting Kobe stay for one night with a vast majority undertaking single day trips. Inbound international tourism is limited compared to neighbouring prefectures of Osaka and Kyoto; however statistics have shown that international arrivals have increased, recording a 46.2% y-o-y growth in 2013. Based on improving economic fundamentals, it is expected that corporate travel will continue to record steady medium term growth.

The supply of hotel rooms has shown some increase although demand and supply remain strongly in balance. There were 127 hotels (12,809 rooms) recorded in Kobe in 2013. With limited new supply, hotel occupancy has continued to increase, however ADR growth remains stable. Marketwide performance is expected to improve over the next few years underpinned by strengthening economic fundamentals. An increasing number of international MICE events will further drive the number of inbound tourists from offshore, and therefore room demand.

The city is aiming to attract one million international visitors and 100 conferences by 2015. The plan is mainly focused on establishing Kobe as an international destination for leisure and business, developing the city as a MICE destination and promoting Kobe as a leisure destination. The development of Port Island to become a centre of medical technology will also contribute to expanding medical tourism in the Hyogo prefecture. Medical check-up tours will be further promoted to high net worth individuals from Mainland China, Russia and other Asian countries.
5.7 **ANA Crowne Plaza Kobe**

<table>
<thead>
<tr>
<th><strong>ANA Crowne Plaza Kobe</strong></th>
</tr>
</thead>
</table>
| **Address:** 1-chome Kitano-cho, Chuo-ku, Kobe, 650-0002 Japan  
(direct access to JR Shin Kobe Station, Shin Kobe Subway Station) |
| **No. Rooms:** 593 rooms |
| **Executive Club:** Premier Lounge |
| **Meeting Space:** 23 Banquet and Meeting rooms |
| **Food & Beverage:** Restaurant & Bar Level 36  
Chinese Restaurant Suzhou  
Japanese Restaurant Kobe Nadaman  
Teppanyaki Kitano  
Kyoto Cuisine Tankuma Kitamise  
Sushi Kappou Jin  
Casual Dining The Terrace  
Main Bar The Bar  
Tea Lounge The Lounge |
| **Other Facilities:** Wedding Chapel, Spa, Gymnasium, Swimming Pool, Jacuzzi, Photo Studio, Florist, Gift shop, Retail Podium, Performing Arts Theatre, Supermarket, 650 Parking lots |

*Source: Hotel Management*

**Hotel Operator Information**

The hotel operator for ANA Crowne Plaza Kobe is IHG ANA Hotels Group Japan, which is the joint venture company of InterContinental Hotels Group (IHG) and All Nippon Airways (ANA). The joint venture company was founded in 2006.

IHG ANA Hotels Group operates 32 hotels (approximately 10,000 rooms) in Japan under five brands, which include Intercontinental Hotels & Resorts, ANA Crowne Plaza, Holiday Inn, Holiday Inn Resort and ANA Hotels International.

**Existing Competitive Hotels**

This section focuses on the competitive set of hotels which the ANA Crowne Plaza Kobe is benchmarked against. The composition of the competitive set is based on discussions with the hotel management of ANA Crowne Plaza Kobe and comprises hotels within the category of hotels in Shin Kobe, Sannomiya and Kobe Bay area.
ANA Crowne Plaza Kobe and the competitive set of hotels are identified as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANA Crowne Plaza Kobe</td>
<td>593</td>
<td>IHG ANA Hotels Group</td>
</tr>
<tr>
<td>Portopia Hotel</td>
<td>745</td>
<td>Kobe Portopia Hotel, Inc.</td>
</tr>
<tr>
<td>Okura Kobe</td>
<td>475</td>
<td>Okura</td>
</tr>
<tr>
<td>Oriental Hotel</td>
<td>116</td>
<td>Plan Do See, Inc.</td>
</tr>
<tr>
<td>Kobe Meriken Park Oriental Hotel</td>
<td>319</td>
<td>Kobe Meriken Park Oriental Hotel</td>
</tr>
<tr>
<td>Hotel Crown Palais Kobe</td>
<td>229</td>
<td>HMI Hotel Group</td>
</tr>
<tr>
<td>Kobe Bay Sheraton Hotel &amp; Towers</td>
<td>276</td>
<td>HNA Kobe, Inc.</td>
</tr>
<tr>
<td>La Suite Kobe Harborland</td>
<td>70</td>
<td>SLH Group</td>
</tr>
<tr>
<td>Total Number of Rooms</td>
<td>2,823</td>
<td></td>
</tr>
</tbody>
</table>

Source: Hotel Information Travel System (HITS), JLL

The competitive grouping (including the ANA Crowne Plaza Kobe) comprises a mix of international (869 rooms or 33.5%) and domestic (1,725 rooms or 66.5%) branded product. Most of the competitors are located in the Kobe bay area and the average room number is 370.

**Performance of Competitive Set**

The following graph shows the performance of ANA Crowne Plaza Kobe from January to December 2013, as compared to its competitive set from STR Global. The competitive set of hotels includes the following:

- Sheraton Hotel & Towers Kobe Bay
- Okura Kobe
- Chi sun Hotel Kobe

Please note that the competitive set as shown in the following graph is different from the above competitive set table as only a few hotels in the competitive set table participate in STR Global.

![ANA Crowne Plaza Kobe RevPAR 2013](image)

Source: STR Global

RevPAR of the ANA Crowne Plaza Kobe has outperformed the competitor set for all months of 2013 with RevPAR averaging JPY 9,000 as compared to the competitor set which recorded an average of JPY 7,883 during the year.
**SWOT Analysis of ANA Crowne Plaza Kobe**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Stable accommodation demand via both business and leisure guests</td>
<td>▪ Access from the CBD and the Kobe Bay area is challenging, as compared to other competitive hotels</td>
</tr>
<tr>
<td>▪ Direct connection to JR Shin Kobe station</td>
<td>▪ Rooms in need of soft refurbishment</td>
</tr>
<tr>
<td>▪ Well-established brand names of ANA (Domestic) and Crowne Plaza (International)</td>
<td>▪ Bathrooms require hard renovation</td>
</tr>
<tr>
<td></td>
<td>▪ Weddings and banquet business is a highly competitive segment</td>
</tr>
<tr>
<td></td>
<td>▪ Banquet halls in need of refurbishment</td>
</tr>
<tr>
<td></td>
<td>▪ Age of the building (25 years old)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Potential for further ADR growth should a refurbishment of the bathrooms be completed</td>
<td>▪ Expected capital expenditure required in the future to improve the quality of guestrooms</td>
</tr>
<tr>
<td>▪ Attract more MICE events with an improvement of banquet facilities</td>
<td></td>
</tr>
<tr>
<td>▪ Increase in demand for medical tourism and medical tours and potentially target long stay visitors</td>
<td></td>
</tr>
</tbody>
</table>
6 Sydney Market Overview

6.1 Executive Summary

Sydney is the major gateway to Australia and a key hub for the Asia Pacific region. Famous for its harbour, the city offers extensive shopping, entertainment and dining experiences as well as countless surf beaches within the wider metropolitan area. Australia’s most populous city with around 4.4 million residents, it is a financial centre and primary real estate market in terms of quantum and value, reflected in the concentration of institutional investment in the city.

Sydney City is the largest accommodation centre in Australia with 116 establishments with 20,292 rooms as at the end of June 2013. Hotels comprise the largest proportion of the accommodation market, accounting for 60% of total rooms. This is followed by motels (21.7%) and serviced apartments (18.3%).

Over the past ten years, Sydney City accommodation market has recorded modest revenue per available room (RevPAR) growth averaging by 5.1% per annum. Benign increases in supply have been offset by strengthening demand resulting in occupancy levels increasing, up from 72.2% in 2002 to 84.6% in 2012. Occupancy levels peaked in 2011 at 85.8% but have declined marginally over the past year. Room rates have also increased at an average rate of 3.4% per annum over the past decade and 8.7% over the past three years. This reflects the record high occupancy levels which have been evident during this time.

6.2 Australia Economic Market Overview

Australia: Economic Indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth (%)</td>
<td>2.25</td>
<td>2.58</td>
<td>3.59</td>
<td>2.43</td>
<td>2.94</td>
<td>2.93</td>
<td>2.67</td>
</tr>
<tr>
<td>GDP (USD billions, PPP)</td>
<td>792.71</td>
<td>813.17</td>
<td>842.35</td>
<td>862.82</td>
<td>888.23</td>
<td>914.24</td>
<td>938.69</td>
</tr>
<tr>
<td>GDP Per Capita (USD, PPP)</td>
<td>36,802</td>
<td>37,368</td>
<td>38,323</td>
<td>38,867</td>
<td>39,622</td>
<td>40,392</td>
<td>41,080</td>
</tr>
<tr>
<td>Consumer Price Index (% change)</td>
<td>2.92</td>
<td>3.30</td>
<td>1.76</td>
<td>2.45</td>
<td>3.01</td>
<td>2.86</td>
<td>2.67</td>
</tr>
<tr>
<td>Exchange Rate (LCU / USD)</td>
<td>0.98</td>
<td>0.98</td>
<td>0.96</td>
<td>1.13</td>
<td>1.14</td>
<td>1.10</td>
<td>1.13</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>5.22</td>
<td>5.08</td>
<td>5.23</td>
<td>5.66</td>
<td>5.94</td>
<td>5.64</td>
<td>5.27</td>
</tr>
<tr>
<td>Population (million)</td>
<td>21.54</td>
<td>21.76</td>
<td>21.98</td>
<td>22.20</td>
<td>22.42</td>
<td>22.63</td>
<td>22.85</td>
</tr>
</tbody>
</table>

Source: Oxford Economics, F= Forecast

The 2014-15 Budget was released in mid-May. It announced a number of expenditure cuts and initiatives to increase revenues intended to return the fiscal position back to balance by 2018-19. Importantly for the economic outlook, the bulk of expenditure cuts will fall in 2016-17 when the economy is expected to be growing slightly faster than trend. This applies to nearly 60% of the total AUD 18 billion reduction in spending planned over the next three years.

Consequently, while consumer spending is expected to have made a solid contribution to Q1 GDP growth, it is forecast to soften over the coming months. That said, activity will receive a gradual boost over the course of the year from expansionary monetary policy, rising government infrastructure spending and last year’s depreciation in the trade-weighted exchange rate.

GDP is expected to grow by 0.7% on the quarter in Q1, down slightly from the 0.8% rise recorded in Q4. This would mark the eighth consecutive quarter of below trend growth (which is around 0.9%). On the
positive side, export volumes are rising in response to a surge in mining investment over the past five years, and a recovering housing market looks set to make a larger contribution to GDP growth this year.

Oxford Economics expects annual GDP growth to rise modestly to 2.9% this year and next. However, this assumes a further depreciation in AUD over the next 18 months as well as a sustained pick-up in non-mining investment. Without those supports, there is a risk that GDP growth could slow sharply in 2015-16, with interest rates expected to remain at historic lows well into 2015.

6.3 Tourism Overview

Sydney attracts a considerably higher proportion of international visitor nights when compared to Australia’s average of 37%. In 2013, 83.8 million visitor nights were spent in Sydney Tourism Region which represents 16.8% of all visitor nights spent in Australia, up from 14.0% in 2003. International visitor nights accounted for 73.4% (61.5 million) and domestic nights 26.6% (22.3 million).

International Visitor Arrivals

International visitor arrivals to Sydney grew by a CAGR of 2.1% over the last ten years, totalling a record 2.8 million visitors in 2013 and representing an increase of 6.4% y-o-y, with strong growth in visitation from Asia and USA. The largest source market to Sydney is Mainland China which accounted for approximately 17.5% of total visitor nights in 2013. Mainland China has also recorded the strongest growth over the past ten years increasing at an average rate of 14.8%.

Domestic Visitor Arrivals

Domestic arrivals to Sydney have increased on average by 0.5% over the past decade, with slightly higher growth over the past five years, increasing by 1.6% per annum. Sydney’s major domestic source markets in 2013 were regional New South Wales (33.3%), Melbourne (12.9%) and regional Queensland (10.4%).
Over the past ten years, visitation from most domestic source markets has declined, however regional South Australia, Tasmania and regional Queensland have recorded growth increasing on average by 3.9%, 3.4% and 2.0% per annum respectively.

Average Length of Stay

According to Tourism Research Australia (TRA), the average length of stay for domestic and international visitors in Sydney in 2013 was 2.7 nights and 21.8 nights respectively. The high average length of stay for international segment reflects the distance to Australia from most inbound source markets, as a long haul destination, as well as the impact of the education segment where stays are lengthened.

Over the past decade, the average length of stay for domestic visitors has recorded a slight decline, whilst increasing for the international segment, up from 15.3 nights in 2003. The average length of stay for domestic visitors peaked in 2007 at 2.9 nights and in 2011 for international visitors at 22.0 nights.
Geographic Origin

Based on latest statistics from TRA, Mainland China continues to be Sydney’s major inbound source market with visitor nights registering y-o-y growth of 9.2% in 2013. Visitor nights from Mainland China have recorded strong growth over the past decade increasing on average by 14.8% per annum, up from 2.7 million in 2003 to 10.8 million in 2013. Mainland China has been Sydney’s major source market since 2005 although a high proportion of this visitor night demand is education related.

Other major source markets include United Kingdom, Korea, Japan, USA and New Zealand with all five markets capturing greater than 5.0% market share in 2013.

Growth in 2013 was strongest for visitors from Taiwan, USA and Singapore with growth ranging between 15% and 45%. Visitation from Taiwan achieved its highest year on record and USA its’ highest year since 2002.
**Purpose of Visit – International Visitor Nights**

Holiday and education visitors account for the largest proportion of international visitor nights in Sydney. Famous for its harbour, the city offers extensive shopping, entertainment and dining experiences as well as countless surf beaches within the wider metropolitan area. As such it is widely regarded as a must-see tourist destination and widely targeted by international students, notably from Asia.

In 2013 holiday visitors comprised 30.7% of all international visitor nights spent in Sydney. Education visitors accounted for a further 26.6% of total visitor nights, followed by those visiting friends and relatives (VFR) (20.2%), employment (12.3%), business (5.5%) and MICE (0.6%). As outlined later in this report, the development of the International Convention Centre Sydney is likely to see MICE demand in Sydney increase with this segment historically held back by the size and lack of availability at the existing facility.

**Purpose of Visit – Domestic Visitor Nights**

Visiting friends and relatives (VFR) accounts for the largest proportion of domestic visitor nights in Sydney, comprising 40.1% of all domestic visitor nights spent in Sydney in 2013. Holiday visitors accounted for a further 28.4% of total visitor nights in 2013, followed by business (17.4%), employment (3.1%), MICE (1.6%) and education (1.4%).

While domestic visitor nights declined in 2012 as global economic uncertainty re-ignited, visitor nights increased by 2.1% in 2013 compared to the previous year which is supported by the growth in the holiday and employment sectors. The growth in holiday/ leisure visitation has positively impacted the paid accommodation segment which increased 3.9% over the same period.
**Key Demand Drivers**

Sydney is the major gateway to Australia and a key hub for the Asia Pacific region. Famous for its harbour, the city offers extensive shopping, entertainment and dining experiences as well as countless surf beaches within the wider metropolitan area. Australia’s most populous city with around 4.4 million residents, it is Australia's financial centre and primary real estate market in terms of quantum and value, reflected in the concentration of institutional investment in the city.

There are several major projects under construction and proposed in Sydney City which will increase the appeal of the city as a tourist destination. However, the city stands to benefit most from the Barangaroo redevelopment (East Darling Harbour) as it will change the dynamics of the city by extending and improving the amenability of the Darling Harbour precinct, as well as increasing commercial office space.

Sydney is a major MICE destination. After many years of inaction, the development of the International Convention Centre Sydney is underway. Planning consent was granted for new world-class convention, exhibition and entertainment facilities and improved public spaces at Darling Harbour, as part of the New South Wales (NSW) Government’s vision to revitalise the area and representing a landmark project for Sydney. The existing conference and exhibition facilities closed in December 2013 and construction is now underway. The new facilities will be completed in 2016 and will feature a considerably expanded centre which is able to run multiple concurrent events with an average size of 500 delegates per meeting. When multiple events are operating, the effect on the accommodation market will be similar to a ‘city-wide’ event with increases in occupancy and ADR anticipated.

Infrastructure NSW has developed a Sydney-wide solution to ensure NSW’s events industry continues to lead the nation during the redevelopment. Sydney Olympic Park, Moore Park, Sydney’s hotels, Australian Technology Park, Hordern Pavilion, Royal Randwick, Luna Park and Allphones Arena will all play expanded roles in hosting conferences, smaller exhibitions and entertainment. A temporary exhibition facility has also been constructed at Glebe Island.

The New South Wales government has also given Crown Limited the approval to go to the next stage in developing Crown Sydney at Barangaroo. The proposed AUD1.5 billion luxury resort and VIP-only casino on the city’s harbourside was favoured by the NSW government, ahead of an AUD1.1 billion bid from its competitor, casino operator Echo Entertainment. The project is expected to open in 2019.
Accessibility / Infrastructure Developments

Sydney Airport is Australia’s largest airport in terms of passenger and freight movements but only covers 907 hectares of land, making it the smallest capital city airport in terms of landholding. It is located eight kilometres south of the Sydney CBD and has a good underground rail link to the city centre from the domestic and international terminals.

Sydney Airport is Australia’s busiest airport, attracting more than 38.0 million passenger movements in 2013 with 25.2 million domestic and regional passenger movements (66.6 %) and 12.9 million international passenger movements (33.9%). International services have recorded the strongest growth over the past decade with passenger movements increasing on average by 5.0% per annum, compared to domestic services’ growth of 4.3% per annum. In December 2012, Sydney Airport opened a new 4,500 square meter extension of the T2 terminal, adding 28% capacity and allowing more carriers to use wide-bodied aircraft for domestic services.

Sydney Airport is preparing a new Master Plan to submit to the Australian Government by the end of 2013. A Preliminary Draft Master Plan (PDMP) has been prepared and was publicly exhibited until 30 August 2013. The PDMP details Sydney Airport’s vision to enable the forecast growth in air travel for tourism and trade well beyond 2033 whilst also maintaining current restrictions relating to curfew, aircraft movement caps and noise sharing arrangements. The development concept proposes the integration of international, domestic and regional passenger terminal operations, as well as the creation of transport interchanges. Sydney Airport Corporation expect that the proposed development will improve the overall airport experience by improving passenger connectivity by reducing inter-precinct transfers and improving traffic flow on roads in and around the airport apron.

6.4 Accommodation Market Overview

Location Brief

Statistics pertaining to the supply and performance of Sydney’s accommodation market have been sourced from the Australian Bureau of Statistics’ (ABS) Survey of Tourist Accommodation (STA) which was conducted on a quarterly basis until June 2013 and has now moved to an annual survey, as part of a department wide initiative to reduce costs.

According to the ABS, there were 33,724 accommodation rooms at the end of June 2013 in Sydney Tourism Region, which extends from Penrith in the West to the Pittwater in the North and Cronulla in the South. The majority of accommodation rooms are located in Sydney City (20,292 rooms) with considerably smaller accommodation markets in areas such as Parramatta, Ryde, North Sydney, Botany Bay, Rockdale and Randwick.

Existing Hotel Supply

Sydney City is the largest accommodation centre in Australia with 116 establishments comprising 20,292 rooms as at the end of June 2013. This represents an average property size of 175 rooms. Hotels comprise the largest proportion of the accommodation market, accounting for 60% of total rooms.

Accommodation room supply in Sydney has recorded two significant periods of growth between 1989 to 1992 and 1998 to 2001 when supply increased by 4,204 rooms (44%) and 3,564 rooms (20%) respectively. The city also experienced a significant reduction in accommodation supply between 2002 and 2003 when 943 rooms (5%) were taken out of stock for conversion to alternate use. Landlocked by the harbour,
development sites in Sydney CBD are limited. This has led to the growth of commercial centres across the broader metropolitan area.

**Future Hotel Supply**

There were three hotel openings in Sydney City in 2013 including Adge Apartment Hotel (12 rooms, June 2013), Hotel 1888 (90 rooms, July 2013) and Zara Apartments (38 rooms, July 2013). We are also aware of two extensions at the Sebel Pier One (30 rooms, January 2013) and Four Points by Sheraton Darling Harbour (11 rooms, October 2013).

![Additions to Accommodation Supply in Sydney (2009-2017)](image)

We have also identified two proposed projects thought likely to commence in the short term including the conversion of an office building into a 3-star hotel (282 rooms) and a 60-room 4-star boutique hotel located in the Frasers Central Park development which are proposed to be completed by 2015. Star categories are approximations with the final classification to be decided upon opening.

Other medium term major projects include the development of the International Convention Centre hotel (590 rooms) and the construction of a second tower at the Four Points by Sheraton (231 rooms). Both projects will be underpinned by the development of associated convention infrastructure.

The Four Points will also house 4,810 square metres of pillar-less exhibition and conference space for up to 3,000 delegates split between two ballrooms and eleven breakout areas. Construction is expected to start towards the end of 2014 and is scheduled for completion in 2016.

**Market Wide Hotel Trading Performance**

Over the past ten years, Sydney City accommodation market has recorded modest RevPAR growth increasing on average by 5.1% per annum. Room supply has remained fairly stable during this period, increasing by 0.6% per annum. Demand growth has also been modest increasing by 1.9% per annum and consequently occupancies have increased, up from 72.2% in 2002 to 84.6% in 2012. Occupancy levels peaked in 2011 at 85.8% but have declined marginally over the past year.

ADR growth has averaged 3.4% per annum over the past decade and 6.7% over the past three years. This reflects the record high occupancy levels which have been evident during this time. Nominal ADR in 2012 was approximately 5.4% above the pre-Global Financial Crisis high of AUD185 recorded in 2008.
As at YTD April 2014, occupancy levels in Sydney have increased marginally to 88.5% (2.5%). Against this backdrop ADR has recorded modest gains, increasing by 6.8% to AUD233 resulting in RevPAR growth of 9.4% to AUD207. January was a particularly strong month with 17.3% RevPAR growth compared to the previous year.

**Seasonality**

Analysis of the monthly occupancy levels in Sydney city hotels shows that occupancy levels typically peak in February and March and again in October and November. These months tend to be the strong periods for leisure travel, as well as conferences and exhibitions.

Source: ABS, STR Global
**Existing Serviced Apartment Supply**

According to the Australian Bureau of Statistics, there were 6,248 serviced apartment rooms in Sydney Tourism Region at the end of June 2013, which represents approximately 18.3% of the total accommodation supply.

In response to unprecedented growth in demand for residential investment in the late 1990s to mid-2000s and coupled with the difficulties of raising capital for traditional style hotels, property developers turned their focus towards strata-titled serviced apartments. This has allowed the development to be sold down on a “retail” basis as individual strata units to individual private investors rather than on a “wholesale” basis as a larger commercial investment. Over the period to 2007, this ownership structure reduced risk and improved development return to the point of project viability in select markets. Tightening credit markets over subsequent years has resulted in the retail investor market contracting significantly, impacting the viability of this “sell down” product.

Serviced apartments have recorded modest room supply growth in Sydney Tourism Region over the past decade with rooms increasing at an average rate of 2.3% per annum over the ten years to 2012. Major serviced apartment operators include Mantra, Quest Apartment, Toga Hospitality, Oaks Hotels and Resorts and Meriton Apartments. We note that some hotel operators have also recently embraced this growth segment, most notably Accor through the acquisition of Mirvac Hotels & Resorts in late 2011 and now operate apartments under the Sebel and Grand Mercure brands.

**Future Serviced Apartment Supply**

Additions to Sydney City supply have been limited in recent years with the opening of Adge Apartment Hotel (12 rooms, June 2013) and Zara Apartments (38 rooms, July 2013). We are unaware of any upcoming new serviced apartment developments in the pipeline.

### 6.5 Investment Market

Around AUD 4.7 billion worth of hotels have changed hands in the Sydney Tourism Region over the past decade. The Sofitel Sydney Wentworth is the only major transaction in Sydney for the year to date.

**Recent Sydney Hotel Transactions**

<table>
<thead>
<tr>
<th>Property</th>
<th>Transaction Date</th>
<th>Rooms</th>
<th>Reported Price (AUD)</th>
<th>Price per room</th>
<th>Vendor</th>
<th>Purchaser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sofitel Sydney Wentworth</td>
<td>May-14</td>
<td>436</td>
<td>$201.0 million</td>
<td>$461,009</td>
<td>LaSalle Investments Ltd</td>
<td>Frasers Centrepoint Ltd</td>
</tr>
<tr>
<td>Four Seasons Hotel Sydney</td>
<td>Aug-13</td>
<td>531</td>
<td>$340.0 million</td>
<td>$640,301</td>
<td>Eureka Funds Management</td>
<td>Mine Asset Global Investments</td>
</tr>
<tr>
<td>Diamant Hotel Potts Point</td>
<td>May-13</td>
<td>76</td>
<td>$15.5 million</td>
<td>$203,947</td>
<td>Orchard Funds Management</td>
<td>Confidential domestic consortium</td>
</tr>
<tr>
<td>Mercure Parramatta</td>
<td>May-13</td>
<td>164</td>
<td>$21.25 million</td>
<td>$129,600</td>
<td>Tourism Asset Holdings Limited</td>
<td>Smith Property Group</td>
</tr>
<tr>
<td>ibis King Street Wharf</td>
<td>Apr-13</td>
<td>91</td>
<td>$24.1 million</td>
<td>$264,800</td>
<td>Tourism Asset Holdings Limited</td>
<td>Schwartz Family Company Pty Limited</td>
</tr>
<tr>
<td>Mercure Potts Point</td>
<td>Dec-12</td>
<td>227</td>
<td>$37.0 million</td>
<td>$163,000</td>
<td>Australian Hotel Group</td>
<td>Ibis Hotel Group</td>
</tr>
<tr>
<td>Observatory Hotel Sydney</td>
<td>Jun-12</td>
<td>96</td>
<td>$40.0 million</td>
<td>$16,667</td>
<td>Orient Express Hotels</td>
<td>Langham Hospitality Group</td>
</tr>
<tr>
<td>Shangri-La Hotel Sydney</td>
<td>Jun-12</td>
<td>563</td>
<td>$330.0 million</td>
<td>$586,146</td>
<td>GIC Real Estate Pte Ltd</td>
<td>Shangri-La Hotels &amp; Resorts</td>
</tr>
</tbody>
</table>

Source: JLL; Note: # Hotel component only

### 6.6 Market Outlook

As Australia’s major gateway, Sydney attracts a high proportion of international visitors when compared to the Australian average. The city also boasts a large domestic visitor segment, being both the primary
corporate centre in Australia and key leisure destination. This broad demand base will therefore underpin the city’s hotel and tourism market in the coming years.

International visitor arrivals have increased at an average rate of 2.1% per annum over the past ten years with strong growth from Mainland China visitors, increasing at an average rate of 14.8% per annum. Other major source markets include United Kingdom, Korea, Japan, USA and New Zealand with all five markets capturing greater than 5.0% market share in 2013. Growth is primarily being driven by the holiday and employment segments.

Famous for its harbour, the city offers extensive shopping, entertainment and dining experiences as well as countless surf beaches within the wider metropolitan area. As such it is widely regarded as a must-see tourist destination and widely targeted by international students, notably from Asia.

Sydney City’s accommodation market has recorded modest growth over the past ten years. Steady increases in accommodation demand have been recorded against a backdrop of low annual increases in supply with new development generally held back by the cost versus value gap. Occupancy levels have increased considerably as a result, averaging 85% over the past four years.

With few accommodation projects currently under construction in Sydney City, the outlook remains promising following the recovery in demand which has been evident over the past three years. In 2013, real RevPAR is projected to surpass the 2007-peak as occupancy levels remain robust and ADR growth strengthens in line with the benign supply outlook and a more stable demand environment.

Notwithstanding, some uncertainty remains with the redevelopment of the Sydney Convention & Exhibition Centre which combined with a lack of ‘blockbuster’ events in 2014 may result in a sentiment-driven short term lull, albeit largely unwarranted and with limited evidence thus far. Offsetting this, will be the rebounding domestic corporate segment as normal business resumes following the consummation of the Federal Election in September 2013 and subsequent change of government. The Rotary Convention in June 2014 is also expected to provide a welcome boost to Sydney’s accommodation market.

Major infrastructure projects such as the Barangaroo urban renewal project and the development of the International Convention Centre will provide an added boost to the market over the medium to long term. This is also likely to change the city dynamics with a shift towards the western corridor in Sydney.

6.7 Fraser Suites Sydney

Fraser Suites Sydney is an all-suite hotel strategically located in the heart of Sydney next to Sydney Town Hall and walking distance to Hyde Park and Darling Harbour. Nearby attractions include major department stores, the Queen Victoria Building, waterfront restaurants at Darling Harbour, the Spanish Quarter and Chinatown. Sydney’s historic Capitol Theatre and the Entertainment Centre are located nearby. An overview of Fraser Suites Sydney is provided in the table below:
Fraser Suites Sydney

Address: 488 Kent Street, Sydney 2000

No. Rooms: 201 rooms including:
- 55 x studios
- 144 x one beds
- 1 x two-bed
- 1 x three-bed

Executive Club: Not applicable
Meeting Space: 4 meeting rooms for up to 100 persons
Food & Beverage: Mezzanine Lounge which serves breakfast
Other Facilities: Business Centre, Large Gymnasium, Swimming Pool, Spa and Sauna

Source: Hotel Management

Serviced Apartment Operator Information

The Fraser Suites Sydney is operated by Frasers Hospitality. Please refer to Section 3.8 Fraser Suites Singapore – Serviced Apartment Operator Information for more information.

Existing Competitive Set – Fraser Suites Sydney

The property-defined competitive set comprises a group of five properties, all of which are located in Sydney CBD’s midtown precinct.

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Location</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Sydney</td>
<td>291</td>
<td>CBD</td>
<td>Frasers Hospitality</td>
</tr>
<tr>
<td>Radisson Hotel &amp; Suites</td>
<td>102</td>
<td>CBD</td>
<td>Carlson Asia Pacific</td>
</tr>
<tr>
<td>Parkroyal Darling Harbour</td>
<td>340</td>
<td>CBD</td>
<td>Pan Pacific Hotels Group</td>
</tr>
<tr>
<td>Swissotel Sydney</td>
<td>359</td>
<td>CBD</td>
<td>Fairmont Hotels &amp; Resorts</td>
</tr>
<tr>
<td>Hilton Hotel</td>
<td>577</td>
<td>CBD</td>
<td>Hilton Hotels</td>
</tr>
<tr>
<td>Rydges World Square</td>
<td>452</td>
<td>CBD</td>
<td>Rydges Hotels &amp; Resorts</td>
</tr>
</tbody>
</table>

Total Number of Rooms: 2,031

Source: Hotel Management, www.wolf.com

The competitive grouping comprises a mix of international (1,579 rooms or 77.8%) and domestic (452 rooms or 22.3%) branded product. Rydges World Square is the only domestic brand and one of the larger properties with an overall average property size of 339 rooms. The Fraser Suites Sydney is one of the smaller properties and the only serviced apartment styled-product. It is also the newest property having only opened in 2006 where most other properties are at least ten years old.

The identified competitors are well represented by the major Australian hotel operators with notable international brands including Hilton (13th largest), Parkroyal (Pan Pacific Hotels Group, 21st largest) and Radisson (Carlson Hotels, 25th largest). Operating companies with established international 5-star brands which are not represented include Accor, Starwood Hotels & Resorts and Hyatt Hotels & Resorts, all of which operate properties in other parts of Sydney CBD.

Performance of Competitive Set

Performance data has been sourced from STR Global and provided to JLL for 2013. A snapshot of the recent trading performance is provided in the following chart and highlights that the subject property has performed above the competitive set over the past 12 months with RevPAR averaging AUD 208 versus the competitor set of AUD 192.
SWOT Analysis of Fraser Suites Sydney

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modern high quality serviced apartment product</td>
<td>Low recognition of Fraser brand in Australia, albeit growing</td>
</tr>
<tr>
<td>Generous size of the apartments</td>
<td>Weak distribution across Australia</td>
</tr>
<tr>
<td>Flexible dual key configuration</td>
<td>Only three lifts and no dedicated service lift</td>
</tr>
<tr>
<td>Quality indoor pool and gym facilities</td>
<td>Limited F&amp;B offering on Mezzanine level and no bar</td>
</tr>
<tr>
<td>Ample parking for the operation</td>
<td>Requirement for soft rooms refurbishment in short to medium term (7 years old)</td>
</tr>
<tr>
<td>Frasers is a well-known brand in Asia particularly among relocation companies</td>
<td>Property attracts high-end corporate long stay guests</td>
</tr>
<tr>
<td>Property attracts high-end corporate long stay guests</td>
<td>Primary Australian corporate and financial centre</td>
</tr>
<tr>
<td>Highly regarded tourism demand generators</td>
<td></td>
</tr>
<tr>
<td>Main entry point into Australia for international visitors (air and cruise)</td>
<td></td>
</tr>
</tbody>
</table>
### Opportunities

- Growing inbound business through Asian network given high brand recognition and projected growth of this segment
- Increase conference business & in-house video conferencing
- Grow Frasers portfolio through acquisition & development and increase network/brand awareness
- Take-over leased out F&B operation
- Proposed modifications to the arrival experience / entry
- Asian inbound markets projected to underpin inbound tourism growth over the coming decade
- City shifting westwards with Barangaroo and SICEEP developments
- Re-opening of SICEEP in 2017 and growth in Asia Pacific events
- Favourable supply/demand balance projected over the next five years in Sydney City
- Potential development of the Central and Eveleigh railway corridor will change city market dynamics over the long term

### Threats

- Interruption to city from convention centre closure & redevelopment
- Recent and future planned room supply additions to nearby competitors e.g. Four Points Tower Two
- Recent refurbishment of nearby competitors including Parkroyal Darling Harbour, Swissotel & Four Points
- Proposed bike lane in Kent St and impact on traffic flows
- Product confusion Suites versus Place brands
- The proposed development of tourism infrastructure does not proceed as planned
- Higher passenger tax on cruise ships
- Australian Dollar remains high for an extended period of time

6.8 **Novotel Rockford Darling Harbour**

Set amongst Sydney’s vibrant Darling Harbour, Novotel Rockford Darling Harbour is within short walking distance of the Darling Quarter commercial precinct, King St Wharf and Cockle Bay restaurants and bars, CBD shopping and Chinatown. An overview of Novotel Rockford Darling Harbour is provided in the table below:

<table>
<thead>
<tr>
<th>Novotel Rockford Darling Harbour</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address:</strong> 17 Little Pier Street, Darling Harbour, NSW 2000</td>
</tr>
<tr>
<td><strong>No. Rooms:</strong> 230 rooms</td>
</tr>
<tr>
<td><strong>Executive Club:</strong> Executive Lounge</td>
</tr>
<tr>
<td><strong>Meeting Space:</strong> 5 meeting rooms for up to 110 theatre style</td>
</tr>
<tr>
<td><strong>Food &amp; Beverage:</strong> Ceezens Restaurant, Brew Café and Pumphouse Restaurant &amp; Bar</td>
</tr>
<tr>
<td><strong>Other Facilities:</strong> Gymnasium, heated lap pool and 24 hour business centre</td>
</tr>
</tbody>
</table>

Source: Hotel Management
Hotel Operator Information

Novotel Rockford Darling Harbour operates under a Franchise Agreement with AAPC Properties Pty Limited, which is an affiliate of Accor Asia Pacific Corporation (AAPT). AAPC is fully owned by French based Accor SA, the world’s largest hotel operator.

As at December 2012, Accor operated in 92 countries around the world, controlling 3,555 hotels and 455,985 rooms. Of these, 23% of rooms (559 hotels with 105,908 rooms) were in the Asia Pacific region.

Accor offers a comprehensive selection of brands which cover the full spectrum of the Australian accommodation market ranging from luxury to budget/select service hotels, as well as boutique properties, resorts and serviced apartments. Brands include Sofitel, Pullman, M Gallery, Novotel, Mercure, Ibis, Ibis Styles, Ibis Budget and Formule One.

Accor is Australia’s largest operator with 202 properties and 27,238 rooms under management at the end of 2012.

Existing Competitive Set – Novotel Rockford Darling Harbour

The hotel-defined competitive set comprises a group of five properties, all of which are located in Sydney’s Darling Harbour.

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Location</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novotel Rockford Darling Harbour</td>
<td>230</td>
<td>CBD</td>
<td>Accor</td>
</tr>
<tr>
<td>Four Points Sydney Darling Harbour</td>
<td>672</td>
<td>CBD</td>
<td>Starwood Hotels &amp; Resorts</td>
</tr>
<tr>
<td>Holiday Inn Darling Harbour</td>
<td>346</td>
<td>CBD</td>
<td>InterContinental Hotels Group</td>
</tr>
<tr>
<td>Parkroyal Darling Harbour Sydney</td>
<td>340</td>
<td>CBD</td>
<td>Pan Pacific Hotels Group</td>
</tr>
<tr>
<td>Novotel Sydney Darling Harbour</td>
<td>525</td>
<td>CBD</td>
<td>Accor</td>
</tr>
<tr>
<td>Rydges World Square Sydney</td>
<td>452</td>
<td>CBD</td>
<td>Rydges Hotels &amp; Resorts</td>
</tr>
<tr>
<td><strong>Total Number of Rooms</strong></td>
<td><strong>2,565</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Hotel Management, www.wotif.com

The competitive grouping comprises a mix of international (2,113 rooms or 82.4%) and domestic (452 rooms or 17.6%) branded product. Rydges World Square is the only domestic brand and one of the three largest properties with an overall average property size of 428 rooms. The competitor set includes two of Sydney’s largest hotels; the Four Points by Sheraton and Novotel Sydney Darling Harbour.

The identified competitors are well represented by the major Australian hotel operators with notable international brands including Novotel (Accor Hotels, Australia’s largest operator), Holiday Inn (InterContinental Hotels Group, 4th largest) and Four Points by Sheraton (Starwood Hotels & Resorts, 12th largest).
Performance data has been sourced from STR Global and provided to JLL for 2013. A snapshot of the recent trading performance is provided in the following chart and highlights that the subject property has performed above the competitive set over the past 12 months with RevPAR averaging AUD 150 versus competitor set of AUD 144. The property typically outperforms during those months which are strongest for MICE demand.

**SWOT Analysis of Novotel Rockford Darling Harbour**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
</table>
| - Excellent location in close proximity to CBD & Darling Harbour  
- Small property with few room types  
- Quality indoor pool & gym  
- Accor branding, distribution strength & loyalty program  
- Rockford’s revenue management systems  
- Meeting rooms with natural light  
- Heritage character of the adjoining Pumphouse Bar & Restaurant with good patronage from locals.  
- Historically strong ADR growth at the property  
- Some rooms have views over the Chinese gardens | - No onsite guest parking  
- Dated rooms product compared to competitor set  
- Long-leasehold title encumbering the property as well as both management and franchise agreements  
- Significant portion of business mix from air crew and a lack of volume corporate accounts |
<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Return to growth for traditional inbound markets e.g. Europe and USA which like the Darling Harbour precinct</td>
<td>• Closure of SCEC and potential impact of room night demand at the hotel</td>
</tr>
<tr>
<td>• Strong trading market fundamentals projected for Sydney City over the next few years</td>
<td>• Recent refurbishment of nearby competitors including Parkroyal Darling Harbour, Swissotel and Four Points</td>
</tr>
<tr>
<td>• Asian inbound markets projected to underpin inbound tourism growth over the coming decade</td>
<td>• Recent and planned additions to nearby competitors e.g. Four Points</td>
</tr>
<tr>
<td>• City shifting westwards with Barangaroo &amp; SICEEP developments</td>
<td>• Australian Dollar remains high for an extended period of time</td>
</tr>
<tr>
<td>• Re-opening of SICEEP in 2016 and growth in Asia Pacific events</td>
<td></td>
</tr>
<tr>
<td>• Grow corporate accounts</td>
<td></td>
</tr>
<tr>
<td>• Refurbish the property in time for re-opening of SICEEP</td>
<td></td>
</tr>
</tbody>
</table>
7 London Market Overview

7.1 Executive Summary

In addition to being one of the world’s leading financial centres, London has strengths in the arts, education, fashion, financial services, media and tourism industries, all contributing to the city’s global economic prominence as well as driving substantial corporate demand.

London is also home to some of the world’s most famous sporting, cultural and entertainment venues, supporting major events in the city and enabling London to be one of the most visited cities in the world. Some key international attractions and events include:

- The British Museum
- The Tower of London
- The Natural History Museum
- The National Gallery
- The London Science Museum
- The London Eye
- Buckingham Palace
- The London Marathon
- The BRIT Awards
- Chelsea Flower Show
- London Fashion Week
- The FA Cup Final
- Six Nations Rugby Tournament
- Wimbledon Tennis Tournament
- The London Film Festival

London is by far the largest accommodation centre in the United Kingdom (UK) with 131,134 rooms across 1,379 establishments as at May 2014. Hotel properties dominate the market, accounting for 91.2% of total accommodation, while serviced apartments account for 6.9%.

The London accommodation market has shown its room demand resilience over the past few years despite the Global Financial Crisis. Since 2003, a further 32,138 rooms or 33.3% have been added to London’s accommodation market. The largest increase was in 2012 which saw an additional 7,823 rooms enter the London market spurred by the London Olympics. Over the period, occupancy has increased from 75.3% in 2004 to 82.4% in 2013. Room rates have also increased a CAGR of 4.1% since 2004, up from £96 to £138 in 2013.

7.2 United Kingdom Economic Market Overview

United Kingdom: Economic Indicators

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP (% change)</td>
<td>1.66</td>
<td>1.12</td>
<td>0.28</td>
<td>1.66</td>
<td>2.96</td>
<td>2.48</td>
<td>2.63</td>
</tr>
<tr>
<td>GDP (USD billions, PPP)</td>
<td>2,000.39</td>
<td>2,022.75</td>
<td>2,028.36</td>
<td>2,062.08</td>
<td>2,123.20</td>
<td>2,175.77</td>
<td>2,233.09</td>
</tr>
<tr>
<td>GDP Per Capita (USD, PPP)</td>
<td>32,045</td>
<td>31,955</td>
<td>31,816</td>
<td>32,137</td>
<td>32,861</td>
<td>33,455</td>
<td>34,119</td>
</tr>
<tr>
<td>Consumer Price Index (% change)</td>
<td>3.29</td>
<td>4.48</td>
<td>2.82</td>
<td>2.55</td>
<td>1.69</td>
<td>1.63</td>
<td>1.68</td>
</tr>
<tr>
<td>Exchange Rate (LCU / USD)</td>
<td>1.57</td>
<td>1.55</td>
<td>1.58</td>
<td>1.65</td>
<td>1.67</td>
<td>1.67</td>
<td>1.64</td>
</tr>
<tr>
<td>Unemployment Rate (%)</td>
<td>4.55</td>
<td>4.70</td>
<td>4.75</td>
<td>4.28</td>
<td>3.29</td>
<td>3.03</td>
<td>2.91</td>
</tr>
<tr>
<td>Population (million)</td>
<td>62.42</td>
<td>63.30</td>
<td>63.75</td>
<td>64.17</td>
<td>64.61</td>
<td>65.04</td>
<td>65.45</td>
</tr>
</tbody>
</table>

Source: Oxford Economics, F= Forecast
The UK economy is one of the largest in the world, ranking sixth globally and is also one of the most accommodating places in the world to do business. The economy enjoyed a long period of strong, low inflationary growth between 1993 and 2007, supported by a stable domestic political backdrop.

At the end of Q1 2012, the UK had posted two consecutive quarters of negative growth and officially entered into a double-dip recession. However, in Q3 2012, GDP expanded by a surprisingly strong 1.0% quarter-on-quarter, therefore, ending the second recessionary dip. GDP edged up 0.3% overall in 2012. Helping matters was extended employment growth and a drop in consumer price inflation to a 34-month low of 2.2% in September 2012, lifting consumers’ spending capacity.

Positive growth continued in 2013, with GDP expanding by 0.5%, 0.8% and 0.8% in the first, second and third quarter of the year, respectively. Growth was supported by expanding output from the service sector, industrial, manufacturing and construction industry. Moreover, consumer spending, business investment and private residential investment grew by 0.8%, 2.0% and 0.7% respectively in the third quarter. Nevertheless, challenges remain with a negative net trade following a fall of 3.0% in exports.

In April 2014, the IMF announced that the UK economy will be the fastest growing this year of the G7 countries. This is alongside low inflation and falling unemployment.

CPI Inflation fell to 1.7% in the year to February 2014; its lowest level since October 2009. The main contributions to the slowdown came from the transport sector, where the price of petrol fell, and household services, where gas and electricity prices rose more slowly than in the same month last year. Inflation is expected to remain subdued as the impact of stronger demand is offset by an appreciating Pound and sluggish wages. Furthermore, as inflation is below its 2% target rate, the Bank of England may face less pressure to raise interest rates.

Momentum in the jobs market continued in the three months to February 2014 as unemployment fell by 63,000, bringing the rate down to 7.2% from 7.4% in the previous three months. Employment rose by 105,000 over the same period, driven by rising numbers of self-employed as the number of employees actually fell over the period. Total earnings rose by just 1.4% over the year to January, compared with inflation at 1.9%. However, this unusual period of falling earnings is set to end and real wage growth is expected to exceed inflation again this year.

Although the UK upturn seems to be finally firming and broadening after extended weakness, the upside for growth is set to remain capped by only a gradual easing of the extended squeeze on purchasing power, constrained government spending; only gradually improving Eurozone domestic demand and a relatively strong Pound.

We anticipate that the Bank of England will keep interest rates at 0.5% until the third quarter of 2015 to give the economy every chance to develop decent and sustained growth.
7.3 Tourism Overview

Tourist demand in London has seen steady growth since the economic downturn in 2007/2008, which saw visitor arrivals fall by 4.2% and 3.5% respectively. 2009 saw visitor arrivals grow by 1.9%, however bed nights declined by 3.6%. 2011 saw both arrivals and bed nights back to strong growth as the economy began to recover. 2012 and 2013 were both record years for London, with visitor arrivals reaching an all-time high of 29.1 million in 2013, reflecting a y-o-y increase of 5.4%. Bed nights also showed a positive trend in 2013 and increased by 2.4% to a record of 124.9 million.

International Visitor Arrivals

International arrivals recorded a 10 year CAGR of 3.7% between 2003 and 2013. In 2013, international arrivals totalled 16.8 million, a strong increase of 8.5% compared to the previous year. 2013 recorded the highest number of international visitors during the 10-year period, the previous peak being 2006 with 15.6 million visitors.

Domestic Visitor Arrivals
Domestic arrivals to London have recorded a CAGR of -1.5% on average between 2003 and 2013. Domestic visitors totalled 12.3 million in 2013, a 1.3% increase on 2012.

**Average Length of Stay**

![Graph showing average length of stay for London tourism](image)

In 2013 the average international stay was 5.6 days, a 4.9% decrease compared to 2012 and still below the peak of 6.8 days recorded during the period in 2003. The average length of stay for domestic visitors was 2.2 days in 2013, compared to 1.7 days the previous year. The average stay for domestic guests has ranged between one and two days from 2003 to 2013.

**Geographic Origin**

![Graph showing top 10 source markets to London in 2013 by country of residence](image)

The USA continues to be the largest source of international visitors to London (10.6% market share), despite decreasing 8.2% from 11.2 million visitor nights in 2012 to 10.3 million visitor nights in 2013. Other major source markets in terms of visitor nights include France with a 7.7% market share, Germany (6.2%) and Italy (6.1%).
Of the top 10 source markets, the largest increase in visitor nights between 2012 and 2013 was from Australia, increasing 21.7% from 4.3 million visitor nights to 5.2 million visitor nights. The largest decline came from Poland, with a 16.6% fall in visitor nights from 3.7 million in 2012 to 3.1 million in 2013.

**Purpose of Visit - International Visitors**

The majority of international visitor nights in 2013 comprised leisure travellers, accounting for 49.5% of total visitor nights. Travel to visit friends and relatives (VFR) was the second highest proportion of total visitor nights with 22.8%, followed by business-related travel (19.8%).

**Key Demand Drivers**

In addition to being one of the world's leading financial centres, London has strengths in the arts, education, fashion, financial services, media and tourism industries, all contributing to the city's global economic prominence and status as a leading tourism destination.

The city is home to some of the world's most iconic tourist sites including the Big Ben, the Houses of Parliament, Trafalgar Square and the London Eye. In addition, the city has a large number of museums and art galleries, including the British Museum (currently the most visited attraction in the UK), the Natural History Museum, the National Gallery and the Tate Modern. Furthermore, London has some world-class parks and open spaces that include Hyde Park, Regent’s Park and St. James’s Park. These elements combine to create a world-class internationally renowned tourist destination.

The London Development Authority (LDA) has plans to expand London’s tourism product even further through the London Tourism Action Plan. Key areas of the plan include:

- Continuing to promote London to core leisure and business markets (North America, Europe and the UK) to maintain and grow market share
- Continuing to review the balance of resources allocated to business and leisure activity
- Working closely with marketing bodies to ensure a sustainable balance of visitors
- Working closely with London's overseas offices in Mainland China and India to maximise London's brand exposure as a leading visitor destination in these markets
- Coordinating strategic gateway activity to capitalise on London’s role as a gateway to the rest of the UK by overseas visitors
- Continuing to support the development of London as a major events destination through the Events for London Steering Group.

**Accessibility / Infrastructure Developments**
Within London, the London Underground network is the most efficient form of transportation, connecting 270 stations across 11 lines. Cross Rail is a new underground railway development due to be completed in 2018 which will make it quicker and easier to travel across the city via new lines and tunnels. The line will connect 37 stations across London, from Heathrow in the west, though central and finally to Shenfield in the east. Cross Rail is expected to provide a 10.0% increase in rail capacity and service up to 200 million passengers a year.

London is also served by five international airports, all located within a one-hour drive of the city centre (Heathrow, London Gatwick, London Stansted, Luton and London City). London’s main airport, Heathrow, serves 184 destinations in 80 countries and is the world’s busiest airport by international passenger numbers. Its most popular routes are to New York, Dubai, Frankfurt, Dublin and Amsterdam.

In 2013, total passenger arrivals to London (including all five airports) increased by 3.3% compared to 2012, with total passenger numbers reaching almost 139 million. Passenger arrivals to London have recorded a 10 year CAGR of 1.5% since 2003, weighed down by a 4.9% dip in 2009 due to the world financial crisis.

### 7.4 Accommodation Market Overview

**Location Brief**
The majority of London’s full-service hotels are concentrated in London’s West End, where many of London’s famous tourist attractions are located, particularly in the City of Westminster. The following describes the characteristics of the city’s five major hotel districts:

- **The City of Westminster** - Situated in the heart of the capital, the borough contains many parks and open spaces, along with a large number of popular sites such as Buckingham Palace, the Houses of Parliament and 10 Downing Street. In addition, a number of prime shopping destinations are located in the borough including Regent’s Street, Oxford Street, Piccadilly and Bond Street, in addition to a number of nightlife hotspots including the popular entertainment district of Soho. The City of Westminster is home to some of the world’s most famous 5-star hotels, such as the Dorchester, the Ritz, Claridge’s and the Connaught.

- **Camden** - Located in the north of the city, stretching from Holborn and Bloomsbury in the south to Hampstead Heath in the north. The borough is home to three of the capital’s busiest transport hubs; Euston, King’s Cross and St. Pancras International, the terminus of the Eurostar train to continental Europe. There have been a large number of regenerative projects taking place around Kings Cross and many businesses now have a presence in the area. Google also plans to build their new European headquarters near Kings Cross station which will comprise 920,000 square feet of office space once completed and likely draw other technology businesses into the area. Camden Town, to the north of the borough, is a well-established retail and entertainment hotspot and includes a number of well-known markets and music venues that are strongly associated with alternative culture. Major hotels located in the area include the Renaissance Hotel St. Pancras, the Great Northern hotel, Rosewood London, the Hilton London Euston and the Pullman London St. Pancras.
- **Kensington & Chelsea** - The Royal Borough of Kensington & Chelsea is located to the immediate west of the City of Westminster and to the east of Hammersmith and Fulham. The borough is home to a substantial number of tourism sites, including major museums such as the Natural History Museum and the London Science Museum, department stores such as Harrods, Peter Jones and Harvey Nichols while Notting Hill, to the north of the borough, is home to Notting Hill carnival, Europe’s largest carnival. The borough also houses several embassies which are located in Belgravia, Knightsbridge and Kensington Gardens, as well as some of the world’s most prestigious universities such as Imperial College, the Royal College of Art and the Royal College of Music. The borough is one of the most affluent in London, with some of the most expensive residential properties in the world located in this part of the city. Major hotels located in this area include the Berkeley, the Bulgari Hotel and Residences, Jumeirah Carlton Tower, the Wyndham Grand London Chelsea Harbour and the Hilton London Kensington.

- **Tower Hamlets** – Located to the east of the City of London and north of the River Thames, Tower Hamlets covers much of the traditional East End of the city. The borough is home to Canary Wharf, one of London’s primary business districts and one of Europe’s largest clusters of skyscrapers, along with several prominent tourist attractions that include Tower Bridge and the Tower of London. The borough is also home to one of London’s most popular nightlife spots, Brick Lane, famous for its large number of bars, nightclubs and curry houses. Major hotels in the area include the Guoman Tower Hotel, Four Seasons London Canary Wharf, Marriott West India Quay and the Hilton London Canary Wharf.

- **The City of London** – The City, often referred to as the square mile, is a major business and financial centre in London. Along with Canary Wharf to the east, the City is also one of the leading financial centres of Europe. Although the City has a relatively small residential population (around 7,000 residents), over 300,000 people commute and work in the district. Financial services are the primary business focus in the area, particularly insurance, with legal firms also having presence in the northern and western sides of the City. The City of London vies with New York as the financial capital of the world, with the London Stock Exchange, Lloyd’s of London, the Bank of England and over 500 other international banks having offices in the area. In 2009, the City accounted for 2.4% of UK’s total GDP. Major hotels in the area include Andaz Liverpool Street, The Grange St. Pauls, Doubletree by Hilton and Threadneedles London.

*Existing Hotel Supply*

London offers a large variety of hotels, from budget to luxury, although the majority of supply is classified as 4-star (upscale) quality. In recent years, the city has seen a considerable increase in its budget segment, with brands such as Travelodge, Premier Inn and Holiday Inn Express rapidly expanding in the capital. The upscale and luxury segment have also witnessed an increase, although to a lesser extent.

As at May 2014, the graded hotel supply in London comprised more than 1,378 hotels with a total of 131,116 rooms. Despite major developments in the budget sector, the London market remains dominated by 4-star room supply (around 37%). Approximately 53% of hotel stock is concentrated around the central boroughs of Westminster, Camden and Kensington and Chelsea.
**Future Hotel Supply**

Hotel development in the capital is set to remain buoyant for the remainder of 2014, with notable openings to include the 359 room, 4-star Mondrian London in Southwark and the 75 room, 5-star Beaumont hotel in Mayfair, both due in the autumn. In addition, April 2014 saw planning permission granted for the £700 million mixed-use development, One Nine Elms, located on London’s South Bank. The 200-metre high scheme, owned by Mainland Chinese conglomerate The Wanda Group, will be taller than the London Eye, The Gherkin and The BT Tower and will house the first luxury hotel opened by a Mainland Chinese firm outside Mainland China. If all planned hotel developments are realised, hotel supply in London will increase by a total of 15,479 rooms over the next three years, a growth of 9.1% on current supply.

![Additions to Hotel Supply in London (2009 - 2017)](image)

**Market Wide Hotel Trading Performance**

Hotel trading performance in London rebounded quickly after a dip in performance during the recession period of 2008/2009. Since then, hotels in London have reported a positive growth in performance y-o-y with occupancy levels consistently above 80.0%. In 2012, RevPAR increased y-o-y by 2.0% to £113 due to a growth in ADR of 4.0%, while occupancy decreased to 80.6%. By the end of 2013, London hoteliers reported a marginal y-o-y RevPAR growth of 0.6%, primarily driven by an increase in occupancy of 2.2% to 82.5% combined with a 1.6% decline in ADR.

Occupancy rates in London are generally quite seasonal, with regular spikes in performance during the peak autumn and summer months. Despite this, the summer of 2013 experienced a strong early summer with trading performance in June up 11.7%, while trading was more subdued in the months of July and August due to exceptional comparisons resulting from the 2012 Olympics.

As at YTD April 2014, RevPAR was up 7.3% compared to 2013 as a result of a 5.1% increase in ADR and a 2.1% increase in occupancy. Performance has been positively affected by a return in business and consumer confidence, along with an improving economy.
**Serviced Apartment Market Overview**

According to the Association of Serviced Apartment Providers (ASAP), the UK is the largest and most developed serviced apartment market in Europe and many domestic operators such as Go Native, along with global operators such as BridgeStreet, have established a strong presence in the country. By far the most mature market is London where many operators have a foothold in the capital. Being Europe’s key financial centre, demand for serviced apartment accommodation is very high and occupancy levels in the serviced apartment sector tend to range between 85% and 90%. Strong variations in trading performance will continue, with London set to outperform the rest of the UK market. However, the other UK regions will offer a lot of growth potential with trading performance in the first four months of 2014 picking up in Glasgow (+20.3%), Manchester (+11.5%), Aberdeen (+11.4%) and Leeds (+9.0%).

Moving forward, the sector will continue to evolve and show growth both in London and the UK regions, with many operators continuing to search for new opportunities with their own Aparthotel brands. At present, around 27 serviced apartment projects are currently in the development pipeline across the UK.

**Existing Serviced Apartment Supply (London)**

<table>
<thead>
<tr>
<th>Operator</th>
<th>No. of Properties</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>BridgeStreet Global Hospitality</td>
<td>16</td>
<td>781</td>
</tr>
<tr>
<td>Think Apartments</td>
<td>6</td>
<td>747</td>
</tr>
<tr>
<td>Marlin Apartments</td>
<td>6</td>
<td>709</td>
</tr>
<tr>
<td>Ascott Group</td>
<td>6</td>
<td>686</td>
</tr>
<tr>
<td>Cheval Residences</td>
<td>8</td>
<td>427</td>
</tr>
<tr>
<td>Fraser Serviced Residences</td>
<td>8</td>
<td>333</td>
</tr>
<tr>
<td>Go Native</td>
<td>4</td>
<td>296</td>
</tr>
<tr>
<td>Staycily</td>
<td>2</td>
<td>237</td>
</tr>
<tr>
<td>Maykenbel Properties</td>
<td>8</td>
<td>215</td>
</tr>
<tr>
<td>FIC UK Properties</td>
<td>1</td>
<td>198</td>
</tr>
<tr>
<td>SACO</td>
<td>10</td>
<td>187</td>
</tr>
<tr>
<td>Other*</td>
<td>105</td>
<td>4,175</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>180</strong></td>
<td><strong>8,991</strong></td>
</tr>
</tbody>
</table>

*Other brands and independently owned apartments
Source: AM:PM Hotels
As at May 2014, there are 180 serviced apartment properties located across London, representing a supply of 8,991 units. The vast majority of these are owner-operated, comprising over 75% market share. Similar to hotels, serviced apartment properties are primarily located in the central boroughs of the City of Westminster and Kensington & Chelsea.

London has a large percentage of unbranded, independently operated units, making up 16.4% of total supply. However, the last 12 months have seen a number of branded operators entering the market. At present, the largest branded operator in London is BridgeStreet Global Hospitality who currently have 781 units across 16 properties, followed by the Think Apartments with 747 units, and Marlin Apartments with 709 units.

The serviced accommodation market in London has seen a surge of new openings driven by a high demand for both short and long term accommodation, the resilience of the lodging market and the relative scarcity of serviced accommodation stock.

Fuelled by the London Olympic Games, development activity within the sector was particularly strong in 2012 and a total of 11 serviced apartments with 798 units entered the London serviced accommodation market. Notable openings included the 133-unit Grosvenor House Apartments on Park Lane under the Jumeirah Living brand. Owned by Park Lane Properties, the apartments were originally built in the 1920s and underwent complete internal rebuild and refurbishment. The InterContinental Hotels Group also opened its first Staybridge Suites during June 2012 in Stratford, comprising 162 apartments. The property has since been sold to M&L Investments and is operated by Cycas Hospitality under a lease agreement.

The expansion of supply continued in 2013 with six new serviced apartments entering the market with a total of 215 rooms. Highlights included the 27-unit Suffolk Lane by BridgeStreet in the City of London and the luxurious 78-unit Nadier Soho in the Soho district.

**Future Serviced Apartment Supply (London)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Units</th>
<th>Due Date</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tower at GWQ by Urban Villa</td>
<td>Brentford</td>
<td>100</td>
<td>2014</td>
<td>Noho Hospitality Group</td>
</tr>
<tr>
<td>Staycity ApartHotels Greenwich High Road</td>
<td>Greenwich</td>
<td>68</td>
<td>2014</td>
<td>Staycity</td>
</tr>
<tr>
<td>Philpot House</td>
<td>Monument</td>
<td>36</td>
<td>2014</td>
<td>City Apartments</td>
</tr>
<tr>
<td>EastGate by Urban Villa</td>
<td>Aldgate East</td>
<td>217</td>
<td>2015</td>
<td>Noho Hospitality Group</td>
</tr>
<tr>
<td>Marlin Apartments</td>
<td>Lambeth North</td>
<td>218</td>
<td>2015</td>
<td>Marlin Apartments</td>
</tr>
<tr>
<td>Peninsula Tower</td>
<td>North Greenwich</td>
<td>100</td>
<td>2015</td>
<td>tba</td>
</tr>
<tr>
<td>Lincoln Plaza</td>
<td>South Quay</td>
<td>108</td>
<td>2015</td>
<td>Shiva Hotels</td>
</tr>
<tr>
<td>Roomzzz London Stratford</td>
<td>Stratford High Street</td>
<td>82</td>
<td>2015</td>
<td>Roomzzz</td>
</tr>
<tr>
<td>10 Trinity Square</td>
<td>Tower Hill</td>
<td>41</td>
<td>2015</td>
<td>tba</td>
</tr>
<tr>
<td>Staybridge Suites London Vauxhall</td>
<td>Vauxhall</td>
<td>93</td>
<td>2015</td>
<td>Cycas Hospitality</td>
</tr>
<tr>
<td>Nadler Victoria</td>
<td>Victoria</td>
<td>73</td>
<td>2015</td>
<td>Nadler Hotels</td>
</tr>
<tr>
<td>Ford by Urban Villa</td>
<td>Stratford</td>
<td>158</td>
<td>2017</td>
<td>Starboard Hotels</td>
</tr>
</tbody>
</table>

**Total rooms proposed/under construction** 1,294

Source: AML/PM Hotels
There are currently 12 confirmed serviced apartment projects with a total of 1,294 units in the development pipeline. If all projects are realised by the end of 2017, serviced accommodation supply is expected to increase 14.4%. Pipeline growth is also likely to increase further since a significant number of developments are currently in the planning stage. Furthermore, supply growth excludes Ascott’s plan to transform the 230-room The Cavendish London hotel into serviced apartments.

With tight supply conditions and limited land for development, converting secondary offices to serviced apartment use remains an attractive opportunity for developers. The locality for these serviced apartments is critical for the developments to be viable, especially outside central London where serviced accommodation developments are often less attractive due to a lower level of demand for longer stay accommodation.

Serviced Apartment Trading Performance (London)

![Graph showing London Serviced Apartment Market - Marketwide Performance](image)

Source: The Association of Serviced Apartment Providers (ASAP)

Serviced apartments in London post an average weekly rate of about £900 to £1,000, with occupancy usually recorded around 85.0%. Occupancy is therefore slightly higher when compared to the hotel sector where average occupancy levels are around 81.0%. In prime locations such as the West End, occupancy tends to exceed the 85.0% mark, with average room rates significantly higher than other central London locations. Typically, ADR’s are below those achieved by hotels of a similar quality / location as consumers generally seek rate discounts in exchange for a longer stay. The comparison between serviced apartments and hotels will remain challenging however, as larger sized units may affect the provision of a wider range of achievable services.

The serviced apartment sector in London has not been immune to the financial crisis that started in 2008 and witnessed a 5% decline in weekly rates in 2009 according to ASAP. However, the market rebounded quickly in 2010 with occupancy climbing to an impressive 89.0%. Market conditions became more difficult in 2011 due to the Eurozone crisis and occupancy fell to an average of 84.0% with weekly rates remaining largely stable. The Olympic year of 2012 was a success for most serviced apartment providers due to a 20.0% growth in weekly rates to a new record of £1,105. On the contrary, occupancy remained comparatively flat at 83.0%, reflecting weak demand during the pre-Olympic months from May to July.
Q1 2013 proved to be more challenging for London serviced accommodation providers with occupancy at around 77.0%, whilst weekly rates remained stable at £1,102. The general London hotel market saw a similar trend with RevPAR declining by 5.6%. Results in both segments were negatively impacted by poor weather conditions and Easter occurring in March, together with the impact of new supply.

Due to a greater average length of stay, serviced apartments are not as exposed to the decrease in demand on weekends experienced by many hotels located close to commercial locations. In terms of seasonality, demand for serviced apartment accommodation is driven by corporate events and holiday periods with low demand typically between December and March. The strongest months are usually June and July with occupancy exceeding 90.0%.

7.5 Investment Market

London remains the main focus of UK’s investment activity. The capital’s trading fundamentals are among the strongest in Europe and the market seems to be less prone to the wider economic environment than hotels outside the capital.

The market continues to be on the radar of many foreign investors who are seeking safe and long-term investments. The upscale segment continues to attract the most attention and we have seen a growing number of equity-rich Asian and Middle Eastern investors acquiring assets in this market segment.

In 2011, the London hotel investment market was active and assets worth £1.4 billion changed ownership (51% of UK transaction volumes). One of the most prominent sales was the W Hotel at Leicester Square, which was purchased by a Middle Eastern investor for around £200 million. Another major sale was the Radisson Edwardian New Providence Wharf hotel, which was sold by Irish property group Ballymore for £38 million to the Edwardian Group. Furthermore, the Holiday Inn London Mayfair was acquired for £155 million (including office and retail space) by Crosstree Real Estate Partners.

In 2012, the investment market remained active. Nonetheless, investment volumes contracted by 25% y-o-y to just over £1 billion. Notable sales in 2012 included the 4-star Cavendish hotel that was sold for £159 million to Singapore-based serviced apartment operator, The Ascott Limited. Other transactions included the 4-star Hoxton and the 4-star Kingsley by Thistle, which were sold for £65 million and £43 million, respectively. As in previous years, a significant number of hotels were acquired by foreign investors from Asia and the Middle East.

In 2013, investment interest made a return with assets worth £1.3 billion changing hands in London. The most notable single asset transaction was the leasehold interest in the Intercontinental Hotel on Park Lane, which was acquired for approximately £300 million.

In the first five months of 2014, investment volume has reached £646 million, reflecting a 109% y-o-y increase. A large proportion of deal volume came from the sale of two single assets; The London Marriott Grosvenor Square for approximately £125 million by Hong Kong-based Private Equity firm Joint Treasure International Limited; and The London Edition hotel for £150 million by the Abu Dhabi Investment Authority. The latter was part of a larger deal that comprised two other Edition hotels, in Miami and New York, for a total consideration of USD 815 million subject to long-term management agreements.

Over the course of the last three years there has been evidence that the market for prime hotel properties has recovered significantly from the downturn of 2009/2010 with aggressive trophy pricing for quality properties in prime locations.
Other than lease investments that appeal to institutional type buyers, the hotel investment opportunities that have attracted the most interest have been unencumbered assets (free of management contracts) in the best locations. Investors are also looking for upside potential as a result of enhanced operational direction and possibly some physical works.

For weaker assets in more peripheral locations, a shortage of financing together with poor investor sentiment has led to a very thin market with opportunistic pricing by investors; however we expect this to improve in the medium term as debt becomes more readily available.

In our opinion, the shortage of good quality opportunities in key markets, which have strong underlying operating and investment fundamentals, good long term growth prospects, and are regarded as a good destination for diversification of capital is likely to mean that competition for such assets will remain high, and pricing will hold up.

However for less attractive opportunities (both physically and financially) we would expect to see continued pressure on pricing.

Recent London Hotel Transactions

<table>
<thead>
<tr>
<th>Property</th>
<th>Transaction Date</th>
<th>Rooms</th>
<th>Reported Price (GBP)</th>
<th>Price per room</th>
<th>Vendor</th>
<th>Purchaser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Bayswater Hotel</td>
<td>May-14</td>
<td>62</td>
<td>£35 million</td>
<td>£373,077</td>
<td>Nichfield Realty Limited</td>
<td>Pontin Whelan</td>
</tr>
<tr>
<td>Holiday Inn Express London Earl’s Court (44%)</td>
<td>Apr-14</td>
<td>60</td>
<td>£8.3 million</td>
<td>£262,900</td>
<td>AC Hotels</td>
<td>Redefine International</td>
</tr>
<tr>
<td>London Marriott Hotel Grosvenor Square</td>
<td>Mar-14</td>
<td>237</td>
<td>£123.1 million</td>
<td>£528,059</td>
<td>Strategic Hotels &amp; Resorts, Inc</td>
<td>Joint Treasure International Limited</td>
</tr>
<tr>
<td>Grand London Chelsea Harbour</td>
<td>Mar-14</td>
<td>160</td>
<td>£65.5 million</td>
<td>£406,235</td>
<td>Harcourt Developments</td>
<td>CDI Hotel Millennium &amp; Cophome</td>
</tr>
<tr>
<td>Tower Bridge Magistrates Court</td>
<td>Mar-14</td>
<td>200</td>
<td>£19.5 million</td>
<td>£77,500</td>
<td>Ministry of Justice</td>
<td>Dominvs Living</td>
</tr>
<tr>
<td>Minimai Court Hotel</td>
<td>Mar-14</td>
<td>88</td>
<td>£15.75 million</td>
<td>£178,977</td>
<td>Unknown - EMEA Company</td>
<td>Boston Property Advisors LLP</td>
</tr>
<tr>
<td>Hilton Docklands Riverside</td>
<td>Feb-14</td>
<td>378</td>
<td>£50 million</td>
<td>£132,375</td>
<td>Pontos AB</td>
<td>Bayple Capital</td>
</tr>
<tr>
<td>Abba Hotel London Queensgate Kensington</td>
<td>Feb-14</td>
<td>90</td>
<td>£40 million</td>
<td>£444,444</td>
<td>Mazalt Gestión de Patrimonios</td>
<td>Spanish Hotel Enterprises Ltd</td>
</tr>
<tr>
<td>Pembroke Palace Hotel</td>
<td>Jan-14</td>
<td>120</td>
<td>£26 million</td>
<td>£216,575</td>
<td>Purple Sky Sarri</td>
<td>LCD Global Investments Ltd</td>
</tr>
<tr>
<td>Premier Inn Waterloo</td>
<td>Jan-14</td>
<td>234</td>
<td>£48 million</td>
<td>£205,128</td>
<td>Marick</td>
<td>Royal London Asset Management</td>
</tr>
<tr>
<td>The Museum Hill Hotel</td>
<td>Jan-14</td>
<td>14</td>
<td>£3.9 million</td>
<td>£275,679</td>
<td>Unknown - EMEA Company</td>
<td>University Park</td>
</tr>
<tr>
<td>The London Edition</td>
<td>Jan-14</td>
<td>173</td>
<td>£150 million</td>
<td>£867,052</td>
<td>Marriott International, Inc</td>
<td>Rea DfFle Investment Authority</td>
</tr>
<tr>
<td>Premier Inn Great West Road</td>
<td>Jan-14</td>
<td>124</td>
<td>£13.4 million</td>
<td>£107,677</td>
<td>Carlton Properties Ltd</td>
<td>JP Pensions Fund</td>
</tr>
<tr>
<td>Uni Hotel Westminster</td>
<td>Dec-13</td>
<td>114</td>
<td>£37 million</td>
<td>£324,961</td>
<td>Uni Hotels</td>
<td>Confidential</td>
</tr>
<tr>
<td>Hilton London Tower Bridge</td>
<td>Dec-13</td>
<td>250</td>
<td>£107 million</td>
<td>£428,000</td>
<td>London Bridge Holdings</td>
<td>StMartins Ground</td>
</tr>
<tr>
<td>Hub by Premier Inn London Spitalfields - Prop</td>
<td>Dec-13</td>
<td>189</td>
<td>£27.5 million</td>
<td>£145,714</td>
<td>Endurance Land</td>
<td>Depon Equity Partners</td>
</tr>
<tr>
<td>Porssbello Hotel</td>
<td>Dec-13</td>
<td>21</td>
<td>£13 million</td>
<td>£619,048</td>
<td>A Curious Group of Hotels</td>
<td>Unknown - EMEA Company</td>
</tr>
<tr>
<td>Harrington Court Apartments</td>
<td>Dec-13</td>
<td>47</td>
<td>£5.5 million</td>
<td>£1,170,215</td>
<td>BNP Paribas Corporate &amp; Investment</td>
<td>Cheval Property Management Ltd</td>
</tr>
<tr>
<td>Travelodge Raynes Park</td>
<td>Nov-13</td>
<td>86</td>
<td>£5.9 million</td>
<td>£85,233</td>
<td>Travelodge UK</td>
<td>Global Holding</td>
</tr>
<tr>
<td>Radisson London Portman Hotel</td>
<td>Nov-13</td>
<td>272</td>
<td>£90 million</td>
<td>£300,882</td>
<td>Midland Bank</td>
<td>London &amp; Regional Properties</td>
</tr>
<tr>
<td>Travelodge London Ward Hotel</td>
<td>Oct-13</td>
<td>91</td>
<td>£19 million</td>
<td>£208,791</td>
<td>Unknown - EMEA Company</td>
<td>The Bishopsgate Long Term Property Fund Unit Trust</td>
</tr>
</tbody>
</table>

Source: JLL

7.6 Market Outlook

In the short-run the tourism outlook is positive, especially with recent plans to ease visa requirements for Mainland Chinese visitors. The UK government plans on trebling the number of Chinese visitors coming to the UK by 2015. Visit Britain also forecasts a strong growth in international tourist arrivals in 2014, particularly from emerging European source markets such as Russia, Poland and the Baltic states.

Hotel performance in 2013 was widely expected to be weaker as the city hosted fewer international events than in 2012, the supply pipeline continued to introduce new assets to the market and the economies in a number of key source markets remained fragile. While some hotels on the fringe of the capital undoubtedly continued to struggle, as growing supply in Central London started to impact overflow demand, hotels in
Central London continued to benefit from strong visitation to the city. Pricing was, however, impacted by the lack of large events in the capital.

The outlook for hotel performance in 2014 is likely to be promising with hotels expected to benefit from an improvement in economic conditions and further strengthening in foreign travel, in particular from developing and emerging economies such as Mainland China and Brazil. The gradual moving of Ramadan to earlier in the year will also mean that the traditional peak of summer demand from Middle Eastern markets will be more easily accommodated. Hotels in Central London will be the first to benefit from this enhanced demand, while those located on the outskirts are likely to see lesser growth. Continued improvement of the national economy, however, should also start to positively impact hotels in fringe locations as corporate business expands again.

There are plans to construct a new runway at Heathrow Airport which will allow 260,000 more flights every year, a 54.2% increase on current flight capacity. At the time of writing, however, there is still uncertainty over whether this new runway will get the green light or alternative solutions are built instead. Cross Rail is a new railway link under central London which will make travelling quicker and easier via new lines and tunnels. The scheme is expected to increase rail capacity by 10% and serve up to 200 million passengers every year. Construction has started and is due to be completed by 2018.

London continues to be Europe’s hotel investment hot spot and interest remains strong particularly for upscale hotels in central London. The most recent sale of the London Edition and London Marriott Grosvenor Square in the first quarter of 2014 for £150 million and £125 million, respectively, has shown that for the right assets in the right location, investors continue to pay high prices. Stable operating conditions and continued growth in leisure tourism have made the UK capital a magnet for foreign capital and we have witnessed a growing interest from Asian and Middle Eastern investors, while US-based private equity funds are looking towards European markets for higher yield plays. Equity-rich investors, often high net worth individuals or sovereign wealth funds, have focused predominantly on 4 and 5 star hotels and have driven prices in this market segment back to pre-crisis levels.

7.7 Park International Hotel

The Park International hotel is located on the south side of Cromwell Road next door to the Holiday Inn Kensington Forum Hotel and only a few minutes’ walk from Gloucester Road underground station (Piccadilly and District lines). It is centrally located within the borough of Kensington and Chelsea, close to many major tourist, and commercial demand generators. The surrounding areas offer a mix of branded and unbranded hotels, residential and commercial properties (mainly retail) and a number of restaurants.

Nearby is the Earl’s Court exhibition centre providing some 5,574 square meters of exhibition space, however, there are plans to redevelop the centre into retail and residential accommodation so the future of the centre remains unknown. The main commercial and office districts of London are located in the City of London and Canary Wharf (7.4 kilometres and 12.5 kilometres respectively) where many of world’s financial and banking companies are located as well as consultancies and legal firms.

<table>
<thead>
<tr>
<th>Park International Hotel</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address:</strong> 117-119 Cromwell Road, London, SW7 4DT</td>
</tr>
<tr>
<td><strong>No. Rooms:</strong> 171 rooms</td>
</tr>
<tr>
<td><strong>Meeting Space:</strong> 1 meeting room</td>
</tr>
<tr>
<td><strong>Food &amp; Beverage:</strong> The Orchid restaurant, The Checkmate bar</td>
</tr>
<tr>
<td><strong>Other Facilities:</strong> Business Centre, Gymnasium</td>
</tr>
</tbody>
</table>

Source: Hotel Management
Hotel Operator Information

The Park International Hotel is operated by TCC and is currently unbranded and operates without any affiliation or association with a chain. The property’s sister hotel, Best Western The Cromwell, is located on the same street on the north end and there are some cross-referral business between the two hotels as well the properties sharing departmental staff thus allowing for cost efficiencies and synergies for the hotel operations.

Existing Competitive Hotels – Park International Hotel

The subject hotel’s competitive set is identified as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Park International Hotel</td>
<td>171</td>
<td>Independent</td>
</tr>
<tr>
<td>Radisson Blu Edwardian Vanderbilt Hotel</td>
<td>215</td>
<td>Radisson</td>
</tr>
<tr>
<td>Millennium Baileys London Kensington</td>
<td>211</td>
<td>Millennium Hotels</td>
</tr>
<tr>
<td>Millennium Gloucester Hotel</td>
<td>82</td>
<td>Millennium Hotels</td>
</tr>
<tr>
<td>Holiday Inn Kensington Forum</td>
<td>906</td>
<td>Intercontinental Hotels Group</td>
</tr>
<tr>
<td>Total Number of Rooms</td>
<td>1,585</td>
<td></td>
</tr>
</tbody>
</table>

Source: Hotel Management

The subject property is an unbranded hotel which operates in the four star (upscale) category and has been renovated to a high standard (including suites). Renovation was completed in 2012 and coincided with the property being renamed as the Park International Hotel. In addition to the above competitors, The Rydges Kensington also competes with the subject hotel. Many booking to the property are made through Online Travel Agents (OTA’s) and the hotel pays out a substantial amount in commission through these intermediaries. The hotel accommodates airline crew from US Airlines, accommodating 12 rooms per night, while key corporate contracts include Imperial College and Redfern. Management consider that key opportunities exist by way of increasing bookings from corporate clients currently accounting for only 7% of total reservations.

The competitive set above is made up of much larger branded properties which have significant sales and marketing support through their brand’s respective Global Distribution System (GDS), loyalty programmes and strong national coverage whilst many competitors also have the ability to derive additional revenues from conference and banqueting as well as residential conferences on the back of more comprehensive meeting facilities. Nonetheless, as the subject hotel becomes more established and builds a strong local reputation, it ought to be possible to enhance demand from the corporate sector. In addition, consideration to align with an international brand might enhance performance even further.

Performance of Competitive Set

The competitive set, which includes the subject hotel, Radisson Blu Edwardian Vanderbilt Hotel, Holiday Inn London Kensington Forum, Millennium Gloucester London Kensington, Millennium Baileys London Kensington and The Rydges Kensington London achieved a RevPAR of £96 in 2013. This compares to £114 achieved by the wider London market. As at YTD December 2013, RevPAR of the competitive set has increased 4.5% compared to last year. This is 3.9% ahead of growth in the general London market.

The Park International Hotel trails behind the competitor set in terms of RevPAR, which was approximately 25% lower than its competitors at the end of 2013. Subject property performance was down 3.3% as at YTD December 2013 as compared to the same period in 2012.
SWOT Analysis of Park International Hotel

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Recently renovated hotel with approximately £16.5 million spent on the project</td>
<td>• Lack of brand affiliation</td>
</tr>
<tr>
<td>• The hotel has the ability to drive high room rates particularly with the suites on the Heritage floor</td>
<td>• Some rooms are small</td>
</tr>
<tr>
<td>• Cross selling opportunities and synergies with the Best Western The Cromwell Hotel</td>
<td>• Room size and design somewhat inconsistent throughout</td>
</tr>
<tr>
<td>• A centrally located, good four star hotel with a modern style</td>
<td>• Lack of conference space in comparison to the competitor hotels</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Brand affiliation will offer access to a wider marketing and reservation system</td>
<td>• The closure of Earls Court will lead to some loss of business</td>
</tr>
<tr>
<td>• Change the geographic mix of the hotel with more from international market</td>
<td>• The global effects of the economic downturn continue in the short term</td>
</tr>
<tr>
<td>• Grow the corporate sector business to account for around 15% of the business mix</td>
<td>• Potential new hotel stock in the area, although we are not aware of any in the immediate area</td>
</tr>
<tr>
<td>• Potential to grow both ADR and occupancy</td>
<td></td>
</tr>
</tbody>
</table>

7.8 Best Western The Cromwell

The subject property fronts Cromwell Road on the north side and is only a two minute walk from Gloucester Road underground station (Piccadilly and District lines). It is centrally located within the Borough of Kensington and Chelsea, close to many major tourist, and commercial demand generators. The surrounding uses comprise of a mix of branded and unbranded hotels, residential and commercial properties (mainly retail and restaurants). Nearby is the Earls Court exhibition centre providing some 5,574 square metres of exhibition space, however, there are plans to redevelop the centre into retail and residential accommodation.
The hotel is operated by TCC and is affiliated with the Best Western marketing consortia. A yearly membership fee is paid along with a percentage of rooms’ commission. Best Western offers three tiers: Best Western, Best Western Plus and Best Western Premier and most members are positioned in the mid-market or upscale segment. There are numerous properties of different styles, design and fit-out affiliated to Best Western resulting in a somewhat eclectic and inconsistent branding proposition. The key attractions of the affiliation are the access to a Global Distribution System (GDS) and a sales and marketing support. According to hotel management, there has been a y-o-y decline in business from the GDS system which currently provides approximately 14% of the hotel’s reservations with many of the remaining bookings coming through Online Travel Agents (OTA’s) such as hotelbookings.com and Expedia.

The subject hotel is also located in close proximity to its sister hotel, the Park International Hotel which is owned and operated by TCC. There are some cross-referral opportunities between the two hotels as well with the properties sharing departmental staff thus allowing for cost efficiencies and synergies for the hotel operations.

**Existing Competitive Hotels – Best Western The Cromwell**

The subject hotel’s competitive set is identified as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Western The Cromwell</td>
<td>85</td>
<td>Best Western</td>
</tr>
<tr>
<td>Radisson Blu Edwardian Vanderbilt</td>
<td>215</td>
<td>Radisson</td>
</tr>
<tr>
<td>Millennium Baileys London Kensington</td>
<td>211</td>
<td>Millennium</td>
</tr>
<tr>
<td>Mercure London Kensington</td>
<td>82</td>
<td>Accor Hotels</td>
</tr>
<tr>
<td>The Rydges Kensington</td>
<td>81</td>
<td>Independent</td>
</tr>
<tr>
<td><strong>Total Number of Rooms</strong></td>
<td><strong>674</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Hotel Management

With the exception of The Rydges, the competitive set above is made up of much larger branded properties which have significant sales and marketing support through their brand’s respective GDS, loyalty programmes and strong national coverage whilst many competitors also have the ability to derive additional revenues from Conference and Banqueting as well as residential conferences on the back of more comprehensive meeting facilities. Hotel Indigo London Kensington, located in the vicinity of the subject hotel, is also considered a competitor.

The subject property only provides one meeting room which is seldom sold to the public as it does not have natural light and can only accommodate eight people. The hotel does have a number of small corporate accounts with the likes of Redfern, Imperial College and Ministerial Justice which are located in the area and provide approximately 200 to 500 room nights on average per annum.
Performance of Competitive Set

The competitive set, which includes the subject hotel, Radisson Blu Edwardian Vanderbilt Hotel, Millennium Baileys London Kensington, Mercure London Kensington and The Rydges Kensington London achieved a RevPAR of £97 in 2013. This compares to £114 achieved by the wider London market. As at YTD December 2013, RevPAR of the competitive set has increased 7.9% as compared to last year. This is 7.3% ahead of growth in the general London market.

The Cromwell trails behind the competitor set in terms of RevPAR, which was approximately 27% lower at the end of 2013. The subject property performance was up 2.2% as at YTD December 2013 as compared to the same period in 2012. This is commendable in light of the property constraints (lack of facilities, small room sizes etc).

Going forward we consider that there is limited room for performance growth due to the property constraints although a shift in market segmentation might be beneficial to improve the property’s ADR.

SWOT Analysis of Best Western The Cromwell

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A good central location close to many demand generators for leisure based clients</td>
<td>• The bedrooms are small and therefore cannot command high rates</td>
</tr>
<tr>
<td>• Cross selling and operating synergies with the Park International Hotel located on Cromwell Road</td>
<td>• Limited meeting space</td>
</tr>
<tr>
<td>• The hotel has a stable staff base</td>
<td>• Limited restaurant and bar provision</td>
</tr>
<tr>
<td>• Well-maintained good quality hotel</td>
<td></td>
</tr>
</tbody>
</table>

Source: STR Global

Best Western The Cromwell RevPAR 2013
7.9 Fraser Place Canary Wharf

The subject property operates in a defined micro market within London Canary Wharf and Docklands, located to the east of London which is part of The Borough of Tower Hamlets. It is positioned on Boardwalk Place, one of the principal entry and exit points into the estate. Canary Wharf is one of London’s main financial and service districts along with the City of London and has developed around 14,000,000 square feet (1,300,000 square meters) of office and retail space. Many of the European headquarters of numerous major banks, professional services firms and media organisations including Barclays, Citigroup, Clifford Chance, Credit Suisse, Fitch Ratings, HSBC, J.P. Morgan, KPMG, MetLife, Morgan Stanley, Skadden, State Street and Thomson Reuters are located within the estate.

**Fraser Place Canary Wharf**

| Address: 80 Boardwalk Place, London, E14 5SF |
| No. Apartments: Currently 96 apartments. From May 2014 will be 108 units. |
| Food & Beverage: Marina Café |
| Other Facilities: Laundry room, Gymnasium room, Car parking |

Source: Hotel Management

**Hotel Operator Information**

Fraser Place Canary Wharf is operated by Frasers Hospitality. Please refer to Section 3.8 Fraser Suites Singapore – Serviced Apartment Operator Information for more information.

**Existing Competitive Hotels – Fraser Place Canary Wharf**

The subject hotel’s competitive set is identified as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Place Canary Wharf</td>
<td>108</td>
<td>Fraser Hospitality</td>
</tr>
<tr>
<td>Marriott London West India Quay</td>
<td>301</td>
<td>Marriott</td>
</tr>
<tr>
<td>Marriott Executive Apartments London West India Quay</td>
<td>47</td>
<td>Marriott</td>
</tr>
<tr>
<td>Hilton Canary Wharf</td>
<td>282</td>
<td>Hilton</td>
</tr>
<tr>
<td>Radisson Edwardian Blu New Providence Wharf</td>
<td>169</td>
<td>Radisson</td>
</tr>
<tr>
<td><strong>Total Number of Rooms</strong></td>
<td><strong>907</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Hotel Management
The above competitor set has been identified by the hotel and comprises hotels located within the Canary Wharf estate. In addition, the Circus Apartments by Bridgestreet, the Marlin Apartments and the Lanterns Court also compete with the subject property. The Marriott Executive Apartments are similar to the subject property in terms of product offering; however, they have fewer rooms and are operated in conjunction with Marriott Hotel at West India Quay. The other properties are full service hotels with large conference and banqueting space. Following our brief discussion with management they have also identified a secondary competitive set which is more comparable to the subject property and includes other serviced apartment style offerings located in Canary Wharf. We note that the serviced apartment accommodation is fragmented in the area as there is a high volume of residential blocks where some of the apartments are released to third party operators such as Bridge Street, Marlin or Skyline apartments to ‘rent’ on an ad hoc basis and therefore the market is challenging to analyse. According to anecdotal information provided by management, approximately 96% of guests have an average length of stay between one to six nights and therefore the property then becomes more comparable to the hotel stock as identified above.

**Performance of Competitive Set**

The competitive set, which includes the subject property, Marriott London West India Quay, Marriott Executive Apartments West India Quay, Hilton London Canary Wharf, Radisson Blu Edwardian New Providence Wharf Hotel London achieved a RevPAR of £124.60 in 2013. This compares to £114 achieved by the wider London market. In view of the trading fundamentals that underpin the market’s performance we consider the set’s performance to be very strong in view of high levels of corporate demand, leisure demand (O2 Arena) and the ongoing success of the Excel Exhibition Centre.

The subject property has continued to outperform the market. This is expected given the nature of the subject property relative to a set which is largely made up of full serviced hotels with a larger meeting room offering and therefore the revenue profile will differ greatly from the subject property. The average length of stay also determines the rates achieved at the subject property and they would be lower as the competitive hotels would work on one or two night stays and command higher premium rates.

Fraser Place Canary Wharf is currently undergoing an extensive renovation program where the number of apartments is being increased from 96 to 107 by May 2014. We understand that the property intends to increase the number of studio apartments due to higher demand for this accommodation type. Given that the inventory is due to be increased and the property will be fully refurbished including the ground floor, we expect there to be some increase in rate over the next few years with occupancy remaining stable.

By the end of 2013, the subject property’s RevPAR was approximately 6.9% lower than its competitors.

![Fraser Place Canary Wharf RevPAR 2013](image-url)
### SWOT Analysis of Fraser Place Canary Wharf

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The strength of the micro location that the property operates in helps it to achieve high occupancy levels</td>
<td>• Frasers Hospitality is a relatively unknown brand with only four other properties in the UK</td>
</tr>
<tr>
<td>• The apartments are generous in room sizes in comparison to rooms offered by full service hotels</td>
<td>• No conference facilities are offered at the property and therefore the revenue is driven only by the rooms</td>
</tr>
<tr>
<td>• Overspill demand from the O2 arena and the Excel Exhibition Centre</td>
<td></td>
</tr>
<tr>
<td>• The renovation will increase the appeal of the property</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The brand is growing in the UK and has been in Canary Wharf for over 11 years</td>
<td>• The continued increase in serviced apartments by third party operators in the location</td>
</tr>
<tr>
<td>• The potential to capture more corporate business following the capital investment into the property and potentially increase ADR</td>
<td>• New supply of hotel accommodation in the vicinity. We are aware that planning permissions for developments at Pride Place and Wood Wharf incorporate hotel schemes, although we are not aware of the proposed timing of the development</td>
</tr>
<tr>
<td>• Potential to further grow demand from the corporate sector going forward</td>
<td>• The global economic uncertainty continues in the short to medium term</td>
</tr>
</tbody>
</table>

### 7.10 Fraser Suites Queens Gate

The recently refurbished Fraser Suites Queens Gate is located in the heart of Kensington, just off Cromwell Road on Queens Gate Gardens. The area is known for its cluster of branded three and four star hotels interspersed with some unbranded guest accommodation. The immediate area is made up of retail, private dwellings and hotel accommodation. Conveniently located to the west of the subject property is the Earls Court Exhibition Centre providing some 5,574 square meters of exhibition space, however, there are plans to redevelop the centre into retail and residential accommodation so the future of the centre remains unknown. The main commercial and office districts of London are located in the City of London and Canary Wharf (7.4 kilometres and 12.5 kilometres respectively) where many of world’s financial and banking companies are located as well as consultancies and legal firms and can be reached by road, rail or taxi.

<table>
<thead>
<tr>
<th>Fraser Suites Queens Gate, London</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address:</strong></td>
<td>39B Queens Gate Gardens, London SW7 5RR</td>
</tr>
<tr>
<td><strong>No. Apartments:</strong></td>
<td>105 apartments</td>
</tr>
<tr>
<td><strong>Bar:</strong></td>
<td>Licensed bar</td>
</tr>
<tr>
<td><strong>Meeting Space:</strong></td>
<td>Meeting room (maximum 30 people)</td>
</tr>
<tr>
<td><strong>Food &amp; Beverage:</strong></td>
<td>Kensington Café - breakfast room with private outdoor courtyard</td>
</tr>
<tr>
<td><strong>Other Facilities:</strong></td>
<td>Self-service laundry room, business centre</td>
</tr>
</tbody>
</table>

*Source: Hotel Management*
Serviced Apartment Operator Information

Fraser Suites Queens Gate is operated by Frasers Hospitality. Please refer to Section 3.8 Fraser Suites Singapore – Serviced Apartment Operator Information for more information.

Existing Competitive Hotels – Fraser Suites Queens Gate, London

Based on discussions with management the following (apart) hotels have been identified as main competition:

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Queens Gate, London</td>
<td>105</td>
<td>Frasers Hospitality</td>
</tr>
<tr>
<td>Citadines South Kensington</td>
<td>92</td>
<td>Citadines</td>
</tr>
<tr>
<td>Think Apartments Earls Court</td>
<td>200</td>
<td>Think</td>
</tr>
<tr>
<td>Radisson Blu Edwardian Vanderbilt</td>
<td>215</td>
<td>Rezidor</td>
</tr>
<tr>
<td>Millennium Baileys Hotel</td>
<td>211</td>
<td>Millennium &amp; Cophorne</td>
</tr>
<tr>
<td><strong>Total Number of Rooms</strong></td>
<td><strong>823</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Hotel Management

In addition to the properties listed, the subject property also competes, at times, with nearby Fraser Suites Kensington which offers 69 apartments as well as The Harrington.

Performance of Competitive Set

The competitive set includes the Radisson Blue Edwardian Vanderbilt Hotel; the Crowne Plaza London Kensington; the Queen’s Gate Hotel; The Gore Hotel; Citadines Prestige South Kensington London; and the Marriott London Hotel Kensington.

The subject property was only fully reopened in October 2013 which restricts any meaningful commentary on its trading performance.

Average length of stay is approximately six to seven nights but management are confident that this can be increased to around 10 nights. Partial RevPAR for 2013 at YTD December 2013 was approximately 15% higher than its competitive set.

![Fraser Suites Queens Gate RevPAR 2013](image-url)

Source: STR Global
### SWOT Analysis of Fraser Suites Queens Gate

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The location of the hotel is very central and close to major tourist and retail destinations in London</td>
<td>- Fraser Suites is a relatively unknown brand with only four other properties in the UK</td>
</tr>
<tr>
<td>- The property has been fully renovated to a contemporary style</td>
<td>- Immediate area is a weak demand source for higher end long stay demand</td>
</tr>
<tr>
<td>- All apartments have built in kitchenettes with over 65% providing a washer/dryer</td>
<td>- Not in close proximity to major office districts such as the City of London and Canary Wharf</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Following the recent capital investment, there is potential to grow the ADR of the property</td>
<td>- Potential threat of new supply or change of use to hotel accommodation in the immediate area, although we have not been made aware of any</td>
</tr>
<tr>
<td>- To build on increasing business from corporate clients</td>
<td>- Potential closure of the Earls Court exhibition hall</td>
</tr>
<tr>
<td></td>
<td>- Continued global economic uncertainty affecting the demand for hotel accommodation</td>
</tr>
</tbody>
</table>
8 Glasgow Market Overview

8.1 Executive Summary

Situated in the central belt of Scotland on the west coast, Glasgow is the commercial capital and the largest city in Scotland with a total population of approximately 600,000. In recent years, Glasgow has moved from a post-industrial city to an economically regenerated city. Glasgow is also Europe’s fastest growing conference destination with the Scottish Exhibition and Conference Centre (SECC) becoming increasingly popular for major exhibitions and events. Major events and attractions in the city include:

- The Glasgow Film Festival
- Glasgow International Comedy Festival
- The West End Festival
- Glasgow International Jazz Festival
- Strathclyde Country Park
- Kelvingrove Art Gallery and Museum
- Drumpellier Country Park
- Calderglen Country Park
- Glasgow Science Centre
- The Tall Ship

The Glasgow hotel market currently offers 83 graded hotels and 7,312 graded hotel rooms. Hotel supply is concentrated in the mid-market segment (27% of total supply), with the budget and four-star segments representing a further 19% and 21% of supply respectively. There are only two five-star hotels present in the city.

As at May 2014, there are 10 serviced apartment properties located across Glasgow, representing a supply of 307 units. The vast majority of these are owner-operated, comprising over 80% market share.

Glasgow has historically maintained a high occupancy, with the general market comfortably sitting in the mid 70% category following a low of 71.3% in 2005. The fluctuations in Glasgow’s ADR correlate with the addition of new supply, for example during the course of 2007, 190 keys were added (3% increase in supply) which resulted in a 3% decline in yield in 2008.

8.2 Tourism Overview

Glasgow is one of the UK’s most visited cities and visitors are attracted by the city’s wealth of cultural attractions and activities. The city offers over 20 museums and galleries, each with its own individual collection and events program.

The city is a major retail centre, boasting one of the UK’s largest shopping centres. Buchanan Galleries is currently the largest city centre shopping development in Scotland, supplemented by major additional shopping centres at Princes Square, St Enoch and the Italian Centre. The city’s new Buchanan Quarter, located in the area surrounding the top of Buchanan Street, Glasgow’s renowned shopping street, is expanding to include new retail and city apartments, adding to Buchanan Galleries and the Royal Concert Hall.
Visitors are also attracted by the large variety of festivals held in the city during the year, including the Glasgow Comedy Festival, Glasgow Jazz Festival, Celtic Connections, Glasgow Film Festival, West End Festival, Merchant City Festival, Glasgow and the World Pipe Band Championships. In addition, the city is home to Scotland’s largest football stadiums; Celtic Park (62,832 seats), Ibrox Stadium (50,411 seats) and Hampden Park (52,670 seats), which is Scotland’s national football stadium.

**International Visitor Arrivals**

![International Visitor Arrivals to Glasgow](image)

Source: Visit Scotland

- Visitor Arrivals (000)
- Annual Growth (%)

According to the latest annual international tourist arrivals statistics from Visit Scotland, the total number of arrivals to the city of Glasgow reached 515,000 in 2013, 1.2% down on the prior year. This is approximately 240,000 arrivals off the 2007-peak. Despite this, the upcoming 2014 Commonwealth Games, Ryder Cup and Homecoming year are likely to drive additional arrivals to the city.

**Domestic Visitor Arrivals**

![Domestic Visitor Arrivals to Glasgow](image)

Source: Visit Scotland

- Visitor Arrivals (000)
- Annual Growth (%)
Glasgow’s tourism is highly dependent on domestic visitors, which represents approximately 76.7% of total arrivals in 2013. Worsening economic conditions have impacted visitor arrivals as the city, like many other UK regional cities, has suffered from a decrease in events and leisure tourism. However, the UK’s recession and weakening pound has driven more UK residents to travel domestically, benefitting cities such as Glasgow.

**Seasonality**

Demand in Glasgow usually peaks between August and October. This is due to a combination of strong corporate and leisure demand. Several major events are held to coincide with the summer holidays, including the annual Piping Live and Merchant City Festivals. These events attract approximately 70,000 visitors annually. The convention calendar might also result in strong peaks in demand although this varies from year to year. January and December are typically low seasons due to the cold winters.

**Average Length of Stay**

Approximately 80% of domestic visitors stay between one and three nights in Glasgow and an estimated 10% of domestic visitors stay between four and seven nights. As compared to Scotland, an estimated 65% of domestic visitors stay for one to three nights while a larger proportion of 25% stay for four to seven nights. The average trip duration for overseas tourists was 6.1 days as compared with domestic tourists which was recorded at 2.1 days.
Geographic Origin

The key tourism source markets for Glasgow in 2011 (latest data available) includes Germany, the USA, Canada, France and Spain – comprising a total of 50.0% of all arrivals to the city. Germany is the top source market to Glasgow, with a 15.0% market share, increasing by 4.0 percentage points from the prior year. The USA followed closely behind at 14.0% at a similar rate of increase.

Total visitor spend in 2011 reached £193 million, with visitors from the USA securing 14.0% of total tourism expenditure. Visitors from Germany, France and Australia were the second biggest spenders, each contributing to 10% of total expenditure.

Purpose of Visit

Source: Visit Scotland
Holiday visitors account for the largest proportion of international visitors to Glasgow, with approximately 57% of the total. VFR accounted for a further 22.0% of total visitors, followed by business (17%) and other (3.8%).

The top five visitor attractions in 2012 were as follows:

- Strathclyde Country Park, Motherwell (5,521,364 visitors)
- Kelvingrove Art Gallery and Museum, Glasgow (1,037,594 visitors)
- Riverside Museum, Glasgow (1,008,092 visitors)
- Drumpellier Country Park, Motherwell (966,295 visitors)
- Calderglen Country Park, East Kilbride (855,963 visitors)

The conference and events sector is an important sector for Glasgow’s economy. Approximately 40.0% of all business travel in Scotland takes place in and around Glasgow. According to the International Congress and Convention Association (ICCA), Glasgow was the UK’s third conference destination in 2012 and was ranked 68th in the world for the number of international association meetings held.

*Key Demand Drivers*

Situated in the central belt of Scotland on the west coast, Glasgow is the commercial capital and the largest city in Scotland. The city has the second largest shopping centre in the UK after London. In recent years, Glasgow has moved from a post-industrial city to an economically regenerated city. Major regeneration projects include the Glasgow Harbour projects, Queens Dock 2 project and developments of several shopping centres.

Glasgow is also Europe’s fastest growing conference destination with the Scottish Exhibition and Conference Centre (SECC) becoming increasingly popular for major exhibitions and events. Glasgow’s main venue is the SECC, in which most national and international events are held. The SECC is Scotland’s national venue for public events and the UK’s largest integrated exhibition and conference centre. The Centre offers five exhibition halls ranging from 775 square metres to 10,065 square metres and also features an auditorium for 3,620 delegates. The new SSE Hydro Arena, which opened on 30 September 2013, will be a significant demand driver for the SECC, which will fundamentally increase the activity within the SECC campus.

With a seating capacity of 12,000 the SSE Hydro Arena will enhance the SECC’s existing facilities, and will play host to around 140 events every year. The SSE Hydro will attract an audience of one million visitors each year, which positions it as the fifth busiest entertainment arena in the world, alongside iconic venues like Madison Square Garden and The O2 arena. The SSE Hydro Arena has the potential to inject an additional £131 million annually into the local economy.

In anticipation of the Commonwealth Games in summer 2014, Glasgow has been put in the international spotlight. In addition, the completion of the SSE Hydro Arena provides Glasgow with a state-of-the-art concert venue. The Year of Homecoming and Ryder Cup in 2014 are also major events set to contribute to the Scottish economy over the coming 18 months driving increases in domestic tourism, further supported by substantial infrastructure improvements ahead of the 2014 Commonwealth Games.

*Accessibility / Infrastructure Developments*

Glasgow Central Rail Station is the busiest rail station in the UK outside London. The station serves all of the Greater Glasgow conurbation’s southern suburbs and towns, and the Ayrshire and Clyde coasts, and is
the terminus for all inter-city services between Glasgow and destinations in England. There is also a limited
service to Edinburgh although the city’s second mainline terminus, Glasgow Queen Street, is the principal
station for trains to Edinburgh.

With latest data indicating over 27 million passenger entries and exits between April 2012 and February
2013, Glasgow Central is the tenth-busiest railway station in Britain, the busiest in Scotland and the second
busiest outside London. According to Network Rail, over 38 million people use it annually, 80% of whom
are passengers. The station is protected as a Category A listed building.

Glasgow Queen Street Rail Station serves the Greater Glasgow conurbation’s northern towns and suburbs,
the Edinburgh shuttle, and is the terminus for all inter-city services to destinations in the North of Scotland.
It is the third busiest rail station in Scotland.

Glasgow is hosting the Commonwealth Games in 2014 and this has generated significant infrastructure
development. An on-going regeneration program is continuing along the Clyde Waterfront with a mixture of
residential, hotel, office and tourist attractions either in the planning stage or already completed (e.g.
Premier Inn Pacific Quay (180 keys), De Vere Village Urban Resort (120 keys) and a proposed 179-key
hotel adjacent to Hydro Arena).

Projects at the Expressway and Glasgow Harbour have been completed to improve infrastructure to and
from the city, as have transport hubs and interchanges including Strathclyde Partnership for Transport’s
£288 million subway modernisation programme. The M74 motorway completion scheme will play a key role
in enabling easier accessibility for the Commonwealth Games in Glasgow 2014. The completed scheme is
already improving journey times and reducing traffic congestion. The eight kilometre route which cost
approximately £692 million links the M74 at Carmyle with the M8 south west of the Kingston Bridge in
central Glasgow and opened on 28th June 2011.

Glasgow is also investing £342 million in the South Glasgow Hospital Scheme, one of the largest hospital
campuses to be developed in the UK for decades.

The significant regeneration schemes (completed and underway) in advance of the Commonwealth Games
will benefit demand levels at hotels well beyond the event itself. Infrastructure improvements, new shopping
centres and leisure space will add to the overall attractiveness of Glasgow as a tourist destination,
strengthen its position as a gateway to Scotland and ultimately, boost occupancy levels at hotels in the city.

Glasgow Airport handled 7.4 million passengers in 2013 according to BAA Group Monthly Traffic Statistics,
recording a y-o-y increase of 2.9%. Total passengers are still behind 2006 levels which reached 8.8 million
passengers. Glasgow Airport reported its eleventh consecutive month of growth for December in 2013, with
455,387 passengers, representing an increase of 3.8% compared to 2012. 2013 has been the airport’s
busiest summer in five years with 5.4% growth at 832,329 passengers for July compared to the same
period in 2012.

The second phase of Glasgow Airport’s £17 million redevelopment is now underway. This will see the
transformation of large areas of the terminal before the 2014 Commonwealth Games. Glasgow Airport
expects airlines to increase their flight networks and frequency. For instance, Icelandair is introducing an
additional weekly service in 2014 that will increase its seat capacity by 25%. Jet2 announced the addition of
a fifth dedicated aircraft by summer 2014 which will provide an additional 30,000 seats and easyJet
announced two new destinations from Glasgow Airport for 2014. The last 12 months has seen Wizz Air
establishing a Polish service and Lufthansa’s connection to Düsseldorf.
8.3 Accommodation Market Overview

Location Brief

The majority of Glasgow’s full-service hotels are concentrated in the City Centre, where many of Glasgow’s famous tourist attractions are located. The following describes the characteristics of the city’s five major hotel districts:

- **City Centre** - The city centre is bounded by the High Street to the east, River Clyde to the south and the M8 motorway to the west and north. The city centre is based on a grid system of streets on the north bank of the River Clyde. The heart of the city is George Square which the Glasgow City Chambers, Headquarters of Glasgow City Council. The city centre can be further sub-divided into the retail and theatre districts. To the west is the main shopping precinct, Buchanan Street, rivalled only by London in terms of UK retail. The main shopping centres are Buchanan Galleries and St Enoch Centre, the upmarket Princes Square and Italian Centre specialising in designer labels. The city centre is also home to the Theatre Royal, performing home of Scottish Opera and Scottish Ballet, the Pavilion Theatre, the Kings Theatre, Glasgow Royal Concert hall and many others. The world’s tallest cinema, the 18 screen Cineworld is situated on Renfrew Street. The city centre is also home to Glasgow’s higher education institutions, the University of Strathclyde, Glasgow School of Art and Glasgow Caledonian University. Existing hotels in the city centre include the Thistle Glasgow, Grand Central Station and Radisson Blu hotels.

- **Financial District** - To the western edge of the city centre, occupying areas of Blythswood and Anderston is Glasgow’s financial district officially known as the International Financial Services District (IFSD). The construction of many modern office blocks and high rise developments has paved the way for the IFSD to become one of the UKs largest financial quarters. The ten largest general insurance companies in the UK have a base or head office in Glasgow including: Direct Line, Esure, AXA and Norwich Union. Hotels in the IFSD include the Marriott, Hilton City Centre and Hotel Indigo.

- **Merchant City** - The Merchant City was formerly the residential district of the wealthy city merchants in the 18th and early 19th centuries. As the industrial revolution brought the city wealth resulting in expansion of Glasgow central area westward, the original centre (Glasgow Cross - at the junction of High Street, Trongate, Gallowgate and Saltmarket) was relocated. The Merchant City has been rejuvenated with luxury city centre apartments, which has supported an increasing number of cafes and restaurants. The area also contains a number of theatres and concert venues including the Tron Theatre, the Old Fruitmarket, the Trades Hall, Merchant Square and City Halls. Hotels in the area include the Mercure Glasgow City Centre, Premier Inn George Square, Spires Serviced Suites and Holiday Inn Express Riverside.

- **West End** - Glasgow’s West End is a bohemian district of cafes, tea rooms, bars, boutiques, upmarket hotels and restaurants. Kelvingrove Art Gallery and Museum is Glasgow’s premier museum and art gallery, housing one of Europe’s best civic art collections. Other attractions include the University of Glasgow, Glasgow Botanic Gardens and the Scottish Exhibition and Conference Centre. The West End is largely a residential area. The West End is home to the Hilton West End, Glasgow Pond Hotel and Hotel du Vine at One Devonshire.

- **SECC** – The SECC is Scotland’s largest exhibition centre, located on the north bank of the River Clyde, adjacent to the Crowne Plaza, Hilton Garden Inn and Campanile. The SECC occupies 64 acres of land which includes surface car parking space and hosts numerous music concerts, exhibitions and
professional conferences. The SECC also has its own railway station, Exhibition Centre, on Glasgow’s suburban railway network.

Existing Hotel Supply

The Glasgow hotel market currently comprises 83 graded hotels with approximately 7,312 graded hotel rooms. Hotel supply is concentrated in the mid-market segment (27% of total supply), with the budget and four-star segments representing a further 19% and 21% of supply respectively. There are only two five star hotels present in the city.

After strong growth in hotel supply in 2007, development activity slowed notably during the economic downturn in 2008. The most notable hotel openings have been the 100-room Blythswood Square Hotel, which was converted from the former Royal Scottish Automobile Club by the Townhouse Company, the 95-room Indigo Hotel in Waterloo Street (April 2011), 184-room Grand Central Hotel (September 2010), 198-room Citizen M (August 2010), 203-room Premier Inn (October 2012), 91 Bedroom Park Inn by the Rezidor Group (April 2013) and the reopening of the 125-room easyHotel (Feb 2014). We note that the Hilton Garden Inn (formerly the Mint Hotel), has undergone a £1 million refurbishment as part of the rebranding process.

In 2014, the latest opening is the 180-room Premier Inn, Pacific Quay in May 2014.

Business Premises Renovation Allowance (BPRA) backed hotels such as the Hotel Indigo, Premier Inn, easyHotel, Park Inn and Travelodge Queen Street have a total of 684 new hotel rooms. It remains to be seen whether the market can sustain the levels of supply, as these hotels may have been developed due to tax breaks rather than as a response purely to market conditions.

Future Hotel Supply

Hotel development in Glasgow continues to attract new brands into the market. Brands are keen to enter the market as part of increasing their presence in the UK as Glasgow is considered a key gateway city / market to enter by many operators. We understand the 374-key Motel One Glasgow Central Station is to proceed, with completion targeted for 2015. Motel One Glasgow will become the largest hotel in Scotland by room count. Hampton by Hilton, Hyatt and DoubleTree by Hilton are some of the brands that are actively seeking to enter the market. InterContinental Hotels Group has introduced the Indigo brand to Glasgow and we expect the Crowne Plaza to receive refurbishment as part of the rebranding exercise.

A number of hotel proposals, however, have recently received planning consent or are the subject of current applications. Among the most imminent is a 171-key Travelodge on Queen Street (June 2014) and the Holiday Inn Glasgow Green (2014). The addition of another 262 rooms (Travelodge and the recent Park Inn opening) via the BPRA scheme will result in a 3.5% increase in supply. In the city centre, the investment pipeline continues to bring forward proposals for new hotels and the expansion and improvement of existing hotels, which include a 106-room Z Hotel on North Frederick Street and an 88-bed Hampton by Hilton (due July 2014).

Of the 49 hotels in the Glasgow pipeline, 39% are on hold and 47% are speculative / unconfirmed according to AM:PM.
Market Wide Hotel Trading Performance

Glasgow has historically maintained a healthy occupancy, with the marketwide occupancy recording levels in the mid-70s range following a low of 71.3% in 2005. The fluctuations in Glasgow’s ADR correlate with the addition of new supply. During the course of 2007, 190-keys were added (3% increase in supply) which resulted in a 2.9% y-o-y decline in RevPAR in 2008. This was further demonstrated by the addition of the 198-key CitizenM in 2010, which reduced overall market ADR and consequently resulted in a 4.0% decrease in yield as compared to the previous year.

In 2012, Glasgow occupancy levels are marginally up on 2011, increasing from 74.6% in 2011 to 75.7% in 2012. ADR has seen a decline of 1.3% y-o-y due to the increase in supply and the Olympics not having the anticipated effect in regional UK. Therefore, RevPAR experienced marginal growth of 0.2%, from £44.97 to £45.04.

Despite continued growth in hotel supply, hoteliers in Glasgow reported excellent performance in 2013. RevPAR increased by a notable 6.7% y-o-y, driven by a 3.6% increase in occupancy and 3.0% rise in ADR.

As at YTD April 2014, Glasgow is outperforming regional UK, achieving an occupancy of 75.9% (+9.3% y-o-y), as compared to regional UK’s 68.6%. With similar ADR figures posted, Glasgow’s RevPAR is also outpacing regional UK at £47.02 compared to £40.85 for the Regional UK market. However, when compared with average room rates of Aberdeen and Edinburgh, Glasgow’s full-service hotels are off the pace by approximately £20, despite a similar occupancy rate, illustrating the price sensitivity of the market following significant increases in room supply.

Source: AM-PM Hotels
Serviced Apartment Market Overview

As at May 2014, there are 10 existing serviced apartment properties located in Glasgow, representing a supply of 307 units. The vast majority of these are owner-operated, comprising over 80% market share. Unlike hotels, serviced apartment properties are primarily located in peripheral locations. Similar to Edinburgh, hotels have tended to occupy larger properties given that they are more established. With serviced apartments being relatively immature in the context of the lodging industry, serviced apartments tend to occupy areas and buildings more commensurate with their style or operation as a result of competing with prime investment / occupiers.

Existing Serviced Apartment Supply

<table>
<thead>
<tr>
<th>Serviced Apartments</th>
<th>Owner</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dreamhouse Lynedoch</td>
<td>Dreamhouse</td>
<td>21</td>
</tr>
<tr>
<td>Dreamhouse Merchant City</td>
<td>Dreamhouse</td>
<td>15</td>
</tr>
<tr>
<td>Embassy Apartments</td>
<td>McQuade Group</td>
<td>6</td>
</tr>
<tr>
<td>Fraser Suites</td>
<td>Centrepoint Properties Ltd</td>
<td>99</td>
</tr>
<tr>
<td>Glasgow Central Apartments</td>
<td>Hol-El Apartments</td>
<td>45</td>
</tr>
<tr>
<td>Glasgow Lofts</td>
<td>Independent</td>
<td>20</td>
</tr>
<tr>
<td>MAX at Glasgow Bath Street</td>
<td>Imperial Property Company (David Glover)</td>
<td>20</td>
</tr>
<tr>
<td>MAX at Olympic House</td>
<td>Imperial Property Company (David Glover)</td>
<td>45</td>
</tr>
<tr>
<td>Saco Glasgow</td>
<td>Independent</td>
<td>12</td>
</tr>
<tr>
<td>Spires</td>
<td>Burnhaven Properties</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>307</strong></td>
</tr>
</tbody>
</table>

*Other brands and independently owned apartments
Source: AM: PM
**Future Serviced Apartment Supply**

### Total Serviced Apartment Rooms Proposed/ Under Construction

<table>
<thead>
<tr>
<th>Serviced Apartments</th>
<th>Owner</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dale House</td>
<td>Administrator</td>
<td>124</td>
</tr>
<tr>
<td>Westgate Chambers</td>
<td>CGIS (Westgate)</td>
<td>68</td>
</tr>
</tbody>
</table>

Source: AM:PM

At present there are two proposed serviced apartment developments in Glasgow but we understand that on one of these, a planning application may be submitted to amend the consent to office use, which demonstrates the immature market for dedicated serviced apartments. InterContinental Hotels Group were actively seeking a site suitable for their StayBridge Suites brand in Glasgow and achieved planning consent on a site pre-recession. However, the developer went into administration and the scheme did not proceed.

In Glasgow, additions to hotel supply are increasingly in the budget / limited service sectors. This includes CitizenM, Premier Inn and Travelodge adding to their existing supply.

The Business Premises Renovation Allowance (BPRA) scheme, an incentive to bring derelict or unused business properties back into use, is providing an additional 790 rooms (10% increase on existing supply) and it remains to be seen whether the market is resilient enough to sustain the supply. We also understand the 374-room Motel One Glasgow Central Station is to proceed, with completion targeted for 2015.

### 8.4 Investment Market

The UK regions, have suffered under weak economic growth, rising costs and fragile corporate demand. Receivership sales have increased across the country and a number of hotels that have been taken into administration are currently being offered for sale. It is very likely that some of these properties will sell at discounts to the original investment levels.

Moving forward, we expect Glasgow and the wider UK regional market to offer possibilities especially for more opportunistic investors that are willing to accept a higher risk. There is also a sound interest in hotel assets in comparatively stable locations with year-round leisure demand, a healthy commercial base and high barriers to entry, such as Oxford, Cambridge, Bath and Edinburgh. In that context, Glasgow remains a slightly more challenging proposition although the city does attract strong investor interest for correctly priced assets. The following provides a list of recent transactions:

<table>
<thead>
<tr>
<th>Property</th>
<th>Transaction Date</th>
<th>Rooms</th>
<th>Reported Price (GBP Currency)</th>
<th>Price per room</th>
<th>Purchaser</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hilton Grosvenor</td>
<td>Sep-11</td>
<td>96</td>
<td>£9.45 million</td>
<td>£98,438</td>
<td>Macfarlane Limited</td>
<td>Royal Bank of Scotland</td>
</tr>
<tr>
<td>Hilton City Glasgow</td>
<td>Sep-11</td>
<td>319</td>
<td>£26.7 million</td>
<td>£111,912</td>
<td>Topland Group of Companies</td>
<td>Royal Bank of Scotland</td>
</tr>
<tr>
<td>West George Street Hotel Glasgow 12</td>
<td>Apr-12</td>
<td>88</td>
<td>Confidential</td>
<td>Confidential</td>
<td>Hotel Land and Development Ltd</td>
<td>Buchanan Building Society</td>
</tr>
<tr>
<td>Radisson Blu Glasgow</td>
<td>Nov-12</td>
<td>247</td>
<td>£24.6 million</td>
<td>£99,180</td>
<td>Abra Hotels</td>
<td>RadWest Scotland (Admin: RSM Tenor)</td>
</tr>
</tbody>
</table>

Source: JLL

### 8.5 Market Outlook

According to the latest international tourist arrivals statistics from Visit Scotland, the total number of arrivals to the city of Glasgow reached 515,000 in 2013, approximately 1.2% below the previous year. Despite this, the upcoming 2014 Commonwealth Games, Ryder Cup and Homecoming year are likely to drive additional arrivals to the city.
Glasgow has historically maintained a healthy occupancy, with the general market achieving occupancy levels in the mid-70% category following a low of 71.3% in 2005. The fluctuations in Glasgow’s ADR correlate with the addition of new supply. During the course of 2007, 190-keys were added (3% increase in supply) which resulted in a 2.9% y-o-y decline in RevPAR in 2008.

As at YTD April 2014, Glasgow is outperforming Regional UK which achieved occupancy of 68.6% (increasing by 4.7% y-o-y) as compared to Glasgow’s 75.3%. With similar ADR figures posted, the Glasgow RevPAR is outpacing Regional UK by £47.02 to £40.85 respectively. However, when compared with average room rates of Aberdeen and Edinburgh, Glasgow full-service hotels are off the pace by approximately £20, despite a similar occupancy rate, illustrating the price-sensitivity of the market following significant increases in room supply.

The key tourism source markets for Glasgow in 2011 included Germany, the USA, Canada, France and Spain – making up 50% of all arrivals to the city. Germany is the top source market to Glasgow, with a 15% market share, increasing by 4.0 percentage points from the prior year. The USA followed closely behind at 14% at a similar rate of increase. Holiday visitors account for the largest proportion of visitors to Glasgow, with approximately 57% of all visitors travelling to the city for leisure purposes. Visiting Friends and Relatives (VFR) accounted for a further 22% of total visitors, followed by business (17%) and other (4%).

Glasgow is hosting the Commonwealth Games in 2014, which has generated significant infrastructure development. An on-going regeneration programme is continuing along the Clyde Waterfront with a mixture of residential, hotel, office and tourist attractions are either in the planning stage or already completed projects at the Exessway and Glasgow Harbour have been completed to improve infrastructure to and from the city, as have transport hubs and interchanges including Strathclyde Partnership for Transport’s £288 million subway modernisation programme. The M74 motorway completion scheme will play a key role in enabling easier accessibility during the Commonwealth Games in Glasgow 2014.

The significant regeneration schemes (completed and underway) in advance of the Commonwealth Games will benefit demand levels at hotels well beyond the event itself. Infrastructure improvements, new shopping and leisure space will add to the overall attractiveness of Glasgow as a tourist destination, strengthen its position as a gateway to Scotland and ultimately, boost occupancy levels at hotels in the city.

Despite a large hotel pipeline (relative to existing supply), occupancy growth is likely to remain steady in the medium to long term due to increased tourism demand generated during and after the 2014 Commonwealth Games.

8.6 Fraser Suites Glasgow

The Fraser Suites Glasgow is situated in the Merchant City, a cultural area named after the tobacco leaders of the 17th century. The area includes ornate banks, civic buildings, townhouses and renovated warehouses. Many of these buildings now include restaurants, theatres, cafes and designer boutiques. Nearby attractions include the Peoples Palace Museum, Glasgow Green, Glasgow Cathedral, and Buchanan Street. Further afield is the SECC. The apartments are also well placed for the SSE Hydro, Celtic Park and Hampden Park.
Fraser Suites Glasgow
Address: 1-19 Albion Street, Glasgow G1 1LH
No. Units: 98 units
Meeting Space: 1 Meeting room
Food & Beverage: Breakfast room
Other Facilities: Gymnasium
Source: Hotel Management

Serviced Apartment Operator Information

The Fraser Suites Glasgow is operated by Frasers Hospitality. Please refer to Section 3.8 Fraser Suites Singapore – Serviced Apartment Operator Information for more information.

Existing Competitive Hotels – Fraser Suites Glasgow

The subject property’s competitive set of hotels are identified as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Glasgow</td>
<td>98</td>
<td>Frasers Hospitality</td>
</tr>
<tr>
<td>Marriott Glasgow</td>
<td>298</td>
<td>Marriott International</td>
</tr>
<tr>
<td>Millennium Glasgow</td>
<td>116</td>
<td>Millennium &amp; Copthorne</td>
</tr>
<tr>
<td>Radisson Blu Hotel</td>
<td>247</td>
<td>Carlson Rezidor Hotel Group</td>
</tr>
<tr>
<td>Menzies Hotel</td>
<td>141</td>
<td>Menzies Hotels</td>
</tr>
<tr>
<td><strong>Total Number of Rooms</strong></td>
<td><strong>900</strong></td>
<td></td>
</tr>
</tbody>
</table>
Source: Hotel Management

The subject property has recently undergone an extensive £1.4 million renovation which was completed in March 2013. In addition to the above competitors, the Hilton Glasgow Hotel also competes with the subject property. Guest demand is mainly from the UK (55%), while other significant source markets include India (12%) and Spain (10%). The competitive set comprises branded hotels as other serviced apartments in Glasgow offer much smaller room inventories - generally below 50 rooms. These hotels also have the ability to drive additional revenues; from conference and banqueting, food and beverage offerings and larger gyms with external membership.

Performance of Competitive Set

The competitive set, which includes the Marriott Glasgow Hotel; Millennium Glasgow; Radisson Blu Hotel Glasgow; Menzies Glasgow and excludes the subject property achieved a RevPAR of £66.97 in 2013. This compares to £43.66 achieved by the wider regional UK market. As at December 2013 YTD, RevPAR of the competitive set has increased 3.3% compared to last year. This is 2.2% below the growth of the wider regional UK market.

The Fraser Suites Glasgow property trails behind the competitor set in terms of RevPAR, albeit marginally, and was some 0.9% lower at the end of 2013. The property has struggled to compete in ADR terms due to the increasingly dated standard of rooms. Property performance was, however, up 17.4% at YTD December 2013 as compared to the same period in 2012. This demonstrates a more positive outlook following the refurbishment of the property. In addition to the newly renovated product, the regeneration of the Merchant City, clean-up of the neighbouring Selfridges site and general infrastructure developments in Glasgow ahead of the Commonwealth Games have all contributed to the positive results.
### SWOT Analysis of Fraser Suites Glasgow

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Subject property has been recently renovated with approximately £1.4 million spent on the project across the rooms and public areas</td>
<td>- No bar / F&amp;B to upsell or differentiate offering</td>
</tr>
<tr>
<td>- Commonwealth Games office located across the road and benefits from visiting staff and fully booked for pre and post Games</td>
<td>- Lack of conference space in comparison to the competitor hotels</td>
</tr>
<tr>
<td>- Refurbishment has led to an increase in occupancy and ADR</td>
<td></td>
</tr>
<tr>
<td>- 24-hour reception</td>
<td></td>
</tr>
<tr>
<td>- Availability of meeting room and gymnasium</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Promote the meeting and breakfast rooms to agents, clients and regular clientele</td>
<td>- Refurbishment of the Millennium Hotel as part of the £300 million Buchanan Quarter redevelopment</td>
</tr>
<tr>
<td>- Subject property will soon be licensed allowing alcohol on the premises</td>
<td>- Global effects of the economic downturn continue in the short term</td>
</tr>
<tr>
<td>- Potential to grow both ADR and occupancy</td>
<td>- Potential new hotel stock in the area, including a 250-room 4-star hotel at Collegelands</td>
</tr>
</tbody>
</table>

Source: STR Global

---

Fraser Suites Glasgow RevPAR 2013

![Graph showing Fraser Suites Glasgow RevPAR for 2013](chart.png)

**Source:** STR Global
9 Edinburgh Market Overview

9.1 Executive Summary

Edinburgh has a population of approximately 450,000 and, as such, is the second largest city in Scotland after Glasgow and the seventh largest in UK. Edinburgh is one of the UK’s main tourist destinations, offering a vast number of cultural sites, summer festivals and golf facilities. Furthermore, the city has started to develop itself as a popular business and event destination, whilst tourism is also an important economic foundation of the city. As Edinburgh is a World Heritage Site, tourists come to visit historic sites such as Edinburgh Castle, the Palace of Holyrood House and the Georgian New Town. Major international events in the city include:

- Edinburgh Fringe Festival
- The 6 Nations Rugby Tournament
- The Royal Highland Show
- St. Andrew’s Day
- The Edinburgh Military Tattoo

Edinburgh and the whole surrounding region is a golfers’ paradise, and many of the private clubs welcome visitors. The City of Edinburgh itself has six golf courses, and there are 28 courses within the city boundaries. At Hillend, on the southern edge of Edinburgh, the largest artificial ski slope in the UK offers skiing all year round.

According to AM:PM Hotels, Edinburgh comprised 170 graded hotels and serviced apartments with a total of more than 11,841 rooms as at YTD May 2014. The accommodation market is well-balanced across all quality levels, although the 3- and 4-star segments account for a slightly larger share. 5-star hotels make up around 8% of total keys and serviced apartments with the least at 7% of total keys. Since 2000, supply in Edinburgh has increased by an average of 3% per annum.

Since 2002 occupancy levels have remained steady, rarely dropping below 75.0% with the exception of 2008, 2010 and 2012 - where hotels in the wider Edinburgh market suffered from weaker demand during the London Olympics resulting in a 4% decline in RevPAR compared to 2011.
9.2 Tourism Overview

International Visitor Arrivals

In 2013, overall visitor arrivals to Edinburgh reached 1.3 million, recording a 4.4% decline over the prior year. The city has recorded a CAGR of 1.8% over the last five years.

Domestic Visitor Arrivals

Edinburgh’s tourism is largely dependent on domestic arrivals which in 2012 represented 64.5% of total arrivals. At 2.5 million and rising 5.3% on the prior year, this was the highest number of domestic arrivals visiting the city in the last seven years.
Average Length of Stay

The average length of stay in Edinburgh is two nights for UK visitors and four nights for international visitors.

Geographic Origin

The USA remains Edinburgh’s largest single international source market for visitors at 16% in 2011 (latest data available), accounting for approximately 50% growth over the prior year. Germany follows closely behind, and with 174,000 visitors, secures a 13% share. Italy and France reported the greatest decline in visitor arrivals, falling by more than 30% each. France reported a 37,000 decline in visitors, while Italy saw a 25,000 drop off.

Purpose of Visit

Source: Visit Scotland
In 2012, leisure trips to Edinburgh represented 65% of international arrivals, with visiting friends and relatives secured the second largest share at 19.8%. 11% of international visitors arrived in Edinburgh on business and 5% for other purposes.

Key Demand Drivers

Edinburgh is the second largest financial centre in the UK. Royal Bank of Scotland, Lloyds Banking Group, Standard Life and AEGON UK are all headquartered in the city as are Tesco Bank and Virgin Money. The city is home to more than 91,000 university and college students, including more than 15,000 international students attending four universities: the University of Edinburgh, Heriot Watt University, Edinburgh Napier University and Queen Margaret University.

Tourism is an important economic foundation of the city. As Edinburgh is a UNESCO World Heritage Site, tourists come to visit historic sites such as Edinburgh Castle (named the top UK Heritage Attraction for the third year running in the 2013 British Travel Awards), the Palace of Holyrood House and the Georgian New Town. This influx is amplified in August of each year due to the City’s festivals. Other popular attractions in Edinburgh are the National Gallery of Scotland, the Royal Museum, the Museum of Scotland and the Royal Botanic Gardens.

Edinburgh and the whole surrounding region is a golfer’s paradise, and many of the private clubs welcome visitors. The city of Edinburgh itself has six golf courses and there are 28 courses within the city boundaries. At Hillend, on the southern edge of Edinburgh, the largest artificial ski slope in the UK offers skiing all year round.

Edinburgh is mainly seen as a leisure destination. However, the city also attracts a healthy number of business visitors every year. The International Congress and Convention Association (ICCA) ranked Edinburgh second in the UK and 33rd in the world for the number of international association meetings held.

Accessibility / Infrastructure Developments

Edinburgh Airport handles on average 24,600 passengers and 311 flights a day and there are over 40 airlines operating from the airport at present. The airport employs 2,500 employees and was acquired in May 2012 by Global Infrastructure Partners (GIP) who also own Gatwick and London City airports. Edinburgh Airport is now the sixth largest airport in the UK in terms of passenger numbers. There are plans to extend the airport with passenger numbers expected to reach 26 million by 2030. Edinburgh Airport handled just under 9.8 million passengers in 2013.

The city is accessed via the M90, M8 and M9 motorways and the A1 trunk road which provide links to the remainder of the Scottish motorway network and the south. Edinburgh Airport is located 13km to the west of the city centre and provides flights to a wide variety of domestic and international destinations. Rail services are provided by Waverley and Haymarket stations, both of which are on the main east coast rail network as well as providing local connections. The Edinburgh tram project is now finished and open to passengers. The revised line now runs from York Place, close to the St James Centre, to Edinburgh Airport. Options remain for extending the line in accordance with the original plans to provide an Edinburgh network but no timescale has yet been proposed.
9.3 Accommodation Market Overview

Location Brief

Edinburgh's full-service hotels are evenly dispersed throughout the city. The Fraser Suites are located in Edinburgh's Old Town, where many of Edinburgh's famous tourist attractions are located - most notably Edinburgh Castle. The historic centre of Edinburgh is divided in two by Princes Street Gardens. To the south the view is dominated by Edinburgh Castle, built high on the Castle rock and the long sweep of the Old Town descending towards Holyrood Palace. To the north lie Princes Street and the New Town. The following describes the characteristics of the city's three major hotel districts:

- **The Old Town** - The Old and New Towns of Edinburgh were listed as a UNESCO World Heritage Site in 1995 in recognition of the unique character of the Old Town with its medieval street layout and the planned Georgian New Town. There are over 4,500 listed buildings within the city, a higher proportion relative to area than any other city in the United Kingdom. The Old Town has a number of popular tourist sites such as Edinburgh Castle, the Royal Edinburgh Military Tattoo staged on the Esplanade of Edinburgh Castle, Church of St Giles, the City Chambers and the Law Courts. The Old Town is home to Hotel Missoni, Radisson Blu as well as the subject property, the Fraser Suites Edinburgh.

- **The New Town** – The New Town, with the principal street as George Street runs along the natural ridge to the north of what is known as the Old Town. To either side of George Street are two other main streets, Princes Street and Queen Street. Princes Street has become the main shopping street in Edinburgh and now has few of its original Georgian buildings. Major hotels located in the area include The George, The Balmoral, Crowne Plaza Edinburgh – The Roxburghe and Hotel Indigo, as well as a cluster of independent, boutique hotels.

- **West End & Haymarket** – The West End includes the financial district, insurance and banking offices as well as Edinburgh International Conference Centre. The West End & Haymarket area is well connected via the Haymarket Rail Station, a major commuter and long-distance destination, serving much of Scotland and most frequently Glasgow. A major development is set to progress in the area as Interserve has formed a joint venture company with the current landowner, Tiger Developments, to progress a £200m development at Haymarket next to Haymarket Railway Station in Edinburgh. Slaley Investments has signed up for a 165-bed apart hotel, and Interserve is looking to have further high quality hotels alongside Tesco, Prezzo and Pret A Manger. The project has the potential to create up to 3,500 jobs in construction and within the development itself. Existing hotels in the area include the Caledonian – A Waldorf Astoria Hotel, Sheraton Grand Hotel & Spa and the Hilton Edinburgh Grosvenor.

Existing Hotel Supply

According to hotel supply database AM:PM, Edinburgh comprised 187 graded hotels and serviced apartments with a total of more than 11,841 rooms as at YTD May 2014. The accommodation market is well balanced across all quality levels, although the 3- and 4-star segments account for a slightly larger share. 5-star hotels make up around 8% of total keys and serviced apartments with the least at 7% of total keys. Since 2000, supply in Edinburgh has increased by an average of 3% per annum.

In June 2013 the five-star 65-room Glasshouse Hotel, formerly part of the Eton Collection, reopened as a part of Marriott's Autograph Collection following refurbishment. The re-launch of the Sheraton Grand Hotel & Spa in April 2012 followed a multi-million Sterling Pound renovation as part of a global re-visititation effort. Hilton Worldwide recently launched the Caledonian, a Waldorf Astoria hotel following a £24 million
investment and the refurbishment of The Point Hotel to the Doubletree by Hilton Edinburgh City Centre. Hilton is looking at further growth of its brands in Edinburgh, particularly the mid-market Hilton Garden Inn and Hampton by Hilton brands, initially at airport and city centre locations

**Future Hotel Supply**

Hotel development in the Scottish capital is set to remain buoyant during 2014 and beyond. The notable highlights will be the opening of the 259-room Hotel Ibis Edinburgh Centre, 120-room De Vere Village Hotel and the 161-room Ibis Budget Edinburgh Park. Artisan Real Estate Investors has agreed to a multi-million pound deal to transform the Cattongate area, which remains one of Edinburgh’s most significant city-centre development opportunities. Detailed designs are currently being put forward for the site based on existing 640,000 square feet mixed-use consents, which were approved in 2008 by the City of Edinburgh Council. These consents include a modern 195,000 square feet five-star hotel, with space for 211-rooms and an 18,000 square feet conference centre, around 160,000 square feet of premium office space, 30 new shops and cafes and 165 new homes. In addition, the £650 million redevelopment of the St James retail quarter in the city centre is to include two new hotels, cafes, restaurants and over 100 homes.

**Additions to Hotel Supply in Edinburgh (2009-2016)**

![Chart showing additions to hotel supply in Edinburgh](chart)

Source: JLL, Industry Sources

**Market Wide Hotel Trading Performance**

Since 2002 occupancy levels have remained steady, rarely dropping below 75.0%, with the exception of 2008, 2010 and 2012. Hotels in the wider Edinburgh market suffered from weaker demand during the London Olympics which constrained international visitation resulting in a 4% decline on 2011 RevPAR. However, the market wide performance experienced a marginal 0.6% increase in RevPAR.

Edinburgh particularly struggled at the beginning of 2012 indicating that international visitation to London and Edinburgh is inextricably linked. Visitors stayed away due to the Olympics and local criticism that festival dates clashed with the Olympics. STR Global data shows a 3.8% decline in occupancy, as hoteliers also suffered from the new supply entering the market. Nevertheless, a strong return towards the end of the year allowed hoteliers to push up rates, resulting in positive overall results.

Seasonality in Edinburgh’s hotel performance is chiefly led by events and conferences occurring in the city including concerts and rugby internationals at Murrayfield Stadium. Although strong performance is
achieved in the spring, the peak tends to be reached in August when the city’s August festival takes place. The Edinburgh Festival is a month long arts extravaganza which actually constitutes several festivals running at the same time. Lowest performance tends to be recorded in the winter months.

Performance over 2013 indicates a return of any loss in demand during 2012. RevPAR increased by a notable 14.7%, as hotels in most prime locations benefit from enhanced demand to the city. Results were achieved following an increase of 5.9% in occupancy and 8.3% in ADR, despite the recent additions in hotel supply.

![Edinburgh Hotel Market - Market Wide Performance](image)

**Existing Serviced Apartment Supply**

**Serviced Apartments in Edinburgh (May 2014)**

<table>
<thead>
<tr>
<th>Serviced Apartment Name</th>
<th>Properties</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chester Residence</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>Dreamhouse Abercromby Place</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Edinburgh Residence</td>
<td>1</td>
<td>29</td>
</tr>
<tr>
<td>Edinburgh Residence Inn by Marriott</td>
<td>1</td>
<td>107</td>
</tr>
<tr>
<td>Fountain Court</td>
<td>5</td>
<td>152</td>
</tr>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>1</td>
<td>75</td>
</tr>
<tr>
<td>Holyrood Aparthotel</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td>Hot-el Apartments</td>
<td>2</td>
<td>73</td>
</tr>
<tr>
<td>Knight Residence</td>
<td>1</td>
<td>28</td>
</tr>
<tr>
<td>Lochend Serviced Apartments</td>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>Merchiston Residence</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Ocean Apartments</td>
<td>1</td>
<td>59</td>
</tr>
<tr>
<td>Old Town Chambers</td>
<td>1</td>
<td>37</td>
</tr>
<tr>
<td>Princes Street Suites</td>
<td>1</td>
<td>37</td>
</tr>
<tr>
<td>Royal Garden Apartments</td>
<td>1</td>
<td>30</td>
</tr>
<tr>
<td>St Giles Apartments</td>
<td>3</td>
<td>23</td>
</tr>
<tr>
<td>Staycity Serviced Apartments</td>
<td>2</td>
<td>47</td>
</tr>
</tbody>
</table>

**Total Existing Supply** 820

Source: AMPM
As at May 2014, there are 26 serviced apartment properties located across Edinburgh, representing a supply of 820 units. The vast majority of these are independently operated, with 70% of operators having only one serviced property. Similar to hotels, serviced apartment properties are primarily located in the Old Town and West End / Haymarket.

Edinburgh has a large percentage of unbranded, independently operated units, making up 45% of total supply. At present, the largest branded operator in Edinburgh is Fountain Court which currently has 152 units. The serviced accommodation market in Edinburgh has slowly expanded over the last four years, driven by a high demand for both short and long term accommodation, the resilience of the lodging market and the relative scarcity of serviced accommodation stock.

Due to the UNESCO World heritage status and with high barriers to entry, hotels have tended to occupy the larger and more desirable properties given they are more established. With serviced apartments being relatively immature in the context of the lodging industry, serviced apartments tend to occupy areas and buildings more commensurate with their style or operation as a result of competing with prime investment / occupiers.

The expansion of supply continued into 2013 with the 32-unit Chambers serviced apartments entering the market in the Old Town.

**Future Serviced Apartment Supply (Edinburgh)**

<table>
<thead>
<tr>
<th>Serviced Apartment Name</th>
<th>Units</th>
<th>Opening</th>
<th>Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adagio Edinburgh New Waverley</td>
<td>146</td>
<td>2016</td>
<td>Adagio</td>
</tr>
<tr>
<td>Anchor Close</td>
<td>50</td>
<td>Speculative</td>
<td>Independent</td>
</tr>
<tr>
<td>Chambers, Adam Bothwell House</td>
<td>5</td>
<td>2014</td>
<td>Independent</td>
</tr>
<tr>
<td>Eden by Urban Villa</td>
<td>175</td>
<td>Speculative</td>
<td>Urban Villa</td>
</tr>
<tr>
<td>Fraser Suites</td>
<td>121</td>
<td>On Hold</td>
<td>Fraser Suites</td>
</tr>
<tr>
<td>Napier House</td>
<td>20</td>
<td>Speculative</td>
<td>Fountain Court</td>
</tr>
<tr>
<td>Palmeirson Place</td>
<td>17</td>
<td>Speculative</td>
<td>Independent</td>
</tr>
<tr>
<td>St James Quarter</td>
<td>50</td>
<td>On Hold</td>
<td>Independent</td>
</tr>
<tr>
<td>Staycity Serviced Apartments</td>
<td>165</td>
<td>2017</td>
<td>Staycity</td>
</tr>
<tr>
<td>Torphichen Street</td>
<td>55</td>
<td>Speculative</td>
<td>Independent</td>
</tr>
<tr>
<td><strong>Total Rooms in Pipeline</strong></td>
<td>804</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There are currently ten confirmed serviced apartment projects with a total of 804 units in the development pipeline. If all projects are realised by the end of 2016, serviced accommodation supply is expected to increase by 38%. However, all but one of the pipeline projects are currently on hold / speculative.

With tight supply conditions and limited land for development, converting secondary offices to serviced apartment use will be an attractive opportunity for developers. The locality for these serviced apartments is critical for the developments to be viable. Outside central Edinburgh, serviced accommodation developments are often less attractive due to significantly lower occupancy levels. In these markets, residential or hotel developments tend to be more feasible.
9.4 Investment Market

The market in Scotland and other provincial locations relative to London is less buoyant and continues to be tempered by expectation of increased supply of mid-market hotels becoming available for purchase. Should this occur, purchasers will have greater choice and as such will expect to pay a lower price for anything other than highly profitable, prime hotels. Purchasers would have to decide between paying a competitive price for the right to receive profits or purchase an under-performing hotel at a lower price and invest in the hotel in order to increase profitability in the future. Demand from hoteliers for representation in Edinburgh remains high with most requirement strategies listing Edinburgh second only to London and above Glasgow and other Scottish locations in terms of priority.

Below we list a number of recent transactions:

<table>
<thead>
<tr>
<th>Property</th>
<th>Transaction Date</th>
<th>Rooms</th>
<th>Reported Price (£m)</th>
<th>Price per room (£)</th>
<th>Vendor</th>
<th>Purchaser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traveller's Edinburgh West End</td>
<td>Jun-13</td>
<td>179</td>
<td>£6.5 million</td>
<td>£36,313</td>
<td>Britannia Hotels</td>
<td>Lloyd Banking Group</td>
</tr>
<tr>
<td>Apex Waterloo Place Hotel</td>
<td>Jun-13</td>
<td>187</td>
<td>£10 million</td>
<td>£53,476</td>
<td>CB Richard Ellis Group, Inc. (CBRE)</td>
<td>Apex Hotels Ltd</td>
</tr>
<tr>
<td>Proposed B&amp;B Style St Andrew Square</td>
<td>Dec-12</td>
<td>103</td>
<td>£6 million</td>
<td>£58,252</td>
<td>Accor</td>
<td>Royal London Mutual</td>
</tr>
<tr>
<td>Isla Cowgate (Forward Funding)</td>
<td>Oct-12</td>
<td>259</td>
<td>£30.6 million</td>
<td>£118,147</td>
<td>Talis Property Investment Management Limited</td>
<td>Talis Property</td>
</tr>
<tr>
<td>Springedge Serviced Apartments Edinburgh</td>
<td>Jun-12</td>
<td>60</td>
<td>£27.5 million</td>
<td>£225,000</td>
<td>M&amp;A New Town Ltd</td>
<td>New Town Ltd</td>
</tr>
<tr>
<td>Premier Inn Edinburgh City Centre (Princes Street)</td>
<td>Mar-13</td>
<td>97</td>
<td>£24 million</td>
<td>£250,016</td>
<td>Talis Property Investment Management Limited</td>
<td>New Town Ltd</td>
</tr>
<tr>
<td>Haymarket House</td>
<td>Aug-11</td>
<td>145</td>
<td>£5.3 million</td>
<td>£36,207</td>
<td>Tune Hotels</td>
<td>Travelodge</td>
</tr>
<tr>
<td>Carlton Gate Edinburgh</td>
<td>Mar-11</td>
<td>200</td>
<td>£7.5 million</td>
<td>£37,650</td>
<td>Cuckfield Group Ltd</td>
<td>Mountgrange Limited</td>
</tr>
</tbody>
</table>

Source: JLL

9.5 Market Outlook

Hotel trading performance in Edinburgh slowed significantly due to weaker visitor demand during the London Olympics which constrained international visitation. However, with improved trading performance in 2013 the market has demonstrated resilience. Therefore, in 2014, we expect to see continued growth on trading figures backed by the arrival of the Ryder Cup, Homecoming Year and Commonwealth Games.

In 2013, international visitor arrivals to Edinburgh reached 1.3 million, recording a 4.4% decline over the prior year. In 2005, international tourist arrivals broke the 1 million mark and have hovered around 1.3 million for the past three years. In 2012, international tourist arrivals represented 35.5% of all visits.

Since 2002, occupancy levels have remained steady, rarely dropping below 75.0%, with the exception of 2008, 2010 and 2012. Hotels in the wider Edinburgh market suffered from weaker demand during the 2012 London Olympics which constrained international visitation resulting in a 4% decline on 2011 RevPAR.

Performance in 2013 indicates a return of any loss in demand during 2012. RevPAR increased by a notable 14.6%, as hotels in most prime locations benefit from enhanced demand to the city. Results were achieved following an increase of 4.3% in occupancy and 8.3% in ADR, despite the recent additions in hotel supply. In 2014, we expect to see continued growth on trading figures backed by the arrival of the Ryder Cup, Homecoming Year and Commonwealth Games.

The USA remains Edinburgh’s largest single international source market for visitors at 16% in 2011, reporting an approximate 50.0% growth over the prior year. German follows closely behind, and with 174,000 visitors secures a 13.0% share. Italy and France reported the greatest decline in visitor arrivals, falling by more than 30% each. France reported a 37,000 decline in visitors, while Italy saw a 25,000 drop off.

In 2011, overseas leisure trips to Edinburgh represented 66.0% of total arrivals, with visiting friends and relatives secured the second largest share at 19.0%. The remainder of visitors arrived in Edinburgh for
business purposes. There are plans to extend Edinburgh airport with passenger numbers expected to reach 26 million by 2030.

The Edinburgh tram project is now completed and open to passengers. The revised line now runs from York Place, close to the St James Centre, to Edinburgh Airport. Options remain for extending the line in accordance with the original plans to provide an Edinburgh network but no timescale has yet been proposed.

9.6 Fraser Suites Edinburgh

The Fraser Suites Edinburgh is located in the centre of Scotland’s capital, on the east side of St Giles Street, just off the Royal Mile. Edinburgh Castle is located 200 metres west of the Fraser Suites. The surrounding uses comprise a mix of branded and unbranded hotels, restaurants and commercial properties (office / retail). The Scottish National Gallery and Princes Street Gardens are located to the north of the property and to the east is the Palace of Holyrood House, Our Dynamic Earth and the Scottish Parliament. To the south of the Fraser Suites are the National Museum of Scotland and the main campus for Edinburgh University. The Quartermile development, located just outside the Old Town, has recently transacted. With the purchase by Moorfield, we expect further addition to the current mix of 3,500 square feet of office space, 900 apartments, 55,000 square feet of retail and leisure space and the Residence Inn by Marriott.

<table>
<thead>
<tr>
<th>Fraser Suites Edinburgh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address: 12-26 St Giles Street</td>
</tr>
<tr>
<td>Edinburgh, EH1 1PT</td>
</tr>
<tr>
<td>No. of Apartments: 75</td>
</tr>
<tr>
<td>Meeting Space: 1 Meeting room</td>
</tr>
<tr>
<td>Food &amp; Beverage: The Broadsheet Bistro</td>
</tr>
<tr>
<td>Other Facilities: Gymnasium</td>
</tr>
</tbody>
</table>

Source: Hotel Management

Serviced Apartment Operator Information

The Fraser Suites Edinburgh is operated by Frasers Hospitality. Please refer to Section 3.8 Fraser Suites Singapore – Serviced Apartment Operator Information for more information.

Existing Competitive Hotels

The subject hotel’s competitive set is identified as follows:

<table>
<thead>
<tr>
<th>Property</th>
<th>Rooms</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraser Suites Edinburgh</td>
<td>75</td>
<td>Fraser Suites</td>
</tr>
<tr>
<td>Radisson Blu Hotel</td>
<td>238</td>
<td>Carlson Rezidor Hotel Group</td>
</tr>
<tr>
<td>The Howard Hotel</td>
<td>18</td>
<td>The Edinburgh Collection</td>
</tr>
<tr>
<td>Channing's Hotel</td>
<td>41</td>
<td>The Edinburgh Collection</td>
</tr>
<tr>
<td>Malmaison Edinburgh</td>
<td>100</td>
<td>Malmaison</td>
</tr>
<tr>
<td>Scotsman Hotel</td>
<td>69</td>
<td>Scotsman Hotel Group</td>
</tr>
<tr>
<td>The Bonham Hotel</td>
<td>48</td>
<td>Town House Company</td>
</tr>
<tr>
<td>The Glasshouse Autograph Collection</td>
<td>65</td>
<td>Westmont Hospitality</td>
</tr>
<tr>
<td>Apex City</td>
<td>119</td>
<td>Apex Hotels</td>
</tr>
<tr>
<td>Hotel Du Vin Edinburgh</td>
<td>47</td>
<td>Malmaison</td>
</tr>
<tr>
<td><strong>Total Number of Rooms</strong></td>
<td><strong>820</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Hotel Management
The subject property is a branded serviced apartment which operates in the four star category and is more akin to a hotel strategy, with average length of stay recorded at 2.5 days as at YTD September 2013. The subject property was extensively renovated to a high standard (including suites) in 2009, when it was converted from former local authority offices to serviced apartments. Guest demand is mainly driven by the leisure sector with approximately 21% and a further 35% derived from the Best Available Rate market.

The competitive set above is made up of a mixture of much larger branded hotel properties which have strong teams to operate the hotel and also have the ability to drive additional revenues from conference and banqueting and more food and beverage offerings. Within the competitive set are UK based operators such as Malmaison, Apex Hotels as well as local operators such as the Town House Company and the Edinburgh Collection.

**Performance of Competitive Set**

The competitive set, which includes the Radisson Blue Edinburgh; the Howard Hotel; Channing’s Hotels; Malmaison Edinburgh; Scotsman Hotel Edinburgh; the Bonham Hotel; the Glasshouse Autograph Collection; Apex City; Hotel Du Vin Edinburgh; G&V Royal Mile and excludes the subject property achieved a RevPAR of £89.60 in 2013. This compares to £43.66 achieved by the wider regional UK market. As at December 2013, RevPAR of the competitive set has increased 4.4% compared to last year. This is 2.2% below the growth of the wider regional UK market.

The Fraser Suites Edinburgh trails behind the competitor set in terms of RevPAR, albeit marginally, and was some 0.3% lower at the end of 2013. Property performance was, however, up 9.4% as at YTD December 2013 as compared to the same period in 2012.

The future strategy of Fraser Suites Edinburgh is to achieve maximum revenue over the summer months by optimising yield strategy. In the low season pushing long stays will increase the profitability of the rooms department. To increase the corporate segment, the Fraser Suites Edinburgh will increase their profile including promotion in Singapore using brand strength there to encourage visitation to Edinburgh.

![Fraser Suites Edinburgh RevPAR 2013](image_url)
### SWOT Analysis of Fraser Suites Edinburgh

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved fit out should attract key international visitor markets</td>
<td>No air conditioning is a common guest complaint</td>
</tr>
<tr>
<td>The subject property has the ability to drive high room rates particularly with the suites</td>
<td>No accreditation for serviced apartments as yet</td>
</tr>
<tr>
<td>Benefits from F&amp;B and an impressive gymnasium</td>
<td>Lack of conference space in comparison to the competitor hotels</td>
</tr>
<tr>
<td>A centrally located, good four star apartments with a modern style</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentivise longer stays especially in low season to increase base business</td>
<td>The opening of the Chambers will lead to some loss of business</td>
</tr>
<tr>
<td>Adjust the geographic mix of the hotel with more from an international market</td>
<td>The global effects of the economic downturn continue in the short term</td>
</tr>
<tr>
<td>Grow the corporate sector business to increase contribution and diversity of the business mix</td>
<td>Potential new hotel stock in the area, albeit the majority of stock due to come online is in the limited service / budget sector</td>
</tr>
<tr>
<td>Potential to grow both ADR and occupancy with soft refurbishment</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 1
Maps of Localities of Client’s Hotel and Serviced Apartment Portfolio
INDEPENDENT TAXATION REPORT

The Board of Directors
Frasers Hospitality Asset Management Pte. Ltd.
(in its capacity as Manager of Frasers Hospitality Real Estate Investment Trust) (the “REIT Manager”)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

The Trust Company (Asia) Limited
(in its capacity as Trustee of Frasers Hospitality Real Estate Investment Trust) (the “REIT Trustee”)
8 Marina Boulevard
#05-02, Marina Bay Financial Centre
Singapore 018981

The Board of Directors
Frasers Hospitality Trusts Management Pte. Ltd.
(in its capacity as Trustee-Manager of Frasers Hospitality Business Trust) (the “Trustee-Manager”)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

30 June 2014

Dear Sirs

INDEPENDENT TAXATION REPORT

This letter has been prepared at the request of the REIT Manager for inclusion in the prospectus (the “Prospectus”) to be issued in relation to the initial public offering of the stapled securities (the “Stapled Securities”) in Frasers Hospitality Trust (“FHT”) on the Main Board of Singapore Exchange Securities Trading Limited.

The purpose of this letter is to provide prospective purchasers of the Stapled Securities with an overview of the Singapore, Australia, Jersey, the United Kingdom, Japan and Malaysia income tax consequences of the acquisition, ownership and disposal of the Stapled Securities. This letter addresses principally purchasers who hold the Stapled Securities as investment assets. Purchasers who acquire the Stapled Securities for dealing purposes should consult their own tax advisers concerning the tax consequences of their particular situations.

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Stapled Securities. Prospective purchasers of the Stapled Securities should consult their own tax advisers to take into account the tax law applicable to their particular situations. In particular, prospective purchasers who are not Singapore tax residents are advised to consult their own tax advisers to take into account the tax laws of their respective country of tax residence and the existence of any tax treaty which their country of tax residence may have with Singapore.
This letter is based on the Singapore, Australia, Jersey, the United Kingdom, Japan and Malaysia income tax laws and the relevant interpretation thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Prospectus have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include the other gender.

GENERAL PRINCIPLES OF TAXATION OF A TRUST

The income of a trust derived from or accrued in Singapore is chargeable to Singapore income tax. In addition, income earned outside Singapore and received or deemed received in Singapore is also chargeable to Singapore income tax unless otherwise exempted. There is no capital gains tax in Singapore. However, gains from the sale of investments (including real properties) are chargeable to tax if such gains are derived from a trade or business of dealing in investments (including real properties). Singapore income tax is imposed on all income chargeable to tax after deduction of the allowable expenses incurred and capital allowances, if any. Such income of the trust is assessed to tax in the name of the trustee at the prevailing corporate tax rate.

However, where a trust derives tax exempt income, the beneficiary of the trust is also exempt from tax on the tax exempt income of the trust to which he is beneficially entitled.

Taxation of FH-REIT

FH-REIT has obtained the Tax Transparency Ruling and the Foreign Sourced Income Tax Exemption Rulings (collectively, the “Tax Rulings”) from the IRAS in respect of the Singapore taxation of certain income from the Singapore Properties and from the properties located overseas, respectively. In accordance with the Tax Rulings, the Singapore taxation consequences for FH-REIT and that of the Stapled Securityholders are described below.

Taxable Income of FH-REIT

Except as detailed in the paragraphs below, the REIT Trustee will be subject to Singapore income tax at the prevailing corporate tax rate on Taxable Income of FH-REIT.

The current Singapore corporate tax rate is 17.0%.

Specified Taxable Income of FH-REIT

FH-REIT has obtained the Tax Transparency Ruling from the IRAS in respect of the “Specified Taxable Income” (as defined herein) derived from the Singapore Properties. Such income includes rent from the Singapore Properties but not gains from the disposal of the Singapore Properties.

The application of the Tax Transparency Ruling is conditional upon the REIT Trustee and the REIT Manager fulfilling certain terms and conditions including distribution of at least 90.0% of Specified Taxable Income by the REIT Trustee to the Stapled Securityholders in the year in which the income is derived by the REIT Trustee. The REIT Trustee and the REIT Manager are required to take all reasonable steps necessary to safeguard the IRAS against tax leakages and to comply with all administrative requirements to ensure ease of tax administration.
Subject to the terms and conditions of the Tax Transparency Ruling, the REIT Trustee will not be taxed on Specified Taxable Income distributed to the Stapled Securityholders in the year in which the income was derived. Instead, the REIT Trustee and the REIT Manager would undertake to deduct income tax at source at the prevailing corporate tax rate from distributions made to certain Stapled Securityholders out of such Specified Taxable Income as discussed below. To the extent that the beneficial owner is a “Qualifying Stapled Securityholder” (as defined herein), the REIT Trustee and the REIT Manager will make the distributions without deducting any income tax at source. Also, to the extent that the beneficial owner is a “Qualifying Foreign Non-Individual Stapled Securityholder” (as defined herein), the REIT Trustee and the REIT Manager would undertake to deduct income tax at source at the reduced rate of 10.0% for distributions made up to 31 March 2015, unless otherwise extended.

A Qualifying Stapled Securityholder\(^1\) refers to a Stapled Securityholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a branch in Singapore of a company incorporated outside Singapore that has obtained IRAS’ approval for distributions to be made by FH-REIT to it without deduction of tax; or
- body of persons (excluding partnerships) incorporated or registered in Singapore, including:
  - a charity registered under the Charities Act, Chapter 37 of Singapore or established by an Act of Parliament;
  - a town council;
  - a statutory board;
  - a co-operative society registered under the Co-operative Societies Act, Chapter 62 of Singapore; and
  - a trade union registered under the Trade Unions Act, Chapter 333 of Singapore.

A Qualifying Foreign Non-Individual Stapled Securityholder is a person other than an individual not resident in Singapore for Singapore income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Stapled Securities are not obtained from that operation in Singapore.

\(^1\) Does not include a person acting in the capacity of a trustee
To obtain distributions free of tax deduction at source, or at the reduced rate of 10.0%, Qualifying Stapled Securityholders or Qualifying Foreign Non-Individual Stapled Securityholders must disclose their respective tax status in a prescribed form provided by the REIT Trustee and the REIT Manager (see Annexes A and B).

Where the Stapled Securities are held in joint names, the REIT Trustee and the REIT Manager will deduct income tax from the distributions made out of FH-REIT’s Specified Taxable Income at the prevailing corporate tax rate, unless all the joint owners are individuals.

Where the Stapled Securities are held through a nominee, the REIT Trustee and the REIT Manager will deduct income tax from the distributions made out of FH-REIT’s Specified Taxable Income at the prevailing corporate tax rate unless:

- the nominee can demonstrate that the Stapled Securities are held for beneficial owners who are Qualifying Stapled Securityholders for which the REIT Trustee and the REIT Manager would not deduct any tax from the distributions. The nominee should make a declaration of the status of the beneficial owners of the Stapled Securities and provide certain particulars of the beneficial owners of the Stapled Securities to the REIT Trustee and the REIT Manager in a prescribed form provided by the REIT Trustee and the REIT Manager. Where the Stapled Securities are held through more than 1-tier of nominees, the REIT Trustee/REIT Manager must obtain confirmation from the ultimate beneficiaries that they are Qualifying Stapled Securityholders. If the ultimate beneficiaries do not provide a confirmation of their status, the REIT Trustee/REIT Manager must withhold tax on the distribution at the prevailing corporate tax rate. The nominee should also maintain adequate and sufficient information and documentation to verify and be satisfied with the identity of the beneficial owners; and

- the nominee can demonstrate that the Stapled Securities are held for beneficial owners who are Qualifying Foreign Non-Individual Stapled Securityholders, for which the REIT Trustee and the REIT Manager would deduct/withhold tax at the reduced tax rate of 10.0% from the distributions made up to 31 March 2015, unless otherwise extended. The nominee should make a declaration of the status of the beneficial owners of the Stapled Securities and provide certain particulars of the beneficial owners of the Stapled Securities to the REIT Trustee and the REIT Manager in a prescribed form provided by the REIT Trustee and the REIT Manager. Where the Stapled Securities are held through more than 1-tier of nominees, the REIT Trustee/REIT Manager must obtain confirmation from the ultimate beneficiaries that they are Qualifying Foreign Non-Individual Stapled Securityholders. If the ultimate beneficiaries do not provide a confirmation of their status, the REIT Trustee/REIT Manager must withhold tax on the distribution at the prevailing corporate tax rate. The nominee should also maintain adequate and sufficient information and documentation to verify and be satisfied with the identity of the beneficial owners.

FH-REIT will distribute 100.0% of its Specified Taxable Income for the Forecast Period 2014 and the Projection Year 2015. Thereafter, FH-REIT should distribute at least 90.0% of its Specified Taxable Income on a semi-annual basis. Any amount of the Specified Taxable Income not distributed will be assessed to Singapore income tax at the prevailing corporate tax rate, and the tax assessed will be collected from the REIT Trustee on such amount. In the event where any subsequent distribution is made out of such after tax Specified Taxable Income retained by FH-REIT, the REIT Trustee and the REIT Manager will not have to make a further deduction of income tax from the distribution made.
Notwithstanding the aforesaid, the Specified Taxable Income as computed by the IRAS may be different from that determined by the REIT Manager for distribution purposes. To ease tax compliance and governance, in the event that the amount finally agreed with the IRAS is different from the amount of Specified Taxable Income determined by the REIT Manager for distribution purposes, the difference will be added to or deducted from the Specified Taxable Income of the REIT Trustee for the next distribution immediately after the difference has been agreed with the IRAS (“Rollover Income Adjustments”).

This arrangement is accepted based on the understanding that:

(i) at least 90.0% of the difference has to be distributed to the Stapled Securityholders;

(ii) the shortfall in distribution is not material;

(iii) no major issue that would cause undue delay in reaching the agreement with the IRAS is envisaged; and

(iv) the IRAS reserves the right to review such arrangement as and when needed.

The IRAS has expressly reserved the rights to review, amend and revoke the Tax Transparency Ruling either in part or in whole at any time.

(See “Risk Factors – Risks Relating to an Investment in the Stapled Securities” for further details.)

**Tax Exempt Income of FH-REIT**

*Foreign sourced income*

FH-REIT has obtained a Foreign Sourced Income Tax Exemption Ruling from the IRAS on the Singapore taxation of trust distributions received from MIT Australia. Pursuant to the ruling, the REIT Trustee will be exempt from Singapore income tax on trust distributions received from MIT Australia. Such income will be regarded as Tax Exempt Income of FH-REIT. The Foreign Sourced Income Tax Exemption Ruling is granted subject to certain conditions.

*Singapore sourced dividends*

Dividend income received by FH-REIT from the Singapore Subsidiaries will not be subject to Singapore income tax in the hands of the REIT Trustee. They will be regarded as Tax Exempt Income of FH-REIT.
Return of Capital to FH-REIT

Any return of capital received by FH-REIT from its Singapore Subsidiaries and/or MIT Australia is capital in nature and hence, is not taxable in the hands of the REIT Trustee.

Disposal Gains of FH-REIT

Singapore does not impose tax on capital gains. In the event that the REIT Trustee disposes of the Singapore Properties, shares in the Singapore Subsidiaries or units in MIT Australia, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. If the gains are considered to be trading gains and derived in or received or deemed received in Singapore, such gains will be assessed to tax, currently at 17.0%.

Singapore Stamp Duty

In the event of a change in the REIT Trustee, any document effecting the appointment of a new trustee and the transfer of trust assets from the incumbent trustee to the new trustee will not be subject to stamp duty.

By virtue of the Stamp Duty (Real Estate Investment Trust) (Remission) Rules 2010, stamp duty on any contract or agreement or instrument executed prior to or on 31 March 2015 relating to the transfer on sale of Singapore immovable properties, or 100.0% of the issued share capital of a Singapore incorporated company that was set up to hold and directly or indirectly holds immovable property situated outside Singapore, would be remitted. As such, stamp duty will be remitted for the transfer of the Singapore Properties and the shares of Excellence Prosperity TMK Pte. Ltd. to FH-REIT.

Singapore GST

GST registration of FH-REIT

FH-REIT could be registered for GST in Singapore on the basis that it would derive rental income from the leasing of the Singapore Properties, which constitutes a taxable supply for GST purposes.

Recovery of GST incurred by FH-REIT

Once GST-registered, FH-REIT would be allowed to claim the GST incurred on its business expenses (such as offering-related and routine operating expenses) for the making of taxable supplies except for certain disallowed expenses and subject to the normal input tax recovery rules.

In addition, in the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for Singapore listed REITs to claim the GST incurred:

- on the setting up of their various tiers of SPVs that hold non-residential properties; and
- by their SPVs on the acquisition and holding of non-residential properties.
The GST remission has a qualifying period of up to 31 March 2015 and is subject to meeting certain qualifying conditions. FH-REIT could therefore recover the GST incurred on the acquisition and holding of non-residential properties which it indirectly holds, under the enhanced concession.

**Singapore Property Tax**

Property tax is assessed on immovable property and is generally computed as a percentage of the annual value of the immovable property. The annual value is the gross amount at which the property can reasonably be expected to be let from year to year having regard to the fact that all outgoings and maintenance are borne by the landlord. The current property tax rate is 10.0%.

For hotel property, the annual value of hotel rooms is assessed on a fixed percentage (currently 25.0%) of gross hotel room receipts for the preceding year. The annual values of other areas assessable to tax (such as food and beverage outlets, function rooms, retail shops and carparks) are based on their estimated prevailing market rentals.

**Taxation of Singapore Subsidiaries**

**Taxable Income of Singapore Subsidiaries**

Except as detailed in the paragraphs below, the Singapore Subsidiaries will be subject to Singapore income tax at the prevailing corporate tax rate on Taxable Income of the Singapore Subsidiaries. The current Singapore corporate tax rate is 17.0%.

**Tax Exempt Income of Singapore Subsidiaries**

*Foreign sourced dividend income/interest income/trust distributions*

Subject to the meeting of certain qualifying conditions, dividend income received by Excellence Prosperity TMK Pte. Ltd. and FHT Japan Pte. Ltd. from Kobe Excellence TMK and Excellence Prosperity Japan K.K., respectively, should not be subject to Singapore income tax pursuant to Section 13(8) of the Income Tax Act.

FH-REIT has obtained Foreign Sourced Income Tax Exemption Rulings from the IRAS on the Singapore taxation of interest income, dividend income and trust distributions received by the Singapore Subsidiaries originating from the underlying properties in Australia, the United Kingdom, Malaysia and Japan (as the case may be). Pursuant to these rulings, the Singapore Subsidiaries will be exempt from Singapore income tax on interest income and trust distributions received from MIT Australia, dividend and interest income from the Jersey Subsidiaries, interest income from the Malaysian SPV and interest income from Excellence Prosperity Japan K.K. The Foreign Sourced Income Tax Exemption Rulings are granted subject to certain conditions.
**Return of Capital to Singapore Subsidiaries**

Any return of capital received by the Singapore Subsidiaries from MIT Australia, the Jersey Subsidiaries, the Malaysian SPV, Kobe Excellence TMK and Excellence Prosperity Japan K.K. is capital in nature and hence, is not taxable in the hands of the Singapore Subsidiaries.

**Disposal Gains of Singapore Subsidiaries**

Singapore does not impose tax on capital gains. In the event that the Singapore Subsidiaries dispose their shares in MIT Australia, the Jersey Subsidiaries, the Malaysian SPV, Kobe Excellence TMK and Excellence Prosperity Japan K.K., gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. If the gains are considered to be trading gains and derived in or received or deemed received in Singapore, such gains will be assessed to tax, currently at 17.0%.

**Taxation of FH-BT**

**Singapore Income Tax**

FH-BT which is registered as a business trust in Singapore under the Business Trust Act will be treated like a company under the one-tier corporate tax system for Singapore income tax purposes. Consequently, FH-BT will be assessed to Singapore income tax on its Taxable Income, if any, at the prevailing corporate tax rate in accordance with the Income Tax Act.

**Singapore GST**

FH-BT could not be registered in Singapore for GST on the basis that it is currently dormant and does not derive any taxable supplies. However, in the event that it subsequently undertakes activities and derives taxable supplies, it would be eligible for GST registration.

**Singapore Taxation of Stapled Securityholders**

**FH-REIT Distributions out of Taxable Income**

Stapled Securityholders will not be subject to Singapore income tax on distributions made out of FH-REIT’s income that has been taxed at the REIT Trustee level. Accordingly, except as detailed in the paragraphs below, distributions made by FH-REIT out of Taxable Income (e.g. distributions made out of after tax Specified Taxable Income not distributed by FH-REIT or out of gains or profits taxed as trading gains to the Stapled Securityholders) will not be subject to any tax deduction at source. No tax credit will be given to any Stapled Securityholder on the tax payable by the REIT Trustee on such Taxable Income.

**FH-REIT Distributions out of Specified Taxable Income**

*Individuals who hold Stapled Securities as investment assets*

Individuals who hold Stapled Securities as investment assets (excluding individuals who hold such Stapled Securities through a partnership in Singapore) are exempt from Singapore income tax on the distributions made by FH-REIT, regardless of the individuals’ nationality or tax residence status.
Individuals who hold Stapled Securities as trading assets or through a partnership in Singapore

Individuals who hold the Stapled Securities as trading assets or through a partnership in Singapore are subject to Singapore income tax on the gross amount of distributions that are made out of FH-REIT’s Specified Taxable Income. Such distributions must be declared in the income tax returns of these individuals and will be taxed in the hands of these individuals at their applicable income tax rates.

Non-individuals other than Qualifying Foreign Non-Individual Stapled Securityholders

Non-individual Stapled Securityholders are subject to Singapore income tax on the gross amount of distributions that are made out of FH-REIT’s Specified Taxable Income, unless specifically exempted, irrespective of whether or not tax has been deducted from the distributions by the REIT Manager and the REIT Trustee.

Where tax has been deducted at source, the tax deducted is not a final tax. Non-individual Stapled Securityholders can offset tax deducted at source against their Singapore income tax liabilities.

Qualifying Foreign Non-Individual Stapled Securityholders

Qualifying Foreign Non-Individual Stapled Securityholders will be subject to final tax at the reduced rate of 10.0% for distributions made out of FH-REIT’s Specified Taxable Income up to 31 March 2015, unless otherwise extended.

FH-REIT Distributions out of Tax Exempt Income

Stapled Securityholders will not be subject to Singapore income tax on distributions made out of FH-REIT’s Tax Exempt Income. No tax will be deducted at source on such distributions.

FH-REIT Distributions out of Return of Capital

Stapled Securityholders will not be subject to Singapore income tax on distributions made by FH-REIT out of its capital receipts, such as return of capital from the Singapore Subsidiaries or MIT Australia. No tax will be deducted at source on such distributions.

For Stapled Securityholders who hold the Stapled Securities as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of the Stapled Securities, the amount of such distributions will be applied to reduce the cost of the Stapled Securities for the purpose of calculating the amount of taxable trading gain when the Stapled Securities are disposed of. If the amount exceeds the cost of the Stapled Securities, the excess will be subject to tax as a trading income of such Stapled Securityholders.
**FH-REIT Distributions out of Disposal Gains**

Stapled Securityholders will not be subject to Singapore income tax on distributions made by FH-REIT out of gains from the disposal of the Singapore Properties, shares in the Singapore Subsidiaries or units in MIT Australia. No tax will be deducted at source on such distributions.

**FH-BT Distributions**

Distributions made by FH-BT out of its profits, if any, to the Stapled Securityholders will be treated like one-tier dividends. Such distributions will be exempt from Singapore income tax in the hands of the Stapled Securityholders, regardless of their respective status.

**Disposal of Stapled Securities**

Singapore does not impose tax on capital gains. Any gains on disposal of the Stapled Securities are not liable to tax provided the Stapled Securities are not held as trading assets. Where the Stapled Securities are held as trading assets of a trade or business carried on in Singapore, any gains on disposal of the Stapled Securities are liable to Singapore income tax at the applicable tax rate.

**Singapore GST**

**Issue and transfer of Stapled Securities**

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, Stapled Securityholders would not incur any GST on the subscription of the Stapled Securities. The subsequent disposal of the Stapled Securities by a GST-registered Stapled Securityholder through the SGX-ST or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Stapled Securities to another person belonging outside Singapore would constitute zero-rated supplies for Singapore GST purposes.

**Recovery of GST incurred by Stapled Securityholders**

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to Stapled Securityholders belonging in Singapore in connection with their purchase and sale of the Stapled Securities would be subject to GST at the prevailing standard-rate of 7.0%. Similar services rendered to Stapled Securityholders belonging outside Singapore could be zero-rated when certain conditions are met.

For Stapled Securityholders belonging in Singapore who are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Stapled Securities is generally not recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Stapled Securityholders should seek the advice of their tax advisers on these conditions.

**Singapore Stamp Duty**

The sale, purchase and transfer of the Stapled Securities is not subject to stamp duty in Singapore.
AUSTRALIA TAXATION

Income Tax

Subject to the meeting of certain qualifying conditions, the Australian Trusts will be treated as flow-through entities for Australian income tax purpose. The Australian Trusts are not subject to Australian income tax. Their taxable income will effectively be allocated to their unitholders in proportion to the unitholders’ interests in the trusts’ distributable income. The distributions from MIT Australia to FH-REIT and FHT Australia Pte. Ltd. may be subject to withholding tax depending on the nature and character of the underlying income or gain. For example, the applicable withholding tax rate for net rental income and disposal gains on trust units is 15.0% and for interest income is 10.0%. Where MIT Australia does not qualify for MIT treatment, the distributions would be subject to Australian tax at 30.0% (where the unitholder is a company) or 45.0% (where the unitholder is a trust). Distributions of cash in excess of taxable income, commonly referred as “tax deferred distributions” which reflect mainly non-cash tax deductible items e.g., depreciation deductions, are not subject to tax in the hands of the unitholders. Instead, the tax cost base of the trust units will be reduced.

Loan interest payments made by the MIT Australia to FHT Australia Pte. Ltd., if any, will be subject to interest withholding tax at 10.0%.

Goods and Services Tax (“GST”)

GST is a broad-based tax levied on the supplies of most goods, services and other items sold or consumed in Australia, including the grant of leases. The standard rate of GST is 10.0%.

Stamp Duty

New South Wales (“NSW”) transfer duty at ad valorem rates of up to 5.5% based on the higher of consideration or unencumbered market value of the underlying leasehold interest in the Australian Properties together with any plant and equipment fixed to or transferred with the properties or ad valorem rates of up to 5.5% based on the lease premium, depending on the mode of transfer, should be applicable.

Land Tax

Land tax is an annual tax computed based on the taxable value of the land at stepped land tax rates with a maximum of 2.0% in NSW. The taxable value of the land is determined by the relevant local government authorities. Australian land tax rates and/or thresholds are generally subject to change each year and updated information should be obtained when considering the land tax liability each year.
JERSEY TAXATION

The Jersey Subsidiaries should be liable to tax in Jersey at the standard rate of 0.0%. There are certain exemptions to this rate including, amongst others, any income derived from the ownership or disposal of land in Jersey which is subject to income tax at a rate of 20.0%. For so long as the Jersey Subsidiaries holds zero tax status, no Jersey withholding tax will be required on dividend and interest payments made by the Jersey Subsidiaries to FHT UK Pte. Ltd.. Capital gains are not subject to tax in Jersey.

The Jersey Subsidiaries are registered as International Services Entities which are not required to account for GST on their supplies and are exempted from being charged GST by its suppliers.

No stamp duty or other taxes are chargeable in Jersey on the issue, transfer, disposal, conversion or redemption of shares.

UNITED KINGDOM TAXATION

The Jersey Subsidiaries will be subject to UK income tax on their net rental profits derived from the UK Properties at the basic income tax rate currently at 20.0%. Dividends paid by the Jersey Subsidiaries to FHT UK Pte. Ltd. should not be subject to UK withholding tax.

Value-Added Tax (VAT)

VAT, currently at the rate of 20.0%, is due on any supply of goods or services made in the UK where a taxable supply made by a taxable person in the course or furtherance of a business carried on by the said person, including the grant or variation of leases.

Stamp Duty Land Tax (SDLT)

The applicable rate of SDLT will be determined by whether or not the UK Properties are residential for SDLT purposes.

The UK Properties are likely to be viewed as non-residential properties for SDLT purposes such that the non-residential or mixed use rates of SDLT should apply, having a maximum rate of 4.0% of the VAT inclusive price paid. This is on the basis that not all of the UK Properties answer the description of ‘residential property’ and in respect of those that do either their value does not exceed £500,000 or, if it does exceed that figure, the use to which they will be applied will satisfy an exemption from the SDLT higher rate.

On this basis, on the grant of the leases to the Jersey Subsidiaries, SDLT of 4.0% should be payable on the VAT inclusive premium paid.

JAPAN TAXATION

Kobe Excellence TMK and Excellence Prosperity Japan K.K. will be subject to corporate tax on their taxable income at an effective tax rate of approximately 39.43% for fiscal years beginning between 1 April 2012 and 31 March 2014, and approximately 37.11% for fiscal years beginning on or after 1 April 2014.
Subject to the meeting of certain qualifying conditions, Kobe Excellence TMK will be allowed a deduction against its taxable income in respect of any dividend distributions it makes to Excellence Prosperity Japan K.K. and Excellence Prosperity TMK Pte. Ltd. In this regard, where Kobe Excellence TMK distributes its taxable income to the extent possible, limited Japanese corporate tax should be payable by Kobe Excellence TMK.

Dividend distributions and interest payments made by Kobe Excellence TMK and Excellence Prosperity Japan K.K. to Excellence Prosperity TMK Pte. Ltd. and FHT Japan Pte. Ltd. respectively will be subject to withholding tax at an effective tax rate of 20.42% for a period of 25 years beginning from 1 January 2013. Thereafter, the withholding tax rate will be reduced to 20.0%. Subject to the meeting of certain qualifying conditions, the withholding tax rate may be reduced to 5.0% and 10.0% for dividend and interest respectively under the Singapore-Japan DTA. Dividend distributions made by Kobe Excellence TMK to Excellence Prosperity Japan K.K. will be subject to withholding tax at the 20.42% rate, however, such withholding tax should generally be fully creditable against Excellence Prosperity Japan K.K.’s corporate liability.

Other relevant taxes for Kobe Excellence TMK and Excellence Prosperity Japan K.K.

Fixed Asset Tax and City Planning Tax

The land and building assets of Kobe Excellence TMK will be subject to fixed asset tax and city planning tax based on their ownership as at 1 January of each year. The tax base for these taxes is derived from government determined valuations for the assets. The valuation process employed is relatively formulaic and, as a result, the government determined valuations for any particular year will not necessarily be in line with the then current market price of the land or building which a third party purchaser would pay; most typically, the government values tend to be lower than the market price, although this is ultimately a question of fact in each case.

The standard tax rate is 1.4% for fixed asset tax and 0.3% for city planning tax. Other depreciable assets of Kobe Excellence TMK will also be subject to fixed asset tax at the same rate, broadly based on their tax written down value.

Consumption Tax

Japanese consumption tax is a sales based tax applied on supplies of certain goods and services within Japan. The current rate of consumption tax applied to taxable supplies is 8.0%, however this is scheduled to potentially increase to 10% from 1 October 2015. Kobe Excellence TMK is a registered consumption taxpayer in Japan and will accordingly be required to account to the government for consumption tax collected on its own supplies, but should also be entitled to obtain credit for consumption tax suffered on its own purchases. In view of the nature of Kobe Excellence TMK’s activity, it is anticipated that consumption tax should wholly or principally represent a timing cost only and not an absolute cost to Kobe Excellence TMK.
MALAYSIA TAXATION

The Malaysian SPV will be a tax resident of Malaysia if the management and control of its business or affairs is exercised in Malaysia during the basis period for a year of assessment.

The Malaysian SPV will be subject to tax on all taxable income accruing in or derived from Malaysia, including rental income and interest income (if any) after deducting relevant tax-deductible expenses, industrial building allowances and/or capital allowances. The prevailing corporate income tax rate in Malaysia is 25.0%. Pursuant to the Budget 2014, the corporate income tax rate is proposed to be reduced to 24.0% with effect from Year of Assessment 2016.

Interest payments made by the Malaysian SPV to FHT Malaysia Pte. Ltd. should be exempt from withholding tax in Malaysia to the extent that it is paid in respect of debentures issued in Ringgit Malaysia other than convertible loan stock approved by the Securities Commission of Malaysia.

Property taxes in the form of quit rent and assessment charges are payable to the land office and local council respectively. The amount of quit rent varies from state to state while assessment charges are based on the value of the property determined by the local council.
Yours faithfully

Leonard Ong
Executive Director, Tax
For and on behalf of
KPMG Services Pte. Ltd.
Please read the following important notes carefully before completion of this Form:

1. The Trustee and the Manager of Frasers Hospitality Real Estate Investment Trust ("FH-REIT") will not deduct tax from distributions made out of FH-REIT's taxable income that is not taxed at FH-REIT's level to:
   (a) Holders who are individuals and who hold the units either in their sole names or jointly with other individuals;
   (b) Holders which are companies incorporated and tax resident in Singapore;
   (c) Holders which are Singapore branches of foreign companies that have obtained specific approval from the Inland Revenue Authority of Singapore to receive the distribution from FH-REIT without deduction of tax; or
   (d) Holders which are non-corporate entities (excluding partnerships) constituted or registered in Singapore, such as:
      (i) institutions, authorities, persons or funds specified in the First Schedule to the Income Tax Act (Cap. 134);
      (ii) co-operative societies registered under the Co-operative Societies Act (Cap. 62);
      (iii) trade unions registered under the Trade Unions Act (Cap. 333);
      (iv) charities registered under the Charities Act (Cap. 37) or established by an Act of Parliament; and
      (v) town councils.

2. For taxable income distributions made to classes of holders that do not fall within the categories stated under Note 1 above, the Trustee and the Manager of FH-REIT will deduct tax at the rate of 10%\(^@\) if the holders are foreign non-individual investors. A foreign non-individual investor is one who is not a resident of Singapore\(^*\) for income tax purposes and:
   (a) who does not have a permanent establishment\(^*\) in Singapore; or
   (b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Stapled Securities are not obtained from that operation.

3. Holders are required to complete the applicable Section A, B or C if they fall within the categories (b) to (d) stated under Note 1 or Section D if they qualify as a foreign non-individual investor as described under Note 2.

4. The Trustee and the Manager of FH-REIT will rely on the declarations made in this Form to determine (i) if tax is to be deducted for the categories of stapled securityholders listed in (b) to (d) under Note 1; and (ii) if tax is to be deducted at the rate of 10% for distributions to foreign non-individual investors. Please therefore ensure that the appropriate section of this Form is completed in full and legibly and is returned to [Unit registrar and unit transfer office] within the stipulated time limit. Failure to comply with any of these requirements will render this Form invalid and therefore, the Trustee and the Manager will be obliged to deduct tax at the prevailing corporate tax rate from the distributions in respect of which this declaration is made.

5. Holders who fall within class (a) under Note 1 are not required to submit this declaration form.

6. Holders who do not fall within the classes of stapled securityholders listed in Note 1 and Note 2 above can choose not to return this Form as tax will be deducted from the distributions made to them at the prevailing corporate tax rate in any case.

7. Holders who hold the Stapled Securities jointly (where at least one of the joint holders is not an individual) or through nominees do not have to return this Form.

8. Please make sure that the information given and the declaration made in this Form is true and correct. The making of a false or incorrect declaration constitutes an offence under the Income Tax Act and the Declarant shall be liable to the appropriate penalties imposed under the said Act.

9. This Form must be returned to [Unit registrar and unit transfer office] by [Time] on [Date].

\(^@\) The concessionary rate of 10% will expire on 31 March 2015 unless extended.

\(^*\) A company is not a resident of Singapore if the management and control of its business is exercised outside Singapore.

\(^*\) A permanent establishment is defined under Section 2 of the Income Tax Act to mean a fixed place where a business is wholly or partly carried on, including a place of management, a branch, an office, a factory, a warehouse, a workshop, a farm or plantation, a mine, oil well, quarry or other place of extraction of natural resources, a building or work site or a construction, installation or assembly project. A stapled securityholder shall be deemed to have a permanent establishment in Singapore if it:
   (i) carries on supervisory activities in connection with a building or work site or a construction, installation or assembly project; or
   (ii) has another person acting on the stapled securityholder's behalf in Singapore who:
      (a) has and habitually exercises an authority to conclude contracts;
      (b) maintains stock of goods or merchandise for the purpose of delivery on its behalf; or
      (c) habitually secures orders wholly and almost wholly for the stapled securityholder or for such other enterprises as are controlled by the stapled securityholder.
DECLARATION FOR SINGAPORE TAX PURPOSES

ANNEX A1

Section A: To be completed by holder which is a Singapore incorporated company

I, __________________________, NRIC/Passport No. __________________________, the Director of __________________________ ("the Company") hereby declare that the Company is the beneficial owner of the holdings stated above and that:

Tick ( / ) either the "Yes" or "No" box

(a) the Company is incorporated in Singapore and its registration number is __________.

(b) the management and control of the Company's business for the preceding year and from the beginning of this year to the date of this Declaration was exercised in Singapore and there is no intention, at the time of this Declaration, to change the place of management and control of the Company to a location outside Singapore; and

(c) the Company has previously filed tax returns with the Inland Revenue Authority of Singapore.

If your reply to (c) is "Yes", please proceed with (d) -

(d) the Company is declared as a tax resident of Singapore based on the latest tax return filed with the Inland Revenue Authority of Singapore.

Signature of Declarant: ___________________________ Date: _______________

Contact No: ___________________________

* A company is tax resident in Singapore if the management and control of its business is exercised in Singapore.

Section B: To be completed by holder which is a Singapore branch of a foreign company

I, __________________________, NRIC/Passport No. __________________________, the manager of __________________________ (the "Singapore Branch") hereby declare that the Singapore Branch is the beneficial owner of the holdings stated above and that the Inland Revenue Authority of Singapore has granted approval to the Singapore Branch to receive distribution from FH-REIT without deduction of tax. A copy of the letter of approval dated _______________ is attached.

Signature of Declarant: ___________________________ Date: _______________

Contact No: ___________________________

Section C: To be completed by holder which falls under Note 1(d)

I, ___________________________, NRIC/Passport No. ___________________________, the principal officer of __________________________ ("the Entity") hereby declare that the Entity is the beneficial owner of the holdings stated above and that the entity is (tick whichever is applicable):

☐ - an institution, authority, person or fund specified in the First Schedule to the Income Tax Act (Cap. 134).
☐ - a co-operative society registered under the Co-operative Societies Act (Cap. 62).
☐ - a trade union registered under the Trade Unions Act (Cap. 333).
☐ - a charity registered under the Charities Act (Cap. 37) or a charity established by an Act of Parliament.
☐ - a town council.
☐ - any other non-corporate entity (other than a partnership) constituted or registered in Singapore.

Signature of Declarant: ___________________________ Date: _______________

Contact No: ___________________________

Section D: To be completed by holder which falls under Note 2

I, ___________________________, NRIC/Passport No. ___________________________, the Director/Principal Officer of __________________________ (the "Entity") hereby declare that the Entity is the beneficial owner of the holdings stated above and that:

Tick ( / ) either the "Yes" or "No" box

(a) the Entity is not a resident of Singapore for income tax purposes for the preceding year and from the beginning of this year to the date of this Declaration and there is no intention, at the time of this Declaration, to change the tax residence of the Entity to Singapore; and

(b) the Entity does not have a permanent establishment in Singapore.

If your reply to (b) is "No", please proceed with (c) -

(c) the funds used to acquire the holdings in the Stapled Securities are not obtained by the Entity from any operation carried on in Singapore through a permanent establishment in Singapore.

Signature of Declarant: ___________________________ Date: _______________

Contact No: ___________________________

* A Please see front page.
To: [Unit registrar and unit transfer office]  

ANNEX B

FORM B  
DECLARATION BY DEPOSITORY AGENTS FOR SINGAPORE TAX PURPOSES

<table>
<thead>
<tr>
<th>Name of registered holder (preprinted)</th>
<th>Securities Account No. (preprinted)</th>
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<tbody>
<tr>
<td>Address (preprinted)</td>
<td>Holding: Units (preprinted)</td>
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</table>

Name of Counter: Stapled securities in Frasers Hospitality Trust (comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) (the "Stapled Securities")

Please read the following important notes carefully before completion of this Form:

1. The Trustee and the Manager of FH-REIT will deduct tax at the prevailing corporate tax rate from distributions made out of FH-REIT's taxable income, that is not taxed at FH-REIT's level, in respect of the Stapled Securities held by you in your capacity as a Depository Agent except where the beneficial owners of these securities are:
   (i) individuals and the stapled securities are not held through a partnership in Singapore;
   (ii) qualifying stapled securityholders; and
   (iii) foreign non-individual investors.

2. Tax will not be deducted for distributions made in respect of the Stapled Securities held by you for the benefit of stapled securityholders who fall within categories (i) and (ii) of Note 1. Tax will be deducted at the reduced rate of 10%@ for distributions made in respect of the Stapled Securities held by you for the benefit of foreign non-individuals.

3. A "qualifying stapled securityholder" refers to:
   (i) a company incorporated and tax resident in Singapore;
   (ii) a company incorporated and tax resident in Singapore, respectively. The details of each of these beneficial owners are also listed in the respective Annexes.

4. A foreign non-individual is one who is not a resident in Singapore* for income tax purposes and:
   (i) who does not have a permanent establishment* in Singapore; or
   (ii) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Stapled Securities are not obtained from that operation.

5. The Trustee and the Manager of FH-REIT will rely on the declarations made in this Form to determine the applicable rate at which tax is to be deducted in respect of the Stapled Securities held by you in your capacity as a Depository Agent. Please therefore ensure that this Form and the Annexes are completed in full and legibly and is returned to [Unit registrar and unit transfer office] within the stipulated time limit. Failure to comply with any of these requirements will render this Form invalid and the Trustee and the Manager will deduct tax at the prevailing corporate tax rate from the distributions in respect of which this declaration is made.

6. Please make sure that the information given and the declaration made in this Form is true and correct. The making of false or incorrect declaration constitutes an offence under the Income Tax Act and the Declarant shall be liable to the appropriate penalties imposed under the said Act.

7. This Form, together with hard copy of the Annexes, must be returned to [Unit registrar and unit transfer office] by [Time] on [Date]. Please complete the Annexes using the soft copy of the excel spreadsheet provided to you and also email a soft copy of the completed Annexes to [Engineer] at [Email] by [Time] on [Date]. Please note that it is compulsory to email the soft copy of the completed Annexes.

Declaration

I, _________________________, NRIC/Passport No. ________________, the principal officer of _________________________ ("the Depository Agent") hereby declare that the Stapled Securities registered in the name of the Depository Agent and deposited in the sub-accounts maintained with The Central Depository (Pte) Ltd, as listed in the Annexes B1 to B3 to this declaration, belonged beneficially to persons who are individuals, qualifying stapled securityholders (as defined in Note 3 above) and foreign non-individuals (as defined in Note 4 above), respectively. The details of each of these beneficial owners are also listed in the respective Annexes.

We hereby also undertake to provide the actual amount of gross distribution made to each qualifying stapled securityholder in the format provided in Annex B2.1 and to email a soft copy of Annex B2.1 to [Unit registrar and unit transfer office] within 21 days from the date of the distribution.

Signature of Declarant : _____________________________ Date : ______________

Contact No : _____________________________

@ The concessory rate of 10% will expire on 31 March 2015 unless extended.

* A company is a not resident of Singapore if the management and control of its business for the preceding year and from the beginning of this year to the date of this declaration was exercised outside Singapore and there is no intention, at the time of this declaration, to change tax residence of the company to Singapore.

* A permanent establishment is defined under Section 2 of the Income Tax Act to mean a fixed place where a business is wholly or partly carried on, including a place of management, a branch, an office, a factory, a warehouse, a workshop, a farm or plantation, a mine, oil well, quarry or other place of extraction of natural resources, a building or work site or a construction, installation or assembly project. A stapled securityholder shall be deemed to have a permanent establishment in Singapore if it:
   (i) includes carrying on supervisory activities in connection with a building or work site or a construction, installation or assembly project, or
   (ii) has another person acting on the stapled securityholder's behalf in Singapore who:
      (a) has and habitually exercises an authority to conclude contracts;
      (b) maintains stock of goods or merchandise for the purpose of delivery on its behalf; or
      (c) habitually secures orders wholly or almost wholly for the stapled securityholder or for such other enterprises as are controlled by the stapled securityholder.
FRASERS HOSPITALITY TRUST
(comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust)
Distribution Period:

Annex to Declaration Form B - Individuals

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<th>S/No.</th>
<th>CDP Sub-Account No.</th>
<th>Name of beneficiary holder(s)</th>
<th>Identification No.*</th>
<th>Number of Stapled Securities</th>
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* This refers to Singapore NRIC No., foreign ID No. or Passport No.
### Annex to Declaration Form B - Qualifying Stapled Securityholders

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<th>S/No.</th>
<th>CDP Sub-Account No.</th>
<th>Name of beneficiary holder(s)</th>
<th>Registration No.*</th>
<th>Number of Stapled Securities</th>
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Annex to Declaration Form B - Qualifying Stapled Securityholders

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<th>CDP Sub-Account No.</th>
<th>Name of beneficiary holder(s)</th>
<th>Registration No.*</th>
<th>Number of units</th>
<th>Gross distribution paid</th>
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* This refers to ROC / Tax Reference No.
FRASERS HOSPITALITY TRUST
(comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust)
Distribution Period:

Annex to Declaration Form B - Foreign Non-Individuals

<table>
<thead>
<tr>
<th>S/No.</th>
<th>CDP Sub-Account No.</th>
<th>Name of beneficiary holder(s)</th>
<th>Address</th>
<th>Number of Stapled Securities</th>
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TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE STAPLED SECURITIES IN SINGAPORE

Applications are invited for the subscription of the Stapled Securities at the Offering Price on the terms and conditions set out below and in the relevant application forms to be used for the purpose of the Offering and which forms part of this Prospectus (the “Application Forms”) or, as the case may be, the Electronic Applications (as defined below).

Investors applying for the Stapled Securities in the Offering by way of Application Forms or Electronic Applications are required to pay in Singapore dollars the Offering Price, subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

1. Your application must be made in lots of 1,000 Stapled Securities or integral multiples thereof. Your application for any other number of Stapled Securities will be rejected.

2. You may apply for the Stapled Securities only during the period commencing at 9.00 a.m. on 1 July 2014 and expiring at 12.00 p.m. on 10 July 2014. The Offering period may be extended or shortened to such date and/or time at the discretion of the Managers, in consultation with the Joint Bookrunners, subject to all applicable laws and regulations and the rules of the SGX-ST.

3. (a) Your application for the Stapled Securities offered in the Public Offer (the “Public Offer Stapled Securities”), may be made by way of the printed WHITE Public Offer Stapled Securities Application Forms or by way of Automated teller machine (“ATM”) belonging to the Participating Banks (“ATM Electronic Applications”), the Internet Banking (“IB”) website of the relevant Participating Banks, where available (“Internet Electronic Applications”), or through the DBS mobile banking platform (“mBanking Application”, which, together with ATM Electronic Applications and Internet Electronic Applications, shall be referred to as “Electronic Applications”).

(b) Your application for the Stapled Securities offered in the Placement Tranche (the “Placement Stapled Securities”), other than the Reserved Stapled Securities, may be made by way of the printed BLUE Placement Stapled Securities Application Forms (or in such other manner as the Joint Bookrunners may in their absolute discretion deem appropriate).

(c) Your application for the Reserved Stapled Securities may only be made by way of the printed PINK Reserved Stapled Securities Application Forms.

YOU MAY NOT USE YOUR CPF FUNDS TO APPLY FOR THE STAPLED SECURITIES

4. Only one application may be made for the benefit of one person for the Public Offer Stapled Securities in his own name. Multiple applications for the Public Offer Stapled Securities will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.

You may not submit multiple applications for the Public Offer Stapled Securities via the Public Offer Stapled Securities Application Form, or Electronic Applications. A person who is submitting an application for the Public Offer Stapled Securities by way
of the Public Offer Stapled Securities Application Form may not submit another application for the Public Offer Stapled Securities by way of Electronic Applications and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Stapled Securities in his own name should not submit any other applications for the Public Offer Stapled Securities, whether on a printed Application Form or through an ATM Electronic Application, Internet Electronic Application or mBanking Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Stapled Securities shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Stapled Securities should have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

Multiple applications may be made in the case of applications by any person for (i) the Placement Stapled Securities only (via Placement Stapled Securities Application Forms or such other form of application as the Joint Bookrunners may in their absolute discretion, or in consultation with the Managers, deem appropriate) or (ii) the Placement Stapled Securities together with a single application for the Public Offer Stapled Securities.

Multiple applications may also be made by any person entitled to apply for the Reserved Stapled Securities, in respect of a single application for the Reserved Stapled Securities and (i) a single application for the Public Offer Stapled Securities or (ii) a single or multiple application(s) for the Placement Stapled Securities (whether via the Placement Stapled Securities Application Forms or in such other manner as the Joint Bookrunners may in their absolute discretion, or in consultation with the Managers, deem appropriate) or (iii) both (i) and (ii).

Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietors, partnerships, chops or other bodies, joint Securities Account holders of CDP will be rejected.

Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased’s name at the time of the application.

The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 9 below.

Nominee applications may only be made by approved nominee companies. Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.
If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application. If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.

Subject to paragraphs 14 and 15 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("NRIC") or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with the CDP, your application shall be rejected.

If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.

This Prospectus and its accompanying Application Forms have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying Application Forms may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither this Prospectus (including its Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer of securities for sale into the United States or any person to whom it is unlawful to make such an offer. The Stapled Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") and, may not be offered or sold within the United States (as defined in Regulation S under the US Securities Act ("Regulation S")) except, pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. The Stapled Securities are being offered and sold outside the United States (including to institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Stapled Securities in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

The Managers reserve the right to reject any application for Stapled Securities where the Managers believe or have reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Stapled Securities unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.
(14) The Managers reserve the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs, the IB websites of the relevant Participating Banks and the mobile banking interface of the relevant Participating Banks) or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

(15) The Managers further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs, the IB websites of the relevant Participating Banks and the mobile banking interface of the relevant Participating Banks), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of the Managers, and the Joint Bookrunners, as agent of the Managers, have been authorised to accept, for and on behalf of the Managers, such other forms of application as the Joint Bookrunners may, in consultation with the Managers, deem appropriate.

(16) The Managers reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Managers and the Joint Bookrunners will entertain any enquiry and/or correspondence on the decision of the Managers. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Bookrunners may, in consultation with the Managers, deem appropriate. In deciding the basis of allocation, the Managers, in consultation with the Joint Bookrunners, will give due consideration to the desirability of allocating the Stapled Securities to a reasonable number of applicants with a view to establishing an adequate market for the Stapled Securities.

(17) In the event that the Managers lodge a supplementary or replacement prospectus (“Relevant Document”) pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Offering, and the Stapled Securities have not been issued, the Managers will (as required by law) at their sole and absolute discretion either:

(a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(b) within seven days of the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

(c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(a) and (b) above to withdraw his application shall, within 14 days from the date of lodgement of the Relevant Document, notify us whereupon the Managers shall, within seven days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom).
In the event that the Stapled Securities have already been issued at the time of the lodgement of the Relevant Document but trading has not commenced, the Managers will (as required by law) either:

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Managers the Stapled Securities which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(ii) within seven days from the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Stapled Securities which you do not wish to retain; or

(iii) deem the issue as void and refund your payment for the Stapled Securities (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(c)(i) and (ii) above to return the Stapled Securities issued to him shall, within 14 days from the date of lodgment of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Stapled Securities, whereupon the Managers shall, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Stapled Securities without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Stapled Securities issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

(18) The Stapled Securities may be reallocated between the Placement Tranche and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other at the discretion of the Joint Bookrunners, in consultation with the Managers.

There will not be any physical security certificates representing the Stapled Securities. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Stapled Securities, a statement of account stating that your Securities Account has been credited with the number of Stapled Securities allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Managers. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Stapled Securities allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

(19) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Stapled Securities allocated to you pursuant to your application, to the Managers, the Joint Bookrunners, the Participating Banks and any other parties so authorised by CDP, the Managers and/or the Joint Bookrunners.
(20) Any reference to “you” or the “Applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Stapled Securities by way of an Application Form or by way of Electronic Application or by such other manner as the Joint Bookrunners may, in their absolute discretion, or in consultation with the Managers, deem appropriate.

(21) By completing and delivering an Application Form and, in the case of an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM or, in the case of an Internet Electronic Application or mBanking Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other button on the IB website screen or the mobile banking interface in accordance with the provisions herein, you:

(a) irrevocably agree and undertake to subscribe for the number of Stapled Securities specified in your application (or such smaller number for which the application is accepted) at the Offering Price for each Stapled Security and agree that you will accept such number of Stapled Securities as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and its accompanying Application Forms and the Stapling Deed, the FH-REIT Trust Deed and the FH-BT Trust Deed;

(b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Forms) and those set out in the IB websites or ATMs or the mobile banking interface of the Participating Banks, the terms and conditions set out in this Prospectus and its accompanying Application Forms shall prevail;

(c) in the case of an application by way of a Public Offer Stapled Securities Application Form or an Electronic Application, agree that the Offering Price for the Public Offer Stapled Securities applied for is due and payable to the Managers upon application;

(d) in the case of an application by way of a Placement Stapled Securities Application Form or such other forms of application as the Joint Bookrunners may in their absolute discretion deem appropriate, agree that the Offering Price for the Placement Stapled Securities applied for is due and payable to the Managers upon application;

(e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Managers in determining whether to accept your application and/or whether to allocate any Stapled Securities to you; and

(f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Managers nor any of the Joint Bookrunners will infringe any such laws as a result of the acceptance of your application.
(22) Acceptance of applications will be conditional upon, inter alia, the Managers being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for the quotation of (i) all Stapled Securities comprised in the Offering, (ii) the Sponsor Stapled Securities, (iii) the TCC Stapled Securities, (iv) the Cornerstone Stapled Securities and (v) all the Stapled Securities which may be issued to the REIT Manager or the Trustee-Manager from time to time in full or in part payment of fees payable to the REIT Manager or the Trustee-Manager and (vi) all the Stapled Securities which may be issued to the Serviced Residence Operators from time to time in full or in part payment of fees payable to the Serviced Residence Operators;

(b) the Underwriting Agreement, referred to in the section on “Plan of Distribution” in this Prospectus, has become unconditional and has not been terminated; and

(c) the Authority has not served a stop order which directs that no or no further Stapled Securities to which this Prospectus relates be allotted or issued (“Stop Order”).

(23) In the event that a Stop Order in respect of the Stapled Securities is served by the Authority or other competent authority, and:

(a) the Stapled Securities have not been issued (as required by law), all applications shall be deemed to be withdrawn and cancelled and the Managers shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

(b) if the Stapled Securities have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and the Managers shall refund your payment for the Stapled Securities (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

(24) In the event that an interim Stop Order in respect of the Stapled Securities is served by the Authority or other competent authority, no Stapled Securities shall be issued to you until the Authority revokes the interim Stop Order. The Authority is not able to serve a Stop Order in respect of the Stapled Securities if the Stapled Securities have been issued and listed on SGX-ST and trading in them has commenced.

(25) Additional terms and conditions for applications by way of Application Forms are set out in the section below entitled “Additional Terms and Conditions for Applications for Offer Stapled Securities using Printed Application Forms” on pages G-8 to G-10 of this Prospectus.

(26) Additional terms and conditions for applications by way of Electronic Applications are set out in the section below entitled “Additional Terms and Conditions for Electronic Applications” on pages G-12 to G-18 of this Prospectus.

(27) All payments in respect of any application for Public Offer Stapled Securities, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(28) All payments in respect of any application for Placement Stapled Securities, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
(29) All payments in respect of any application for Reserved Stapled Securities, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(30) No application will be held in reserve.

(31) This Prospectus is dated 30 June 2014. No Stapled Securities shall be allotted or allocated on the basis of this Prospectus later than 12 months after the date of this Prospectus.

Additional Terms and Conditions for Applications for Offer Stapled Securities using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out under the section entitled “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore” on pages G-1 to G-23 of this Prospectus and the Stapling Deed, the FH-REIT Trust Deed and the FH-BT Trust Deed.

(1) Applications for the Public Offer Stapled Securities must be made using the printed WHITE Public Offer Stapled Securities Application Forms and printed WHITE official envelopes “A” and “B”, accompanying and forming part of this Prospectus.

Applications for the Placement Stapled Securities, other than the Reserved Stapled Securities, must be made using the printed BLUE Placement Stapled Securities Application Forms (or in such manner as the Joint Bookrunners may in their absolute discretion, or in consultation with the Managers, deem appropriate), accompanying and forming part of this Prospectus.

Application for the Reserved Stapled Securities must be made using the printed PINK Reserved Stapled Securities application Forms, accompanying and forming part of this Prospectus.

Without prejudice to the rights of the Managers and the Joint Bookrunners, as agents of the Managers, have been authorised to accept, for and on behalf of the Managers, such other forms of application, as the Joint Bookrunners may (in consultation with the Managers) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. The Managers reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus (or, in the case of applications for the Placement Stapled Securities, followed) which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.

(2) You must complete your Application Forms in English. Please type or write clearly in ink using BLOCK LETTERS.

(3) You must complete all spaces in your Application Forms except those under the heading “FOR OFFICIAL USE ONLY” and you must write the words “NOT APPLICABLE” or “N.A.” in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and,
in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with FHT’s Stapled Security Registrar. The Managers reserve the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Stapled Securities is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.

(7) You may apply and make payment for your application for the Stapled Securities in Singapore currency in cash only.

Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price of $0.88, in respect of the number of Stapled Securities applied for, in the form of a BANKER’S DRAFT or CASHIER’S ORDER drawn on a bank in Singapore, made out in favour of “FHT UNIT ISSUE ACCOUNT” crossed “A/C PAYEE ONLY” with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker’s Draft or Cashier’s Order for different CDP Securities Accounts shall be accepted. Remittances bearing “NOT TRANSFERABLE” or “NON-TRANSFERABLE” crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received.

(8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of oversubscription for the Stapled Securities, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted or in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or
other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated Stapled Security issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

(9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

(10) By completing and delivering the Application Forms, you agree that:

(a) in consideration of the Managers having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are located outside the United States (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Stapled Securities for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Managers and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Managers;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Managers, the Sponsor, the Joint Bookrunners or any other person involved in the Offering shall have any liability for any information not contained therein;

(f) for the purposes of facilitating your application, you consent to the collection, use and disclosure by and on behalf of the Managers of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, and Stapled Security application amount and application details to the Stapled Security Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd ("SCCS"), SGX-ST, the Managers, the REIT Trustee and the Joint Bookrunners (the "Relevant Parties"); and

(g) you irrevocably agree and undertake to purchase the number of Stapled Securities applied for as stated in the Application Form or any smaller number of such Stapled Securities that may be allocated to you in respect of your application. In the event that the Managers decide to allocate any smaller number of Stapled Securities or not to allocate any Stapled Securities to you, you agree to accept such decision as final.
Procedures Relating to Applications for the Public Offer Stapled Securities by Way of Printed Application Forms

(1) Your application for the Public Offer Stapled Securities by way of printed Application Forms must be made using the WHITE Public Offer Stapled Securities Application Forms and WHITE official envelopes “A” and “B”.

(2) You must:

(a) enclose the WHITE Public Offer Stapled Securities Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the WHITE official envelope “A” provided;

(b) in appropriate spaces on the WHITE official envelope “A”:

   (i) write your name and address;

   (ii) state the number of Public Offer Stapled Securities applied for; and

   (iii) tick the relevant box to indicate form of payment;

(c) SEAL THE WHITE OFFICIAL ENVELOPE “A”;

(d) write, in the special box provided on the larger WHITE official envelope “B” addressed to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, the number of Public Offer Stapled Securities you have applied for;

(e) insert the WHITE official envelope “A” into the WHITE official envelope “B” and seal the WHITE OFFICIAL ENVELOPE “B”; and

(f) affix adequate Singapore postage on the WHITE official envelope “B” (if dispatching by ordinary post) and thereafter DESPATCH BY ORDINARY POST OR DELIVER BY HAND the documents at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, so as to arrive by 12.00 p.m. on 10 July 2014 or such other date(s) and time(s) as the Managers may agree with the Joint Bookrunners. Courier services or Registered Post must NOT be used.

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected. Except for application for the Placement Stapled Securities where remittance is permitted to be submitted separately, applications for the Public Offer Stapled Securities not accompanied by any payment or any other form of payment will not be accepted.

(4) ONLY ONE APPLICATION should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.
Procedures Relating to Applications for the Placement Stapled Securities (other than the Reserved Stapled Securities) by Way of Printed Application Forms

(1) Your application for the Placement Stapled Securities (other than the Reserved Stapled Securities) by way of printed Application Forms must be made using the **BLUE** Placement Stapled Securities Application Forms.

(2) The completed and signed **BLUE** Placement Stapled Securities Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, for each Stapled Security in respect of the number of Placement Stapled Securities applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Stapled Securities must be delivered to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 12.00 p.m. on 10 July 2014 or such other date(s) and time(s) as the Managers may agree with the Joint Bookrunners. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Reserved Stapled Securities by Way of Printed Application Forms

(1) Your application for the Reserved Stapled Securities by way of printed Application Forms must be made using the **PINK** Reserved Stapled Securities Application Forms.

(2) The completed and signed **PINK** Reserved Stapled Securities Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, in Singapore currency for the full amount payable at the Offering Price for each Stapled Security in respect of the number of Reserved Stapled Securities applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for the Reserved Stapled Securities must be delivered to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 12.00 p.m. on 10 July 2014 or such other date(s) and time(s) as the Managers may agree with the Joint Bookrunners. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those under the section “Terms, Conditions and Procedures for Application for and Acceptance of the Stapled Securities in Singapore” on pages G-1 to G-23 of this Prospectus, as well as the Stapling Deed, the FH-REIT Trust Deed and the FH-BT Trust Deed.

(1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the
mobile banking interface of the relevant Participating Banks (in the case of mBanking Applications). Currently, DBS is the only Participating Bank through which mBanking Applications may be made.

(2) For illustration purposes, the procedures for Electronic Applications for Public Offer Stapled Securities through ATMs, the IB website of DBS and the mobile banking interface of DBS (together the “Steps”) are set out in pages G-18 to G-23 of this Prospectus. The Steps set out the actions that you must take at ATMs, the IB website of DBS or the mobile banking interface of DBS to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens or the IB website screens of the respective Participating Banks.

Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Forms), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(3) Any reference to “you” or the “Applicant” in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Stapled Securities through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank or the mobile banking interface of DBS.

(4) If you are making an ATM Electronic Application:

(a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Stapled Securities at an ATM belonging to other Participating Banks.

(b) You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

(c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip (“Transaction Record”), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(5) If you are making an Internet Electronic Application or a mBanking Application:

(a) You must have an existing bank account with, and a User Identification (“User ID”) as well as a Personal Identification Number (“PIN”) given by, the relevant Participating Bank.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.
(c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed out by you for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(6) In connection with your Electronic Application for Public Offer Stapled Securities, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of the Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Stapled Securities and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

(b) for the purposes of facilitating your application, you consent to the collection, use and disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number and Public Offer Stapled Security application amount (the "Relevant Particulars") from your account with the relevant Participating Bank to the Relevant Parties; and

(c) where you are applying for the Public Offer Stapled Securities, that this is your only application for the Public Offer Stapled Securities and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the website screen or mobile banking interface. By doing so, you shall be treated as signifying your confirmation of each of the three statements above. In respect of statement 6(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

(7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application, Internet Electronic Application or mBanking Application, failing which such Electronic Application will not be completed. Any ATM Electronic Application, Internet Electronic Application or mBanking Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs, on the IB website of the relevant Participating Bank or the mobile banking interface of DBS, as the case may be, through which your ATM Electronic Application, Internet Electronic Application or mBanking Application is being made shall be rejected.

(8) You may apply and make payment for your application for the Public Offer Stapled Securities in cash only.

You may apply for the Public Offer Stapled Securities through any ATM, the IB website of your Participating Bank or the mobile banking interface of DBS (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.
(9) You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Stapled Securities applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Stapled Securities that may be allocated to you in respect of your Electronic Application. In the event that the Managers decide to allocate any lesser number of such Public Offer Stapled Securities or not to allocate any Public Offer Stapled Securities to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the Internet screen or the mobile banking interface of DBS) of the number of Public Offer Stapled Securities applied for shall signify and shall be treated as your acceptance of the number of Public Offer Stapled Securities that may be allocated to you and your agreement to be bound by the Stapling Deed, the FH-REIT Trust Deed and the FH-BT Trust Deed.

(10) The Managers will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated Stapled Security issue account.

Where your Electronic Application is accepted or rejected in full or in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated Stapled Security issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Stapled Securities, if any, allocated to you before trading the Stapled Securities on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, the Sponsor, the Managers, the REIT Trustee, the Joint Bookrunners assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.
(12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Telephone</th>
<th>Other Channels</th>
<th>Operating Hours</th>
<th>Service Expected from</th>
</tr>
</thead>
<tbody>
<tr>
<td>dBs</td>
<td>1800-339 6666 (for POSB account holders)</td>
<td>Internet Banking <a href="http://www.dbs.com(1)">www.dbs.com(1)</a></td>
<td>24 hours a day</td>
<td>Evening of the balloting day</td>
</tr>
<tr>
<td></td>
<td>1800-222 2222 (for DBS Account holder)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (“UOB Group”)</td>
<td>1800-222 2121</td>
<td>ATM (Other Transactions – “IPO Enquiry”) <a href="http://www.uobgroup.com(1)">www.uobgroup.com(1)</a>, (2)</td>
<td>Phone Banking/ATM: 24 hours a day Internet Banking: 24 hours a day</td>
<td>Evening of the balloting day</td>
</tr>
<tr>
<td>Oversea-Chinese Banking Corporation Limited (“OCBC”)</td>
<td>1800 363 3333</td>
<td>Phone Banking/ATM/Internet Banking <a href="http://www.ocbc.com(3)">http://www.ocbc.com(3)</a></td>
<td>24 hours a day</td>
<td>Evening of the balloting day</td>
</tr>
</tbody>
</table>

Notes:
(1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or mBanking Applications through the mobile banking interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.
(2) Applicants who have made Electronic Application through the ATMs or the IB website of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.
(3) Applicants who have made Electronic Application through the ATMs of OCBC Bank may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.

(13) ATM Electronic Applications shall close at 12.00 p.m. on 10 July 2014 or such other date(s) and time(s) as the Managers may agree with the Joint Bookrunners. All Internet Electronic Applications and mBanking Applications must be received by 12.00 p.m. on 10 July 2014, or such other date(s) and time(s) as the Managers may, in consultation with the Joint Bookrunners, decide. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

(14) You are deemed to have irrevocably requested and authorised the Managers to:
(a) register the Public Offer Stapled Securities allocated to you in the name of CDP for deposit into your Securities Account;
(b) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if
the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated Stapled Security issue account; and

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated Stapled Security issue account.

(15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, the Managers, the REIT Trustee and the Joint Bookrunners, and if, in any such event the Managers, the REIT Trustee and the Joint Bookrunners, and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Managers, the REIT Trustee, the Joint Bookrunners and/or the relevant Participating Bank for any Public Offer Stapled Securities or Placement Stapled Securities, as the case may be, applied for or for any compensation, loss or damage.

(16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Managers shall reject any application by any person acting as nominee (other than approved nominee companies).

(17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.

(18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(19) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of the Managers making available the Electronic Application facility, through the Participating Banks acting as agents of the Managers, at the ATMs, the IB websites of the relevant Participating Banks and the mobile banking interface of DBS:

(i) your Electronic Application is irrevocable;
(ii) your Electronic Application, the acceptance by the Managers and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and

(iii) you represent and agree that you are not located in the United States (within the meaning of Regulations S);

(b) none of CDP, the Managers, the REIT Trustee, the Sponsor, the Joint Bookrunners and the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to the Managers, the REIT Trustee, CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;

(c) in respect of the Public Offer Stapled Securities for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Managers and not otherwise, notwithstanding any payment received by or on behalf of the Managers;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Managers, the Trustee, the Sponsor, the Joint Bookrunners or any other person involved in the Offering shall have any liability for any information not contained therein; and

(f) you irrevocably agree and undertake to subscribe for the number of Public Offer Stapled Securities applied for as stated in your Electronic Application or any smaller number of such Public Offer Stapled Securities that may be allocated to you in respect of your Electronic Application. In the event the Managers decide to allocate any smaller number of such Public Offer Stapled Securities or not to allocate any Public Offer Stapled Securities to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Stapled Securities through ATMs of DBS (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “amt”, “appln”, “&”, “I/C”, “No.”, “SGX” and “Max” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “Number”, “SGX-ST” and “Maximum”, respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS (including POSB)), may differ slightly from those represented below.

Step 1 : Insert your personal DBS or POSB ATM card.

2 : Enter your Personal Identification Number.

3 : Select “MORE SERVICES”.

4 : Select language (for customers using multi-language card).
5 : Select “ESA-IPO SHARE/INVESTMENTS”.

6 : Select “ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES/SECURITIES)”.

7 : Read and understand the following statements which will appear on the screen:

- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE THE VARIOUS PARTICIPATING BANKS DURING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION/DOCUMENT REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS TO BE REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENTS BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

PRESS THE “ENTER” KEY TO CONFIRM THAT YOU HAVE READ AND UNDERSTOOD.

8 : Select “FHT” to display details

9 : Press the “ENTER” key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENTPROFILE STATEMENT NOTICE AND/OR CIRCULAR.
• FOR THE PURPOSE OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING, USING AND DISCLOSING YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO REGISTRARS OF SECURITIES, SGX, SCCS, CDP AND THE ISSUER/VENDOR(S).

• FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

• THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

• FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

• YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.

• THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY. YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

10 : Select your nationality.

11 : Select the DBS Bank account (Autosave/Current/Savings/Saving Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12 : Enter the number of securities you wish to apply for using cash.

13 : Enter or confirm (if your CDP Securities Account number has already been stored in DBS’s records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your Securities Account Number has already been stored in DBS’s records).

14 : Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the “ENTER” key to confirm your application.

15 : Remove the Transaction Record for your reference and retention only.
Steps for Internet Electronic Application for Public Offer Stapled Securities through the IB Website of DBS

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS IB website and shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to “Account”, “and”, “Amount”, “NRIC” and “Number”, respectively).

Step 1 : Click on DBS website (www.dbs.com).

2 : Login to Internet banking.

3 : Enter your User ID and PIN.

4 : Enter your DBS iB Secure PIN.

5 : Select “Electric Security Application (ESA)”.

6 : Click “Yes” to proceed and to warrant, inter alia, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, amended).

7 : Select your country of residence and click “I confirm”.

8 : Click on “FHT” and click “Submit”.

9 : Click on “I Confirm” to confirm, inter alia:

- You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.

- You consent to disclose your name, I/C or Passport No., address, nationality, CDP Securities A/C No. and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP and issuer/vendor(s).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended (the “US Securities Act") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.

- For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
• For FOREIGN CURRENCY securities subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

• For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

10 : Fill in details for securities application and click “Submit”.

11 : Check the details of your securities application, your CDP Securities A/C No. and click “Confirm” to confirm your application.

12 : Print the Confirmation Screen (optional) for your reference and retention only.

Steps for mBanking Applications for Public Offer Stapled Securities through the mBanking interface of DBS

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “&”, “amt”, “I/C”, “SGX” and “No.” refer to “Account”, “and”, “Amount”, “NRIC”, “SGX-ST” and “Number”, respectively).

Step 1 : Click on DBS Bank mBanking application using your User ID and PIN.

2 : Select “Investment Services”.

3 : Select “Electronic Securities Application”.

4 : Select “Yes” to proceed and to warrant, inter alia, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).

5 : Select your country of residence.

6 : Select “FHT”.

7 : Select “Yes” to confirm, inter alia:

• You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.

• For the purpose of facilitating your application, you consent to the bank collecting, using and disclosing your name, I/C or Passport No., address, nationality, CDP Securities A/C No. and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP and issuer/vendor(s).

• You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
• You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended (the “US Securities Act”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

• This application is made in your own name and at your own risk.

• For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

• FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

• FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

8 : Fill in details for securities application and click “Submit”.

9 : Check the details of your securities application, your IC/Passport No. and select “Confirm” to confirm your application.

10 : Where applicable, capture Confirmation Screen (optional) for your reference and retention only.
LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS OF THE MANAGERS

The principal present directorships, other than those held in the Managers, and the principal past directorships in the last five years of each of the directors and executive officers (named in “Management and Corporate Governance”) of the Managers are as follows:

(A) Directors of the Managers

(1) Law Song Keng

**Current Directorships**

IFS Capital Limited
ECICS Limited
Asia Capital Reinsurance Group Pte Ltd
ACR Capital Holdings Pte Ltd
Great Eastern Holdings Ltd
Frasers Hospitality Asset Management Pte Ltd
Frasers Hospitality Trust Management Pte Ltd

**Past Directorships (for a period of five years preceding the Latest Practicable Date)**

China Life Reinsurance Company
Inland Revenue Authority of Singapore
Singapore Deposit Insurance Corporation
Central Provident Board
Manulife (Singapore) Pte Ltd

(2) Mr Chua Phuay Hee

**Current Directorships**

Industrial Bank Co. Ltd.
Temasek Life Sciences Laboratory Ltd
Frasers Hospitality Asset Management Pte Ltd
Frasers Hospitality Trust Management Pte Ltd

**Past Directorships (for a period of five years preceding the Latest Practicable Date)**

Wilmar Australia Holdings Pty Limited
Wilmar Australia Pty Limited
WCL Holdings Limited
Wilmar Plantations Limited
Cosmos Shipping Ltd
Alicia Shipping Co Limited
Josovina Commodities Ltd
Mixbury Holdings Limited
Tradesound Investments Limited
Venus Bulk Shipping Limited
Novel Epoch Enterprises Inc.
PT Mekar Bumi Andalas
PT Petro Andalan Nusantara
Bravo Limited
Alfa Trading Limited
Equatorial Trading Limited
Equatorial Oils & Fats Trading Limited
ETL (Mauritius) Limited
Current Directorships

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Wilmar Plantations (Mauritius) Limited
Wilmar Trading (Mauritius) Ltd
Wilmar Tani Investments (Mauritius) Limited
Pacific Rim Palm Oil Limited
Wilmar Investments (Mauritius) Limited
African Oil Palm Limited
ADM China Holdings Ltd
Myanmar Kuok Oils & Grains Limited
Yangon Oils & Grains Limited
Yihai (Heilongjiang) Seed Co., Ltd.
Wilmar (Shanghai) IT Services Co., Ltd.
Yihai Kerry (Beijing) Seed Science and Technology Co., Ltd.
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd.
Cheer Luck Investments Limited
Lassiter Limited
Alfa Edible Oils Pte Ltd
Wilmar Holdings Pte Ltd
Wilmar Trading Pte Ltd
Wilmar Fertilizer Indonesia Pte Ltd
Wilmar China Investments (Yihai) Pte Ltd
Wilmar Yihai Investments Pte Ltd
Wilmar China Investments Pte Ltd
Wilmar Fujian Investments Pte Ltd
Wilmar Great Ocean Investment Pte Ltd
Wilmar Golden Sea Investment Pte Ltd
Wilmar China Northeast Investments Pte Ltd
Wilmar-ADM China Investments Pte. Ltd.
Wilmar Resources Pte Ltd
Analisa Shipping Co Pte Ltd
Lisa Shipping Co Pte Ltd
Monalisa Shipping Co Pte Ltd
Sasa Shipping Co Pte. Ltd.
Gold River Pte Ltd
Acalpo Wilmar Pte Ltd
Wilmar-ADM Flour Investments Pte. Ltd.
Liliana Shipping Co Pte. Ltd.
NSL Wilmar Pte. Ltd.
Patricia Shipping Co Pte. Ltd.
Vinomax Trading Pte Ltd
Isabel Shipping Co Pte. Ltd.
Natalie Shipping Co Pte. Ltd.
Olivia Shipping Co Pte. Ltd.
Wilmar International Limited
Wilmar China New Investments Pte. Ltd.
Current Directorships

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Felicia Shipping Co Pte. Ltd.
Wilmar Excel Pte. Ltd.
Kenspot International Pte Ltd
Wilmar Trading (China) Pte. Ltd.
Kuok Oils & Grains Trading Pte Ltd
Wilmar Air Pte. Ltd.
Victoria Shipping Co Pte. Ltd.
Sophia Shipping Co Pte. Ltd.
Wii Pte. Ltd.
Lydia Shipping Co Pte. Ltd.
Sabrina Shipping Co Pte. Ltd.
Wilmar Seed Investments Pte. Ltd.
Cleartech Research Pte. Ltd.
Carolina Shipping Co Pte. Ltd.
Celina Shipping Co Pte. Ltd.
Lyna Shipping Co Pte. Ltd.
Angelina Shipping Co Pte. Ltd.
Wilmar Africa Investments Pte. Ltd.
Elena Shipping Co Pte. Ltd.
Juliana Shipping Co Pte. Ltd.
Oriana Shipping Co Pte. Ltd.
Eugena Shipping Co Pte. Ltd.
Marianna Shipping Co Pte. Ltd.
Rayna Shipping Co Pte. Ltd.
Serena Shipping Co Pte. Ltd.
Valentina Shipping Co Pte. Ltd.
Adani Wilmar Pte. Ltd.
Adriana Shipping Co Pte. Ltd.
Gina Shipping Co Pte. Ltd.
Halona Shipping Co Pte. Ltd.
Nelina Shipping Co Pte. Ltd.
Wilmar Consultancy Services Pte. Ltd.
WCP Investments Pte Ltd
Edna Shipping Co Pte. Ltd.
Edwina Shipping Co Pte. Ltd.
Fiona Shipping Co Pte. Ltd.
Valene Shipping Co Pte. Ltd.
Clara Shipping Co Pte. Ltd.
Letitia Shipping Co Pte. Ltd.
Audrey Shipping Co Pte. Ltd.
Daisy Shipping Co Pte. Ltd.
Doris Shipping Co Pte. Ltd.
Mandy Shipping Co Pte. Ltd.
Bidco Uganda Limited
Oil Palm Uganda Limited
MWK Inc.
WONA Inc.
(3) Liew Choon Wei

<table>
<thead>
<tr>
<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frasers Hospitality Asset Management Pte Ltd</td>
<td>N.A.</td>
</tr>
<tr>
<td>Frasers Hospitality Trust Management Pte Ltd</td>
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</table>

(4) Mr David Wong See Hong

<table>
<thead>
<tr>
<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frasers Hospitality Asset Management Pte Ltd</td>
<td>BOCI-Pru Trustee</td>
</tr>
<tr>
<td>Frasers Hospitality Trust Management Pte Ltd</td>
<td>BOC Life Insurance</td>
</tr>
<tr>
<td>Frasers Hospitality Asset Management Pte Ltd</td>
<td>BOCHK Asset Management</td>
</tr>
<tr>
<td>Frasers Hospitality Trust Management Pte Ltd</td>
<td>Singapore Civil Service College</td>
</tr>
</tbody>
</table>

(5) Choe Peng Sum

<table>
<thead>
<tr>
<th>Current Directorships</th>
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<tbody>
<tr>
<td>Frasers Hospitality Asset Management Pte Ltd</td>
<td>N.A.</td>
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<tr>
<td>Frasers Hospitality Trust Management Pte Ltd</td>
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<tr>
<td>FHT Australia Management Pty Ltd</td>
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<tr>
<td>FHT Australia Pte Ltd</td>
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<td>FHT Japan Pte Ltd</td>
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<td>FHT London 1 Ltd</td>
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<td>FHT London 2 Ltd</td>
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<td>FHT London 3 Ltd</td>
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<td>FHT London 4 Ltd</td>
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<td>FHT Scotland 1 Ltd</td>
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<td>FHT Scotland 2 Ltd</td>
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<td>FHT UK Pte Ltd</td>
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<tr>
<td>Frasers Hospitality ML Pte Ltd</td>
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<tr>
<td>Frasers Sydney ML Hotel Pty Ltd</td>
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<tr>
<td>Frasers Hospitality Dalian Holding Pte Ltd</td>
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<td>Teycotel Gestion Hotels BCN, S.L</td>
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<td>Teycotel BCN, S.L.</td>
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<tr>
<td>Frasers Hospitality Berlin Investments Ltd</td>
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<td>Frasers Hospitality Investments Sydney Pty Ltd</td>
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<tr>
<td>Ananke Holdings Pty Limited</td>
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<tr>
<td>Frasers Hospitality Group Pte. Ltd.</td>
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<td>Frasers Hospitality Changi City Pte. Ltd</td>
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<td>Council of Private Education</td>
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<tr>
<td>Current Directorships</td>
<td>Past Directorships (for a period of five years preceding the Latest Practicable Date)</td>
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<tr>
<td>Crest Secondary School</td>
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<td>Frasers Hospitality Property Services Pte. Ltd.</td>
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<td>Frasers Hospitality Management Pte. Ltd.</td>
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<td>Frasers Hospitality Investment Holding (Philippines) Pte. Ltd.</td>
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<td>Fraser Residence Orchard Pte. Ltd.</td>
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<td>FCL (Fraser) Pte. Ltd.</td>
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<td>Fraser Suites Jakarta Pte. Ltd.</td>
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<td>Frasers Hospitality Pte. Ltd.</td>
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<td>Excellent Esteem Limited</td>
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<td>Fraser Place (Beijing) Property Management Co. Ltd.</td>
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<td>Frasers (St Giles Street, Edinburgh) Limited</td>
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<td>Frasers Brisbane Apartments Pty Limited</td>
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<td></td>
<td>Frasers Brisbane Management Pty Limited</td>
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<td>Frasers Hospitality (Hong Kong) Limited</td>
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<td>Frasers Hospitality Investments, Inc. (Philippines)</td>
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<td>Frasers Hospitality Management Co. Ltd., (Shanghai)</td>
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<td>Frasers Hospitality Philippines, Inc.</td>
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<td>Queensgate Garden (C.I.) Limited</td>
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<td>39 QGG Management Limited</td>
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<td>Current Directorships</td>
<td>Past Directorships (for a period of five years preceding the Latest Practicable Date)</td>
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<tr>
<td>The Forbes Tower Condominium Unit 1001 Limited</td>
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<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
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<td>The Forbes Tower Condominium Unit 2001 Limited</td>
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<td>The Forbes Tower Condominium Unit 2004 Limited</td>
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<td>Current Directorships</td>
<td>Past Directorships (for a period of five years preceding the Latest Practicable Date)</td>
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<td>Current Directorships</td>
<td>Past Directorships (for a period of five years preceding the Latest Practicable Date)</td>
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<td>Current Directorships</td>
<td>Past Directorships (for a period of five years preceding the Latest Practicable Date)</td>
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<td>Frasers Hospitality Trust Management Pte Ltd</td>
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### Current Directorships

- Frasers Centrepoint Limited
- Kasem Subsiri Company Limited
- TCC Sports and Recreation Company Limited
- Golden Land Property Development Public Company Limited
- SMJC Development Company Limited
- Thip Kampongphet Bio Energy Company Limited
- Thip Nakhonswan Bio Energy Company Limited
- Thip Sukhothai Bio Refinery Company Limited
- Thip Sukhothai Bio Energy Company Limited
- TCC Trade and Convention Center Company Limited
- Thip Sugar Kamphaengphet Company Limited
- TCC Exhibition and Convention Center Company Limited
- Thip Sugar Nakhonswan Company Limited
- Thip Sugar Sukhothai Company Limited
- The Suphanburi Sugar Industry Company Limited
- N.C.C. Exhibition Organizer Company Limited
- N.C.C. Image Company Limited
- F and B International Company Limited
- Golden Shower Development (PTC) Ltd.
- Grand Willow Development (PTC) Ltd.
- Tropical Almond Development (PTC) Ltd.
- Yellowwood Development (PTC) Ltd.
- Viewgrand Trust A
- Viewgrand Trust B
- Viewgrand Trust C
- Viewgrand Trust D
- Viewgrand Trust E
- Viewgrand Trust F
- Viewgrand Trust G
- The Imperial Angkor Palace Hotel Co. Ltd.
- Chiva-Som International Health Resorts Company Limited
- North Park Golf and Sports Club Company Limited
- North Park Real-estate Company Limited
- Dason Venture Limited
- Excellence Prosperity Ltd.

### Past Directorships (for a period of five years preceding the Latest Practicable Date)

- Fraser and Neave Limited
- Asiatig House Co., Ltd.
- Oishi Group Public Company Limited
- N.C.C. Management and Development Company Limited
- Prideeprapa Company Limited
- Bang-pa-in Paper Industry
- Thip Sukhothai Bio Energy Company Limited
- TCC Property Development Company Limited
- TCC Real Estate Development Company Limited
- TCC Land Industrial and Logistics Company Limited
- TCC Land Development Company Limited
- TCC World Company Limited
- Cha-Am Resort Town Company Limited
- Riverside Master Plan Company Limited
- Sports and Recreation Management Company Limited
- Lan Chang Development Company Limited
- TCC Hotel Group Company Limited
- Eastern Industrial Estates (Rayong)
- Southeast Group Company Limited
- TCC Capital Land Company Limited
### Current Directorships

Global-Link Investments Limited  
Mojito Investing Inc.  
Newood Assets Limited  
Olivine Property Limited  
Pacific Coast Assets Inc.  
TCC Land International Limited  
Viewgrand Development Ltd.  
Best Spirits (China) Company Limited  
Great Sonic Investments Limited  
TCC Land International Ltd.  
Total Rise Investments Limited  
TCC Land International (Singapore) Pte. Ltd.  
Plaza Athenee Hotel Co. Ltd.  
S.A.S Ctamad Company Limited  
BCH Hotel Investment Pte. Ltd.  
Excellence Prosperities TMK (SG)  
Excellence Prosperities (SG)  
Kobe TMK  
Excellence Prosperities K.K.  
K.K. Shinkobe Holding  
Y.K. Toranomon Properties  
Siam Food Products Public Company Limited  
International Beverage Holdings (China) Limited  
Nong Khai Country Golf Club Company Limited  
TCC Holding Company Limited  
TCC Land Retail Company Limited  
TCC Land Industrial and Logistics Company Limited  
Terragro Fertilizer Company Limited  
Norm Company Limited  
Thai Beverage Public Company Limited  
Univentures Public Company Limited  
Paksong Capital Company Limited  
Adelfos Company Limited  
Platheon Company Limited  
Siriwana Company Limited  
Cristalla Company Limited  
T.C.C. International Limited  
TCC Land Company Limited  
Berli Jucker Public Company Limited  
International Beverage Holdings Limited  
InterBev (Singapore) Limited  
Theparunothai Company Limited  
Athimart Company Limited  
S.S. Karnsura Company Limited  

### Past Directorships (for a period of five years preceding the Latest Practicable Date)

Global-Link Investments Limited  
Mojito Investing Inc.  
Newood Assets Limited  
Olivine Property Limited  
Pacific Coast Assets Inc.  
TCC Land International Limited  
Viewgrand Development Ltd.  
Best Spirits (China) Company Limited  
Great Sonic Investments Limited  
TCC Land International Ltd.  
Total Rise Investments Limited  
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BCH Hotel Investment Pte. Ltd.  
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Excellence Prosperities (SG)  
Kobe TMK  
Excellence Prosperities K.K.  
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Adelfos Company Limited  
Platheon Company Limited  
Siriwana Company Limited  
Cristalla Company Limited  
T.C.C. International Limited  
TCC Land Company Limited  
Berli Jucker Public Company Limited  
International Beverage Holdings Limited  
InterBev (Singapore) Limited  
Theparunothai Company Limited  
Athimart Company Limited  
S.S. Karnsura Company Limited  
### Current Directorships

Sura Bangyikhan Company Limited  
Kankwan Company Limited  
Blairmhor Distillers Limited  
Blairmhor Limited  
International Beverage Holdings (UK) Limited  
TCC Technology Company Limited  
SHS Worldwide Assets Limited  
Wise Lord Venture Inc.  
Frasers Hospitality Asset Management Pte Ltd  
Frasers Hospitality Trust Management Pte Ltd

### Past Directorships (for a period of five years preceding the Latest Practicable Date)

- Fraser Hospitality (Hong Kong) Limited  
- Modena Hospitality Management (Shanghai) Co. Ltd  
- FHT Australia Management Pty Ltd  
- FHT Australia Pte Ltd  
- FHT Malaysia Pte Ltd  
- FHT Japan Pte Ltd  
- FHT London 1 Ltd  
- FHT London 2 Ltd  
- FHT London 3 Ltd  
- FHT London 4 Ltd  
- FHT Scotland 1 Ltd  
- FHT Scotland 2 Ltd  
- FHT UK Pte Ltd

### Executive Officers of the Managers

#### (1) Eu Chin Fen

<table>
<thead>
<tr>
<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
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<tbody>
<tr>
<td>Fraser Hospitality (Hong Kong) Limited</td>
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<td>FHT Scotland 1 Ltd</td>
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<td>FHT Scotland 2 Ltd</td>
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<td>FHT UK Pte Ltd</td>
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#### (2) Valerie Foo Meei Foon

<table>
<thead>
<tr>
<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
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<tr>
<td>N.A.</td>
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</table>
(C) Executive Officers of the REIT Manager

(1) Colin Low Hsien Yang

<table>
<thead>
<tr>
<th>Current Directorships</th>
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<td>N.A.</td>
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(2) Tan Hwee Leng Agnes

<table>
<thead>
<tr>
<th>Current Directorships</th>
<th>Past Directorships (for a period of five years preceding the Latest Practicable Date)</th>
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<tbody>
<tr>
<td>N.A.</td>
<td>Theink Pte. Ltd.</td>
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AIFMD DISCLOSURES

Terms capitalised in this Appendix I shall bear the same meaning as given to them in the Glossary of the Prospectus.

This Appendix I should be read by any prospective investor domiciled, or with a registered office, in a member state of the European Economic Area (“EEA”).

The Managers are due to offer Stapled Securities that are anticipated to be marketed in the member states of the EEA.

Each of FH-REIT and FH-BT will be an “alternative investment fund” (the “AIF”), as defined in the Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and of the European Council (the “AIFMD”). The REIT Manager and the Trustee-Manager are considered the “alternative investment fund manager” of each of FH-REIT and FH-BT respectively (the “AIFM”), as defined in the AIFMD. Where the marketing (as defined in the AIFMD) of FHT in the EEA does not fall within any applicable transitional relief periods under the AIFMD, the AIFM will conduct such marketing in accordance with the requirements of article 42 of the AIFMD, as implemented in relevant EEA member states.

Article 42 of the AIFMD requires that certain disclosures are made to investors prior to an investment in an AIF. These disclosures are contained in the Prospectus and this Appendix I. Appendix I is provided in order to make disclosures supplemental to those contained in the Prospectus, and to summarise certain of the disclosures more particularly described in the Prospectus. Any prospective investor domiciled, or with a registered office, in the EEA must read the entire Prospectus and not only this Appendix I.

Investment Objective, Investment Strategy and Investment Restrictions

The Investment Objective and Investment Strategy of FHT are summarised in the section titled “Overview”, and further discussed in detail in the sub-sections “Investment Policy”, “Objectives” and “Key Strategies” of the section titled “Strategy”.

The principal strategy of FH-REIT is to invest on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate located anywhere in the world except Thailand, which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

The REIT Manager’s investment strategy for FH-REIT may be changed within three years from the Listing Date if an Extraordinary Resolution is passed by the holders of FH-REIT Units.

Under the Property Funds Appendix, FH-REIT may only invest in:

(a) real estate, whether freehold or leasehold, in or outside Singapore. An investment in real estate may be by way of direct ownership or a shareholding in an unlisted special purpose vehicle constituted to hold or own real estate. An investment in another property fund that is authorised under section 286(1) of the SFA and the Property Funds Appendix will be considered as an investment in real estate;

(b) real estate-related assets, wherever the issuers/ assets/ securities are incorporated/ located/ issued/ traded;
(c) listed or unlisted debt securities and listed shares of, or issued, by local or foreign non-property corporations;

(d) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supranational agency or a Singapore statutory board; and

(e) cash and cash equivalent items.

For investments in permissible investments under sub-paragraphs (c), (d) or (e) above (except for deposits placed with eligible financial institutions and investments in high-quality money market instruments or debt securities), not more than 5% of the FH-REIT’s Deposited Property may be invested in any one issuer’s securities or any one manager’s funds. A corporation and its subsidiary companies are regarded as one issuer or manager.

At least 75.0% of FH-REIT’s Deposited Property should be invested in income-producing real estate and FH-REIT should not invest in vacant land and mortgages (except for mortgage-backed securities). In addition, the total contract value of property development activities undertaken by FH-REIT and investments in uncompleted property developments should not exceed 10.0% of the Deposited Property.

Location of FHT

The sections titled “Structure of FHT” and “The Formation and Structure of FHT, FH-REIT and FH-BT” contain information about FHT’s location.

FHT is a hospitality stapled group comprising FH-REIT and FH-BT. FH-REIT is a Singapore-based REIT and FH-BT is a Singapore-based business trust. FHT is regulated by the Deeds as well as any legislation and regulations governing FHT, FH-REIT and FH-BT. The Properties are located in Singapore, Australia, the United Kingdom, Japan and Malaysia.

The Public Offer is open to members of the public in Singapore. However, the qualified investors in the EEA may subscribe to Stapled Securities in FHT via the Placement Tranche by the execution and delivery of the Placement Units application forms (or in such other manner as the Joint Bookrunners may in their absolute discretion deem appropriate).

An investor who is allocated and issued Stapled Securities will become Stapled Securityholders in FHT in respect of such number of Stapled Securities that have been allocated and issued to it. The rights and interests of Stapled Securityholders are contained in the Deeds which are governed by the laws of Singapore. The terms and conditions of the Deeds shall be binding on each Stapled Securityholder as if such Stapled Securityholders had been a party to the Deeds and as if the Deeds contains covenants by such Stapled Securityholder to observe and be bound by the provisions of the Deeds. A Stapled Securityholder has no equitable or proprietary interest in the underlying assets of FH-REIT and (if applicable) FH-BT. A Stapled Securityholder is not entitled to the transfer to him of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of FH-REIT and (if applicable) FH-BT.

There is no single legal regime in Singapore governing the recognition and enforcement of foreign judgments in Singapore. Rather, under Singapore law, there exists common law, and statute mechanisms for the recognition and enforcement of foreign judgments in Singapore. Each of these is subject to its own procedures and qualifications and whether a judgment given in a foreign court will be enforced in Singapore must be considered in light of the relevant factors in each case,
including the applicable regime, the specific jurisdiction where such judgment was given and whether the requirements for recognition and enforcement of the foreign judgment have been satisfied.

**Types of Assets**

The sections titled “Overview – Key Investment Highlights of FHT” and “Business and Properties” contain disclosure on the investments that the Fund anticipates it will make. Information on investment techniques that FHT intends to employ in making those investments is set out in the section titled “Strategy”.

Prospective investors should also review the risk factors summarised in the section titled “Risk Factors”.

Detailed information is given in the section titled “Business and Properties”. Prospective investors should also review the risk factors associated with investing in FHT, which are contained in the section titled “Risk Factors”.

**Use of Leverage and Associated Risks**

Details of FHT’s use of leverage, the types and sources of leverage permitted is set out in Appendix B – “Independent Reporting Auditor’s Report on the Compilation of Unaudited Pro Forma Financial Information”, the Property Funds Appendix and in the section titled “Capitalisation and Indebtedness”.

FH-REIT is permitted to borrow up to 35.0% of the value of the Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). However, the Property Funds Appendix also allows FH-REIT to borrow more than 35.0% (up to a maximum of 60.0%) of the value of the Deposited Property if a credit rating from Fitch, Moody's or Standard & Poor's is obtained and disclosed to the public. The Manager has obtained, in respect of FH-REIT, a provisional credit rating of (P) Baa2 (stable outlook) from Moody’s¹. As at the Listing Date, FHT is expected to have an Aggregate Leverage of 41.7%.

Risks relating to leverage are set out in the section titled “Risk Factors” under the headings “The amount FH-REIT may borrow is subject to the aggregate leverage limit set out in the Property Funds Appendix, which may affect the operations of FHT” and “FHT faces risks associated with debt financing”.

**Identity of Service Providers**

The identities of the material service providers to FHT, are disclosed in the section titled “The Formation and Structure of FHT, FH-REIT and FH-BT”.

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¹ The provisional credit rating assumes the listing of FHT on the SGX-ST, the drawdown of debt facilities of S$728.6 million and the acquisition of the Properties by FH-REIT. The final rating is conditional upon the successful completion of all the events described in the foregoing sentence. The REIT Manager expects Moody's to assign its final rating of FH-REIT on the Listing Date and will make an announcement on SGXNET of the final rating when it has been assigned to FH-REIT. All ratings are subject to revision or withdrawal at any time. Moody's has not provided its consent, for the purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the credit rating information and is therefore not liable for such information under Sections 253 and 254 (read with Section 302) of the SFA and Sections 282N and 282O of the SFA. While the REIT Manager has taken reasonable action to ensure that the information has been reproduced in its proper form and context, and that it has been extracted fairly and accurately, neither the REIT Manager nor any other party has conducted an independent review of, nor verified the accuracy of, such information. The provisional credit rating obtained from Moody's is current and Moody's will be paid by FH-REIT to provide the credit rating. The credit rating is not a recommendation to invest in any securities. Issuer credit ratings express Moody's opinion of an entity's creditworthiness and ability to meet its senior financial obligations. More information on Moody's and its rating are available on its website www.moodys.com.
The Managers will be categorised as the alternative investment fund manager (as defined in the AIFMD) and will conduct the marketing of FHT in the EEA in accordance with the requirements of article 42 of the AIFMD. The Managers are wholly owned subsidiaries of the Sponsor.

CDP acts as the depository and clearing organisation for FHT and information on the role of CDP is set out in the section “Clearance and Settlement”. FH-REIT and FH-BT have appointed Ernst & Young LLP as Reporting Auditor. The Reporting Auditor will perform an audit of FH-REIT’s and FH-BT’s financial statements for each fiscal year.

FHT is reliant on the continued service and performance of third party service providers (each, a “Service Provider”) and in particular, certain key personnel of the Sponsor and the Managers. The duties of the Managers are set out in the Prospectus and the Deeds, each of which are made available to investors prior to their investment in FHT. Please also refer to the sections titled “Certain Fees and Charges”, “Management and Corporate Governance”, “The Formation and Structure of FHT, FH-REIT and FH-BT”, “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties” and “Experts” for more information.

Without prejudice to any potential right of action in tort or any potential derivative action, investors in FHT may not have a direct right of recourse against any Service Providers appointed by FHT as such a right of recourse will lie with the relevant contracting counterparty rather than the investors. Further, in circumstances where an affiliate or third party delegate is appointed by the Managers or the Trustee, any contractual claim, demand or action against such delegate may, in the absence of any derivative action, be brought only by the Managers and/or the Trustee.

In the event that an investor in FHT considers that it may have a claim against FHT, the Managers, the Trustee (in its capacity as trustee of FHT) or against any other Service Provider in connection with its investment in FHT, such investor should consult its own legal advisers.

The Managers and Delegation by the Managers

In the absence of fraud, gross negligence, wilful default or breach of the Deeds by the Managers, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Deeds. In addition, the Managers shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Managers, to have recourse to the Deposited Property or any part thereof as set out in the sub-sections “Roles and Responsibilities of the REIT Manager in relation to management of FH-REIT” and “Roles and Responsibilities of the Trustee-Manager in relation to the management of FH-BT” of the section titled “Management and Corporate Governance”, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the Deeds by the Managers.

The Managers may, with the written consent of the Trustee, delegate certain of its duties in performing its functions in relation to FHT to affiliates or third parties. Subject to the above limitation, the Managers shall be liable for all acts and omissions of such person as if such acts and omissions were its own. Further information is set out in the section titled “Management and Corporate Governance”.

Potential conflicts of interest and the steps taken to mitigate any conflicts in relation to the Managers and FHT are discussed in the section titled “Management and Corporate Governance”.

Valuation

The Initial Portfolio has been valued by the Independent Valuers. The summary reports by the Independent Valuers can be found in Appendix D – “Independent Property Valuation Summary Reports”. Information on how income from leases is calculated is set out in the section titled
“Business and Properties”. The valuation of the Properties by the Independent Valuers was derived based on the Income Capitalisation Method and Discounted Cash Flow Method. A valuation of the real estate of FH-REIT will be conducted at least once a year (as required under the Property Funds Appendix). The first such valuation will be conducted by 31 December 2014. Further information on the valuation procedure and pricing methodology for valuing assets are set out in Appendix D – “Independent Property Valuation Summary Reports”.

**Liquidity Risk Management**

As at the Listing Date, FH-REIT will have working capital of at least S$8.4 million. The REIT Manager believes that this working capital balance will be sufficient for FH-REIT’s working capital requirements over the next 12 months following the Listing Date.

For so long as the Stapled Securities are listed on the SGX-ST, the Stapled Securityholders have no right to request the Managers to repurchase or redeem their Stapled Securities. Further information on redemption of Stapled Securities is set out in the sub-section “Redemption of the Stapled Securities” of the section titled “The Formation and Structure of FHT, FH-REIT and FH-BT”.

Please refer to sub-section “Liquidity risk” in Appendix C “Unaudited Pro Forma Financial Information” for further information on the approach to liquidity management.

**Fees, Charges and Expenses**

A breakdown of the various fees payable by Stapled Securityholders is set out under the section titled “Certain Fees and Charges”. Please also review the section titled “Management and Corporate Governance” for further details on the Managers’ remuneration structure. Investors in the Placement Tranche may be required to pay brokerage of up to 1.0% of the Offering Price. Further details of the fees that Joint Bookrunners and Underwriters are entitled to are set out in the section titled “Plan of Distribution”. The Board of Directors, Executive Officers, Compliance Officer and Company Secretary will be paid customary fees for their services. A description of such fees will be disclosed in the annual reports.

**Description of Fair Treatment or Preferential Treatment**

Save for the payment of brokerage fees in relation to the Placement Tranche, no unfair or preferential treatment is afforded to any Stapled Securityholders. Under the Deeds, every Stapled Security carries the same voting rights. A summary of Stapled Securityholders’ key rights is set out in the sub-section “Rights and Liabilities of the Holders of FH-REIT Units” and “Rights and Liabilities of the Holders of FH-BT Units” of the section titled “The Formation and Structure of FHT, FH-REIT and FH-BT”.

**Net Asset Value, Latest Annual Report and Periodic Disclosures**

The Annual Reports will set out, amongst others, the annual valuation of each property held by FH-REIT and (if applicable) FH-BT, the value of the FH-REIT Deposited Property and the value of the FH-BT Trust Property and the NAV of FH-REIT and FH-BT at the beginning and end of the accounting period under review. As the Stapled Securities are publicly traded in Singapore, the latest price of each Stapled Security is available on SGX-ST.

The Managers are responsible for producing the annual report and to update Stapled Securityholders with further information as and when relevant. The annual report of FHT is required to contain, amongst others, details of FH-REIT’s and (if applicable) FH-BT’s real estate assets, details of investments other than real property (if applicable), annual valuation of each
property of FH-REIT and (if applicable) FH-BT, details of FH-REIT’s and (if applicable) FH-BT’s exposure to derivatives, details of borrowings, historical performance of FH-REIT and (if applicable) FH-BT, and any other information that is required to be disclosed under applicable law.

Where the REIT Manager and (if applicable) the Trustee-Manager considers such information to be necessary in order to comply with Articles 23(4) and (5) of the AIFMD, the REIT Manager and (if applicable) the Trustee-Manager shall cause to be delivered to each Stapled Securityholder, concurrently with the annual report, such information as is required to be provided to each Stapled Securityholder pursuant to Articles 23(4) and (5) of the AIFMD. Detailed information on the contents of the annual report is set out in the sub-section “Annual Reports” of the section titled “Management and Corporate Governance”. Additionally, FHT will announce the NAV of FH-REIT and (if applicable) FH-BT on a quarterly basis. Such announcements will be based on the latest available valuation of the real estate of FH-REIT and (if applicable) FH-BT, which will be conducted at least once a year (as required under the Property Funds Appendix).
SPONSOR
Frasers Centrepoint Limited
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

MANAGER OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST
Frasers Hospitality Asset Management Pte. Ltd.
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#21-00 Alexandra Point
Singapore 119958

TRUSTEE-MANAGER OF FRASERS HOSPITALITY BUSINESS TRUST
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SOLE GLOBAL COORDINATOR AND ISSUE MANAGER
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JOINT BOOKRUNNERS AND UNDERWRITERS
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Singapore 018982

TRUSTEE OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST
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Singapore 018989

Legal Adviser to the REIT Manager, the Trustee-Manager and the Sponsor as to Australian Law
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Rialto Towers
525 Collins Street
Melbourne VIC 3000

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Malaysia

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Legal Adviser to the Sole Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters as to United States Federal Securities Law
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INDEPENDENT VALUERS
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6 Battery Road #32-01
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Jones Lang LaSalle Hotels (NSW) Pty Limited
A.B.N. 65 075 217 462
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Sydney NSW 2000

INDEPENDENT MARKET RESEARCH CONSULTANT
Jones Lang LaSalle Property Consultants Pte Ltd
9 Raffles Place #9-00
Republic Plaza
Singapore 048619
FIRST GLOBAL HOTEL AND SERVICED RESIDENCE TRUST
TO BE LISTED IN SINGAPORE

ABOUT FRASERS HOSPITALITY TRUST

FHT provides investors' exposure to one of the largest global hospitality portfolios comprising hotels and serviced residences, by number of rooms.

FHT's geographically diversified initial Portfolio consists of 12 quality assets in prime locations within key gateway cities across Asia, Australia and the United Kingdom.

Prior to the Offering, there has been no market for the Stapled Securities. The offer of Stapled Securities is being made on the basis of information about FHT, FH-REIT and FH-BT contained in this Prospective. The information in the Prospective has not been independently verified and, therefore, should be treated with caution. Anyone interested in acquiring Stapled Securities should read this Prospective carefully before making any investment decisions.

In connection with the Offering, the Joint Bookrunners have been granted an over-allotment option to purchase, for up to five days after the completion of the Offering, an aggregate of 23,294,900 Stapled Securities, representing 19.3% of the total number of Stapled Securities in the Offering, to undertake a stabilising transaction on the SGX-ST. The Stabilising Manager may in its discretion subscribe for any or all of the Stapled Securities under the Stabilising option in full or in part on one or more occasions.

The Stabilising Manager is authorised by the Joint Bookrunners to stabilise the Offer Price of the Stapled Securities on the SGX-ST. The Stabilising Manager may, during the stabilising period, purchase Stapled Securities at prices not exceeding the Offer Price. The Stabilising Manager is not obliged to stabilise the Offer Price or to maintain the market price of the Stapled Securities at levels that might not otherwise prevail in the absence of such stabilisation, except where required to do so by the laws of the United States of America.

The Offer Price is set at $0.63 per Stapled Security and is payable in full, at each investor's own risk, without interest or any share of revenue or other benefit arising from the issue of the Stapled Securities.

All Stapled Securities will be issued to investors on application, subject to a refund of the full amount or, as the case may be, the balance of the subscription price paid by the investor on such return of the Stapled Security.

The Joint Bookrunners will determine the number of Stapled Securities to be allotted to an investor on the basis of the application forms received by the Joint Bookrunners for consideration for admission to the Official List of the SGX-ST and for listing and trading on the SGX-ST.

The Joint Bookrunners will direct the TCC Stapled Securities to be issued to TCC Hospitality Pte. Ltd. ('TCC'), a wholly-owned subsidiary of Frasers Centrepoint Limited ('FCL'), a business trust constituted on 20 June 2014 under the laws of the Republic of Singapore.

The Joint Bookrunners will direct the REIT Manager to issue Stapled Securities to the REIT Trustee for FH-REIT.

The Joint Bookrunners will direct the REIT Manager on behalf of the Stabilising Manager to buy Stapled Securities on the SGX-ST, and the Stabilising Manager may buy Stapled Securities from time to time on the SGX-ST. The aggregate number of Stapled Securities to be bought by the Stabilising Manager includes Stapled Securities bought on the date of registration of this Prospectus by the MAS. Acceptance of the Stapled Securities by the Stabilising Manager will extend to Stapled Securities bought by the Stabilising Manager on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations.

The Joint Bookrunners will direct the REIT Manager and persons who have contributed to the success of FH-REIT, FH-BT, the REIT Manager, The OFL Manager, the REIT Trustee, the Trustee-Manager or the Stapled Securities.

FHT is a stapled structure which combines FHT, FH-REIT and FH-BT.

FHT provides investors' exposure to one of the largest global hospitality portfolios comprising hotels and serviced residences, by number of rooms. FHT's geographically diversified initial Portfolio consists of 12 quality assets in prime locations within key gateway cities across Asia, Australia and the United Kingdom.

The REIT Manager, persons who have contributed to the success of FH-REIT, FH-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager or the Stapled Securities.

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